



# San Luis Obispo Local Agency Formation Commission Meeting Agenda October 19, 2023, 9:00am

## MEETING

OCTOBER 19, 2023 – 9 A.M.  
BOARD OF SUPERVISORS  
CHAMBERS  
COUNTY GOVT. CENTER  
1055 MONTEREY STREET,  
SAN LUIS OBISPO, CA 93408

## CONTACT

ROB FITZROY  
EXECUTIVE OFFICER  
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## COMMISSIONERS

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

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## MEETING PARTICIPATION

- **To submit written comment**, mention the matter or agenda item number and send via email to [mbling@slo.lafco.ca.gov](mailto:mbling@slo.lafco.ca.gov) or fill out an online submission form on our website at [slo.lafco.ca.gov](http://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:** August 17, 2023 (Pages 3 - 8)

### **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:** 2024 Regular Meeting Calendar (Recommend Review and Approve) (Pages 9 - 11)

### **Informational Matters**

**B-1:** Informational Report on LAFCO File No. 4-R-16 | Formation of the Estrella-El Pomar-Creston Water District – Condition Compliance (Recommend Receive and File) (Pages 12 - 311)

### **Regular Matters**

**C-1:** LAFCO File No. 2-S-22 | Municipal Service Review and Sphere of Influence Study for San Miguel Community Services District (Recommend Review and Approve) (Pages 312 - 377)

**C-2:** LAFCO File No.1-R-21 | Annexation No. 82 to the City of San Luis Obispo (Froom Ranch Specific Plan Area) Time Extension Request (Recommend Review and Approve) (Pages 378 - 380)

**C-3:** First Quarter Fiscal Year 2023-2024 Budget Status and Work Plan Report (Recommend Review and Approve) (Pages 381 - 397)

**C-4:** Proposal to Prepare Financial Audit for Fiscal Year 2022-2023 (Recommend Review and Approve) (Pages 398 - 421)

### **Commissioner Comments**

### **Legal Counsel Comments**

### **Executive Officer Comments**

### **Adjournment**



**SAN LUIS OBISPO  
LOCAL AGENCY FORMATION COMMISSION  
AUGUST 17, 2023, 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, August 17, 2023, 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, Commissioners Robert Enns, Heather Jensen, Jimmy Paulding, and Ed Waage, and Alternate Commissioners Ed Eby and David Watson

**Absent:** Vice Chair Marshall Ochylski, Commissioner Steve Gregory, 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

**Approval of the Minutes:** May 18, 2023

**Chairperson Arnold** announced the consideration of approval for the May 18, 2023, Regular Meeting Minutes.

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

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

**Commissioner Waage** motioned to approve the minutes.

**Commissioner Paulding** seconded the motion.

AYES: Commissioners Waage, Paulding, Enns, Eby, Jensen, and Chairperson Arnold

NAYS: None

ABSTAINING: None

The motion was passed.

**Non-Agenda Public Comment Period**

**Chairperson Arnold** opened the item for public comment.

**Greg Grewal**, resident of Creston, expressed concern regarding LAFCO's approval of the Estrella-El Pomar-Creston Water District (EPCWD), specifically Condition of Approval number 5 with regard to EPCWD's eligibility to become a member of the Paso Basin Cooperative Committee.

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

**Commissioner Jensen** motioned to bring the discussion back as an item on a future agenda.

**Chairperson Arnold** seconded the motion.

**Commissioner Paulding** asked for clarification on the motion.

**Commissioner Jensen** clarified that the motion was to bring a discussion item regarding EPCWD's status as a GSA on a future agenda.

**Commissioner Paulding** provided comment.

**Mr. Pierik** advised Commissioners to provide brief comment and found the motion made by **Commissioner Jensen** to be adequately stated.

**Mr. Fitzroy** asked for clarification on the proposed future discussion.

**Chairperson Arnold** suggested discussion of the conditions under which the EPCWD was formed and asked if the maker of the motion agreed.

**Commissioner Jensen** and **Chairperson Arnold** agreed to the modification of the motion.

**Commissioner Paulding** stated that this discussion is a Board of Supervisors matter and should not be discussed by the Commission.

**Chairperson Arnold** commented on the importance of the matter.

**Mr. Pierik** advised Commissioners to provide brief comment.

**Commissioner Enns** called for a vote.

AYES: Commissioner Jensen, Chairperson Arnold, Commissioners Enns, Eby, and Waage

NAYS: Commissioner Paulding

ABSTAINING: None

The motion was passed.

**Regular Matters**

**A-1:** LAFCO No. 1-R-23 | Sphere of Influence Amendment and Annexation No. 4 to County Service Area 12 (Weldon) (Recommend Review and Approve)

**Ms. Bing** presented the item.

**Chairperson Arnold** opened the item for Commissioner questions, hearing none.

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

**Chairperson Arnold** asked for Commissioner motion to approve staff recommendation.

**Commissioner Waage** motioned to approve staff recommendation.

**Commissioner Enns** seconded the motion.

AYES: Commissioners Waage, Enns, Eby, Jensen, Paulding, and Chairperson Arnold

NAYS: None

ABSTAINING: None

The motion was passed.

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

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

**Chairperson Arnold** opened the item for Commissioner questions.

**Commissioner Eby** asked for clarification on latent powers.

**Mr. Fitzroy** responded to questions and provided comment.

**Mr. Pierik** responded to questions and provided comment.

**Commissioner Eby** asked if TCSD has expressed interest in deeming their cemetery power latent.

**Mr. Fitzroy** responded to questions and provided comment.

**Jeff Briltz**, General Manager of Templeton Community Services District, responded to questions and provided comment.

**Commissioner Waage** commented on TCSD's funding of fire service.

**Jeff Briltz** provided comment.

**Chairperson Arnold** commended staff and TCSD for their work.

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

**Commissioner Waage** motioned to approve staff recommendation.

**Commissioner Paulding** seconded the motion.

AYES: Commissioners Waage, Paulding, Enns, Eby, Jensen, and Chairperson Arnold

NAYS: None

ABSTAINING: None

The motion was passed.

**A-3:** Policies, Procedures & By-Laws Updates (Recommend Review and Approve)

**Mr. Fitzroy** presented the item.

**Chairperson Arnold** opened the item for Commissioner questions.

**Commissioner Paulding** asked for clarification on the proposed change to Policy 3.2.2 (c).

**Mr. Fitzroy** responded to questions and provided comment.

**Commissioner Paulding** inquired about impacts that would occur as a result of the proposed change to Policy 3.2.2 (c).

**Mr. Fitzroy** responded to questions and provided comment.

**Chairperson Arnold** asked for clarification on staff's recommendation.

**Chairperson Arnold** opened the item for public comment.

**Mario Iglesias**, General Manager of Nipomo Community Services District, commented on the value of the proposed change to Policy 3.2.2 (c).

**Commissioner Paulding** expressed interest in postponing the item until the next meeting to allow time for County Counsel to review the proposed change to Policy 3.2.2 (c).

**Commissioner Eby** stated his support for the proposed change to Policy 3.2.2 (c).

**Commissioner Eby** motioned to approve staff recommendation and include the proposed clarifying language to Policy 3.2.2 (c) described in the staff report.

**Commissioner Waage** seconded the motion.

**Commissioner Paulding** explained he would be voting no on the motion as County Counsel would appreciate time to review the proposed change to Policy 3.2.2 (c).

**Commissioner Waage** asked **Mr. Pierik** for clarification on the proposed change to Policy 3.2.2 (c).

**Mr. Pierik** responded to questions and provided comment.

**Chairperson Arnold** called for a roll call vote.

AYES: Commissioners Eby, Waage, Enns, Jensen, and Chairperson Arnold

NAYS: Commissioner Paulding

ABSTAINING: None

The motion was passed.

**A-4:** Year End Budget and Fourth Quarter Work Plan Update for Fiscal Year 2022-2023  
(Recommend Receive and File)

**Mr. Fitzroy** presented the item.

**Chairperson Arnold** opened the item for Commissioner questions.

**Commissioner Waage** inquired about pension obligations.

**Mr. Fitzroy** responded to questions and provided comment.

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

**Chairperson Arnold** thanked staff and announced the item was received and filed.

**Commissioner Comments:**

**Commissioner Jensen** commented on the healthy state of the budget. **Commissioner Waage** inquired about plans for a September meeting. **Commissioner Eby** announced Mario Iglesias' retirement and announced the new General Manager of NCSD, Ray Dienzo.

**Legal Counsel Comments:**

None

**Executive Officer Comments:**

**Mr. Fitzroy** provided comment regarding future commission meetings.

**Adjournment:** With no further business before the Commission, the meeting adjourned at 10:27 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.**

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Respectfully submitted,  
Morgan Bing, LAFCO Clerk Analyst



# San Luis Obispo Local Agency Formation Commission

**TO: MEMBERS OF THE COMMISSION**

**FROM: ROB FITZROY, EXECUTIVE OFFICER**

**DATE: OCTOBER 19, 2023**

**SUBJECT: 2024 REGULAR MEETING CALENDAR**

## **RECOMMENDATION**

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**Action 1:** It is respectfully recommended that the Commission approve, by motion, the 2024 regular meeting calendar (Attachment A).

## **DISCUSSION**

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Attachment A includes a tentative calendar for regular LAFCO meetings for 2024. No significant changes are proposed, the Commission will continue to meet the third Thursday of each month at 9am.

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**Attachment A:** 2024 Regular Meeting Calendar

### **COMMISSIONERS**

Chairperson  
DEBBIE ARNOLD  
County Member

Vice-Chair  
MARSHALL OCHYLSKI  
Special District Member

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County Member

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City Member

ED WAAGE  
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HEATHER JENSEN  
Public Member

### **ALTERNATES**

DAWN ORTIZ-LEGG  
County Member

ED EBY  
Special District Member

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City Member

David Watson  
Public Member

### **STAFF**

ROB FITZROY  
Executive Officer

IMELDA MARQUEZ-VAWTER  
Analyst

MORGAN BING  
Clerk Analyst

BRIAN A. PIERIK  
Legal Counsel

# Attachment A

## 2024 Regular Meeting Calendar



# San Luis Obispo LAFCO

## 2024 Tentative Meeting Schedule

Date	Time
January 18, 2024	9:00 a.m.
February 15, 2024	9:00 a.m.
March 21, 2024	9:00 a.m.
April 18, 2024	9:00 a.m.
May 16, 2024	9:00 a.m.
June 20, 2024	9:00 a.m.
July 18, 2024	9:00 a.m.
August 15, 2024	9:00 a.m.
September 19, 2024	9:00 a.m.
October 17, 2024	9:00 a.m.
November 21, 2024	9:00 a.m.
December 19, 2024	9:00 a.m.



# San Luis Obispo Local Agency Formation Commission

**TO: MEMBERS OF THE COMMISSION**

**FROM: ROB FITZROY, EXECUTIVE OFFICER; AND,  
BRIAN PIERIK, LEGAL COUNSEL**

**DATE: OCTOBER 19, 2023**

**SUBJECT: INFORMATIONAL REPORT ON LAFCO FILE NO. 4-R-16 |  
FORMATION OF THE ESTRELLA-EL POMAR-CRESTON WATER  
DISTRICT – CONDITION COMPLIANCE**

## **RECOMMENDATION**

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**Action 1:** Receive and file an informational report on LAFCO No. 4-R-16 Estrella-El Pomar-Creston Water District and compliance with conditions of approval.

## **COMMISSION DIRECTION**

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On August 17, 2023, at a regularly scheduled meeting, the Commission provided staff direction to return with a report on certain conditions of approval under which the Estrella-El Pomar-Creston Water District was formed. Commission direction was in response to public comment provided during the comment period for items not on the agenda.

Public comment was related to the Estrella-El Pomar-Creston Water District's (EPCWD) eligibility to participate in the Paso Basin Cooperative Committee as established by the Memorandum of Agreement of the Groundwater Sustainability Agencies (GSA) overlying the Paso Robles Groundwater Basin. Concerns were expressed regarding LAFCO's Condition of Approval #5, within Resolution No. 2019-02, relating to EPCWD's ability to participate in the Paso Basin Cooperative Committee.

Direction was provided by the Commission to return with an item on the matter.

## **BACKGROUND**

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The EPCWD was formed by a petition of landowners under the provisions of government code section 56000 et. Seq. The primary purpose of the EPCWD at the time it was formed was to allow willing landowners the ability to comply with the Sustainable Groundwater Management Act (SMGA) by forming a water district

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Analyst

MORGAN BING  
Clerk Analyst

BRIAN A. PIERIK  
Legal Counsel

that would ultimately also function as a GSA under SGMA as allowed by the law. SGMA, which went into effect on January 1, 2015, provides the framework for sustainable management of groundwater supplies by local authorities, with a provision for state intervention and enforcement if the groundwater resources are not being managed effectively by local agencies. SGMA required GSAs to be formed by June 2017 with Groundwater Sustainability Plans (GSP) to be adopted by January 31, 2020.

In 2017, because multiple agencies were to be involved in the preparation of the GSP for the Paso Robles Groundwater Basin pursuant to the requirements of SGMA, the GSAs at that time entered into a Memorandum of Agreement (MOA). These GSAs included the County of San Luis Obispo, City of Paso Robles, Heritage Ranch Community Services District, San Miguel Community Services District, and Shandon San Juan Water District (collectively, the “Parties”). EPCWD was not a Party to the MOA because it was not a GSA at the time.

Relevant sections of the 2017 MOA as they relate to this staff report include the following.

As per Section 1 of the 2017 MOA, “the purpose of [the] MOA is to establish a committee to develop a single GSP that will be considered for adoption by each individual Party and subsequently submitted to DWR for approval.”

Section 3 of the 2017 MOA provided that if EPCWD is formed and decided to become a GSA, and the Board of Supervisors decided to withdraw as the GSA within the boundaries of EPCWD, the EPCWD may become a party to the MOA by executing Exhibit A to the MOA provided that the Board of Supervisors has accepted Exhibit A and decided to withdraw as the GSA within the EPCWD boundaries.

Section 4 of the 2017 MOA provided that all Parties to the MOA comprise the “Paso Basin Cooperative Committee”. The activities of the Paso Basin Cooperative Committee included but were not limited to input on the development of the GSP, selecting consultants to assist with preparation of the GSP, setting annual budgets of the committee, developing tasks, policies and measures for the committee, and other activities.

Section 4.9 of the MOA stated that the Paso Basin Cooperative Committee has no powers, delegated authority, land use authority or other authority otherwise granted to a bonified governmental agency. Any action items that require governmental agency approval, such as an amendment to the GSP, would require the approval from the elected legislative body of that respective agency, e.g. a county, city or district.

In 2020, the MOA was amended and is the current MOA as of the release date of this staff report. Sections 1, 2, 4.9, and 12.2 of the MOA were modified at that time.

The GSAs overlying the Paso Robles Groundwater Basin have since prepared a single GSP for the Paso Robles Groundwater Basin and the GSP was approved by State DWR on June 20, 2023. In

addition, EPCWD was recognized by State DWR on September 20, 2023, as the exclusive GSA within its defined boundaries. LAFCO has no involvement in GSA determinations.

## **TIMELINE OF EVENTS**

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The actions related to the formation of the EPCWD are extensive, span over several years, and include multiple agencies. For ease, a chronology of events related to EPCWD's formation is summarized below. Relevant documents to each summary point are attached to this report. Staff analysis and conclusions are provided following this summary.

1. **April 6, 2017** - LAFCO approved the formation of EPCWD via Resolution 2017-02 (Attachment A – LAFCO Staff report, Attachment B Resolution 2017-02). The approval included 13 conditions of approval as contained in LAFCO Resolution 2017-02.
2. **September 2017** - A MOA was created and signed by the five GSAs within the Paso Basin. Signatories included the County of San Luis Obispo, City of Paso Robles, Heritage Ranch Community Services District, San Miguel Community Services District, and Shandon San Juan Water District (See Attachment C). This MOA established the “Paso Basin Cooperative Committee” intended to foster agency coordination as they prepared a single GSP for the Paso Robles Groundwater Basin. Section 3 of the MOA states that if EPCWD decides to become a GSA within its service areas and the Board of Supervisors decides to withdraw as the GSA within said area, EPCWD may become a member of the MOA by executing Exhibit A and provided that the Board of Supervisors has accepted Exhibit A as a part of its decision to withdraw as the GSA within the EPCWD boundaries. Per Section 4.3 of the MOA, EPCWD shall be a member to the Paso Basin Cooperative Committee once a Party to the MOA.
3. **December 2017** - Certificate of Completion was recorded with the County Clerk Recorder, this action effectuated EPCWD becoming a water district, this action would also allow EPCWD to become a GSA under the provisions of SGMA (Attachment D).
4. **November 2018** – LAFCO prepared a staff report (Attachment E) on compliance of the 13 conditions of approval required by Resolution 2017-02. At this meeting, the Commission gave staff direction to come back with revised conditions to replace Condition #11. Condition #11 of Resolution 2017-02 stated:  
*The Water District, if formed, shall provide documentation that it has been identified as a Groundwater Sustainability Agency (GSA), or a GSA partner, pursuant to the Sustainable Groundwater Management Act, Water Code section 10720 et. seq. If the District does not become a GSA, or is not part of a GSA within one year of the Certificate of Completion being filed, the District shall be dissolved. LAFCO may extend this deadline upon request by the District.*
5. **February 2019** - LAFCO approved Resolution 2019-02 (Attachment F) that added 6 new conditions to replace the original condition #11. This included a new condition established by LAFCO, Condition of Approval #5, that states “The EPCWD shall not become a member of the

Paso Basin Cooperative Committee under the current MOA". The "current MOA" was in reference to the MOA established in 2017, which was in effect at the time the new Condition of Approval #5 was written. It should be noted that at the time the new conditions were added, the MOA was set to automatically expire upon adoption of the GSP.

6. **March 2019** – EPCWD approved a resolution accepting the 6 new conditions associated with the February 2019 LAFCO resolution (Attachment G). This included the new condition established by LAFCO, Condition of Approval #5 that states "The EPCWD shall not become a member of the Paso Basin Cooperative Committee under the current MOA". The "current MOA" was in reference to the 2017 MOA noted above, which was in effect at the time Condition of Approval #5 was written. At that time, the 2017 MOA was set to automatically expire upon adoption of the GSP.
7. **January 2020** - The MOA established in 2017 was amended in 2020 and signed by 4 parties (GSAs) (Attachment H). Heritage Ranch Community Services District withdrew from the MOA at this time. The MOA, as amended in 2020, did not modify Section 3 or Section 4.3 of the 2017 MOA noted above in the Background section of this report. Section 3 and 4.3 of the MOA states that if EPCWD decides to become a GSA within its service areas and the Board of Supervisors decides to withdraw as the GSA within said area, EPCWD may become a member of the MOA by executing Exhibit A and provided that the Board of Supervisors has accepted Exhibit A as a part of its decision to withdraw as the GSA within the EPCWD boundaries. In addition, Section 1 was modified to remove language that would have automatically terminated the MOA upon approval of the GSP by State DWR. Language was added to Section 1 of the MOA that would allow the MOA to serve as a basis for continued cooperation from adoption of the GSP and development of a long-term governance framework/structure.
8. **May 2023** – EPCWD signed Exhibit A (Attachment I) to the currently in effect MOA as amended in 2020 to become a Party to the MOA, which once signed and accepted by the Board of Supervisors as a part of an action to withdraw as the GSA, would allow membership to the Paso Basin Cooperative Committee per Section 4.3 of the MOA.
9. **June 6, 2023** – The Board of Supervisors took action to relinquish GSA authority within the EPCWD boundaries to allow EPCWD to become a GSA (Attachment J). This action also accepted Exhibit A of the MOA, upon which action added EPCWD to the MOA effective immediately and as a result granted membership to the Paso Basin Cooperative Committee per Section 4.3 of the MOA.
10. **June 2023** – On June 20, 2023, State DWR approved the GSP for the Paso Robles Groundwater Basin (<https://sgma.water.ca.gov/portal/gsp/status>).
11. **September 2023** - After a 90-day noticing period, on September 20, 2023, EPCWD became recognized by State DWR as the exclusive GSA within its defined boundaries (<https://sgma.water.ca.gov/portal/gsa/all>). LAFCO has no involvement in GSA determinations.

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## CONDITION COMPLIANCE ANALYSIS

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As noted above, in February 2019, LAFCO approved Resolution 2019-02 (Attachment F). This resolution added 6 new conditions of approval to replace original condition #11. The 6 conditions of approval are as follows and include staff comment on each condition's status:

1. The EPCWD shall be a district as allowed under the California Water District Law Code (Water Code § 34000 et seq.) and as determined by and subject to LAFCO Conditions of Approval (Resolution 2017-02).

**(Staff Comment: Condition met)**

2. The LAFCO approval does not grant to EPCWD any additional power or authority beyond the law.

**(Staff Comment: Condition met)**

3. The EPCWD shall not become a Groundwater Sustainability Agency (GSA) as provided for in the Sustainable Groundwater Management Act (SGMA, Water Code § 10720 et seq.) prior to the approval by the State Department of Water Resources (DWR) of the Groundwater Sustainability Plan (GSP) or January 31, 2022, whichever is earlier.

**(Staff Comment: On June 20, 2023, DWR approved the GSP for the Paso Robles Groundwater Basin. Therefore, this condition is no longer applicable because the GSP has been adopted. EPCWD is not precluded by this condition to become a GSA. As noted, on September 20, 2023, DWR recognized EPCWD as the exclusive GSA within its boundaries. LAFCO has no involvement in GSA determinations.)**

4. The EPCWD shall not become a Party to the Memorandum of Agreement (MOA) entered into by the GSAs within the Paso Robles Groundwater Basin in September 2017 prior to the approval by the DWR of the GSP or January 31, 2022, whichever is earlier.

**(Staff Comment: As of June 20, 2023, DWR has approved the GSP for the Paso Robles Groundwater Basin. As such, this condition is no longer applicable because the GSP has been adopted and the 2017 MOA is no longer in effect.)**

5. The EPCWD shall not become a member of the Paso Basin Cooperative Committee established under the current MOA.

**(Staff Comment: Unlike conditions #3 and #4, this condition does not include any reference to timing, such as "prior to the approval by DWR".**

**Instead, Condition #5 includes a phrase “under the current MOA” and this phrase affects its applicability today. The “current” MOA at the time the condition was written was the 2017 MOA. Based on the language in the 2017 MOA, the MOA was set to terminate upon adoption of the GSP. Since February 2019, when the Condition #5 was established by LAFCO, the 2017 MOA was modified in January 2020. In terms of legal form and effect, it is now the currently in effect MOA and the 2017 MOA referenced in the Condition is no longer applicable.)**

6. The District shall comply with SGMA and the subsequent GSP as implemented by the existing GSA with authority in its service area.

**(Staff Comment: Condition currently being met. EPCWD is now recognized by State DWR as the exclusive GSA within EPCWD boundaries.)**

## **SUMMARY AND CONCLUSION**

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In December 2017, EPCWD became a water district when the Certificate of Completion was filed, as approved and conditioned by LAFCO. As a water district, EPCWD is eligible to become a GSA under the provisions of SGMA. LAFCO has no involvement in GSA determinations.

From approximately 2017 to 2023, the County was the GSA within the boundaries of EPCWD. The County previously did not wish to withdraw as the GSA within the EPCWD boundaries.

As of June 2023, the Board of Supervisors took action to withdraw as the GSA within EPCWD boundaries. A boundary adjustment was submitted to State DWR, and EPCWD has since been designated by State DWR as the exclusive GSA within its defined boundaries. EPCWD executed Exhibit A to the 2020 MOA, and the Board of Supervisors accepted Exhibit A as a part of its action to withdraw as the GSA on June 6, 2023. The action by the Board of Supervisors effectively allowed EPCWD to become a GSA and a Party to the 2020 MOA.

The primary question on this matter is whether EPCWD is in conflict with Condition of Approval #5, which states that EPCWD “shall not become a member of the Paso Basin Cooperative Committee established under the current MOA”. LAFCO established Condition of Approval #5 in February 2019. The 2017 MOA, which was in effect at the time the Condition was written, is no longer in effect, therefore EPCWD may participate in the Paso Basin Cooperative Committee and is not in conflict with Condition of Approval #5. In terms of legal form and effect, the MOA as amended in 2020 is now the current MOA. Therefore, LAFCO cannot preclude EPCWD from being member of the Paso Basin Cooperative Committee under the provisions of Condition #5.

**Attachment B:** LAFCO Resolution 2017-02 – Approving Formation of EPCWD – April 6, 2017

**Attachment C:** 2017 Memorandum of Agreement

**Attachment D:** LAFCO Certificate of Completion – Filed December 2017

**Attachment E:** 2018 LAFCO Staff Report on Condition Compliance of EPCWD

**Attachment F:** 2019 LAFCO Resolution 2019-02 – Establishing New Conditions of Approval

**Attachment G:** EPCWD Resolution Accepting New Conditions of Approval

**Attachment H:** 2020 Memorandum of Agreement as Amended

**Attachment I:** 2023 Exhibit A of the 2020 Memorandum of Agreement Executed by EPCWD

**Attachment J:** Board of Supervisors Resolution 2023-142 Withdrawing as GSA and Accepting Exhibit A of the 2020 Memorandum of Agreement

# **Attachment A**

LAFCO Staff Report on  
Formation of EPCWD - April 6,  
2017



LAFCO - San Luis Obispo - Local Agency Formation Commission  
SLO LAFCO - Serving the Area of San Luis Obispo County

**TO: MEMBERS, FORMATION COMMISSION**  
**FROM: DAVID CHURCH, AICP, EXECUTIVE OFFICER** *DC*  
**DATE: APRIL 6, 2017**  
**SUBJECT: FORMATION OF THE ESTRELLA-EL POMAR-CRESTON WATER DISTRICT - LAFCO FILE NO. 4-R-16**

**COMMISSIONERS**

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MARSHALL OCHYLSKI  
Special District Member

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MIKE PRATER  
Senior Analyst

DONNA J. BLOYD  
Commission Clerk

**1. Introduction**

This is a public hearing of the Local Agency Formation Commission (LAFCO) regarding the formation of the proposed Estrella-El Pomar-Creston (EPC) Water District. The topics to be covered are found in the Table of Contents to the right along with various attachments. A public notice of this hearing has been provided to both property owners and registered voters within the proposed Water District boundary and within 300 feet of the exterior boundary. A notice has also been published in the local newspaper. The law requires only a newspaper notice if over 1000 notices are being mailed. Over 1400 postcards were mailed directly to landowners and registered voters in the Water District and within the 300 foot buffer. The noticing requirements have been exceeded. Today's meeting has also been announced on the LAFCO Homepage since late February.

If formed, the proposed EPC Water District would be responsible for helping to stabilize the Paso Robles Groundwater Basin by complying with the new state law the Sustainable Groundwater Management Act (SGMA). SGMA requires that all medium and high priority basins (Paso Robles is a High Priority Basin) be managed by a Groundwater Sustainability Agency (or agencies) with a Groundwater Sustainability Plan (GSP) created by the GSA(s). The proposed Water District intends to become a GSA.

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Attachments

- A- Plan for Services
- B- Proposed Boundary Map
- C- Draft Engineer Report Benefit Assessment for 218
- D- Powers Analysis
- E- Notice of Exemption
- F- Inclusion/Exclusion Requests
- G- LAFCO Factors & Policies
- H- Draft Resolution
- I - Comment Letters

The County, along with other agencies in the area, is in the process of forming the governing structure for managing the Paso Robles Groundwater Basin. The governing structure includes multiple GSAs and the preparation of a single Groundwater Sustainability Plan (GSP). A Memorandum of Agreement is being crafted to establish the GSAs in the Basin and will include: County of San Luis Obispo, City of Paso Robles, San Miguel CSD, and the Shandon-San Juan Water District. The EPC Water District would request DWR to grant it GSA status. Once granted, the District would become part of the agencies working toward SGMA compliance.

California Water Districts are formed and governed by landowners and are subject to the State Water Code 34000 et al (Principal Act) and any LAFCO conditions. Some key facts about this proposed Water District:

- The Estrella-El Pomar-Creston Water District is proposed only by landowners willing to form and fund the District. Participation in the EPC Water District is voluntary;
- Written consent by a landowner is required to be added to the Sphere of Influence of the District; a property must be in the SOI first to be annexed into the District. This condition maintains the voluntary landowner governing structure;
- Funding for the Water District is only from the landowners within the District;
- If formed, the landowners would be required to adhere to the policies, regulations and fees adopted by the Water District's Board of Directors; and
- The District cannot transfer "any water" outside the Paso Robles Groundwater Basin.

The EPC Water District would establish a local government agency for managing the portion of the Paso Robles Groundwater Basin for those landowners who want this type of structure. Those landowners not within a Water District would be managed by the County Flood Control District, a City, other Special District or by the State. The County Board of Supervisors decided to fund SGMA compliance activities for unmanaged areas that are not in a District or a City. The possible formation of the Shandon and EPC Water Districts was included as part of this decision. This decision may be revisited by the Board of Supervisors.

The Water District would have authority and jurisdiction only over those landowners and properties inside its service area boundaries. For the District to be formed, the formation and funding, must both be approved by landowners. The formation vote is based on landowners within the Water District's boundary based on a one vote per one acre basis. The funding is proposed to be a property assessment voted on by the landowners within the proposed Water District's boundary, and pursuant to Proposition 218. The District Board of Directors is required to conduct a successful Proposition 218 process within one year or be dissolved. The one year period may be extended by LAFCO upon request.

## 2. Sustainable Groundwater Management Act

The Sustainable Groundwater Management Act (SMGA) amended the Water Code and was signed by Governor Jerry Brown on September 16, 2014. It went into effect on January 1, 2015. SGMA provides the framework for sustainable management of groundwater supplies by local authorities, with a provision for state intervention and enforcement if the groundwater resources are not being managed effectively by local agencies. The Act calls for Groundwater Sustainability Agencies to be formed by June 2017 with Groundwater Sustainability Plans to be adopted by January 31, 2020.

SGMA requires the formation of local Groundwater Sustainability Agencies (GSAs) that must assess conditions in their local water basins and adopt locally-based management plans; Groundwater Sustainability Plans (GSPs). The Act establishes a 20-year horizon for GSAs to implement plans and achieve long-term groundwater sustainability. The County Public Works Department is coordinating the formation of GSAs for five medium to high priority basins in San Luis Obispo County. The County must confirm responsibility for being the GSA by July 1, 2017. DWR determined that three basins are in critical overdraft: Cuyama Valley, Los Osos, and Paso Robles. The following dates are for the implementation of SMGA:

- January 1, 2016: Adopt basin boundary adjustment regulations
- April 1, 2016: Adjudicated basins submit judgments/decrees
- January 1, 2017: Publish groundwater sustainability best mgt. practices
- Early 2017: Update Bulletin 118 boundaries/re-prioritize basins
- June 30, 2017: Establish GSAs-notice sent to DWR
- July 1, 2017: Identify probationary basins: basins without a GSA
- January 31, 2020: Submit GSPs-High/Medium Basins in Critical Overdraft
- January 31, 2020: No adopted GSP= State considers probationary status
- January 31, 2022: Submit adopted GSPs for other basins

### Groundwater Sustainability Agency (GSA) Powers-Functions

SMGA provides a GSA with certain powers and functions to allow it to sustainably manage a groundwater basin. The Water Code lists the Powers and Authorities for GSAs. Below is a summary of the powers:

- May adopt rules, regulations, ordinances, resolutions for the purposes of the Act.
- May conduct investigations to carry out the requirements of the Act. Section 10725.4

- May require the registration of wells. Section 10725.6
- May require the installation of water-measuring devices on all groundwater wells within the basin boundaries at the expense of the operator or owner. Section 10725.8
- May require annual extraction statements or other reasonable methods to determine groundwater extractions. Section 10725.8 (c) and (d)
- May impose well spacing requirements and control extractions by regulating, limiting or suspending extractions from individual groundwater wells. Section 10726.4 (a)(1) and (2)
- May assess fees to establish and implement local groundwater management plans. Section 10725.4 (a)(3)
- Local agencies may request that the Department of Water Resources (DWR) revise the boundaries of a basin, including establishing new sub-basins. The request shall include information to be specified by DWR in regulations by January 1, 2016, to support the request. Section 10722.2 (a)
- May identify de minimus user (less than 2 acre feet) to be exempt from SGMA.

The primary purpose of the proposed EPC Water District is to allow a group of willing landowners, only within the Water District's boundaries, the ability to comply with SGMA. DWR determines if a GSA application is complete or not. If not, the GSA must work out the issues with its application. SGMA requires that all agencies that manage water in the Basin to coordinate their GSP's. DWR will oversee compliance and ensure that these plans are coordinated and GSA's are formed.

The proposed Water District would provide a local agency to manage the groundwater resources within a certain area of the Paso Robles Groundwater Basin. The proposed Water District has groundwater management authority as either a stand-alone GSA (if granted by DWR) or as part of a larger GSA. Under SGMA, the proposed EPC Water District as a GSA, in coordination with other GSAs in the basin, would take actions that achieve basin-wide sustainability goals. If the proposed Water District is not formed, management of the groundwater resources in those areas would be at the discretion of the County. The County has recently indicated that it would manage the groundwater basin under SGMA without charging landowners in the Basin.

## Groundwater Sustainability Plans

The California Department of Water Resources has adopted regulations with regard to the preparation of a Groundwater Sustainability Plan (GSPs). These regulations specify the components of the plans and identify the provisions of interagency coordination agreements. In other words, what does a GSP contain and how does an interagency

agreement work? The regulations also provide for the process of gathering information and data as well as the procedures for submitting the plan to DWR and review of the adopted plan by DWR. The contents of a GSP are substantial and include, but are not limited to the following:

1. Administrative Information
  - a. Executive Summary-Plan Overview and Basin Description
  - b. List of References and Technical Studies
  - c. Agency Information-Organization Structure, Management Implements Plan
  - d. Description of the Plan Area-Areas managed by the Agency Exclusively
  - e. Notice and Communication-for development of the plan with agencies, etc.
2. Basin Setting-Physical setting, current conditions, data gaps, Engineer/Geologist
  - a. Hydrogeologic Conceptual Model: Technical Details
  - b. Groundwater Conditions-Current and Historic
  - c. Water Budget-total annual volume of groundwater - Inflows and Outflows
  - d. Overdraft Conditions-Estimate of Sustainable Yield
  - e. Significant Technical Information-Projected Water Budgets
  - f. Management Areas-Define Management Areas
3. Sustainable Management Criteria
  - a. Introduction to Criteria
  - b. Sustainability Goal-Absence of undesirable results in 20 years
  - c. Undesirable Results
  - d. Minimum Thresholds
  - e. Measureable Objectives
4. Monitoring Networks
  - a. Introduction to Monitoring Networks
  - b. Description Monitoring Network
  - c. Representative Monitoring
  - d. Assessment and Improvement of Monitoring Network
  - e. Reporting Monitoring Data to the DWR
5. Projects and Management Actions
  - a. Description of projects and management actions to benefit the Basin
  - b. Measurable Objectives
  - c. If overdraft exists, description of actions to be taken
  - d. Summary of permitting/regulatory process for each project
  - e. Status of each project-timeline for implementation
  - f. Explanation of expected benefits-how they will be evaluated
  - g. How projects will be accomplished-reliability of outside water sources
  - h. Legal authority required for each project/management area
  - i. Estimated cost for each project and management area
  - j. Description of extractions and recharge Basin to address drought situation
6. DWR Evaluation and Assessment
  - a. Submit adopted GSP for evaluation-submittal date is assigned by DWR
  - b. Adopted GSP is posted on DWR website within 20 days of adoption

- c. Public Comment period of no less than 60 days
  - d. GSP shall be evaluated within 2 years of submittal-written assessment posted
  - e. GSP shall be determined “approved” or “incomplete” or “inadequate” by DWR
  - f. 180 days to respond to incomplete determination
  - g. Criteria for Plan Evaluation: Plan submitted on-time, Plan is complete as required by SGMA-including coordination agreement, GSP(s) cover the entire basin, reasonable measureable goals and objectives, reasonable measures and schedules to eliminate data gaps, feasibility of projects and management actions, reasonable assessment of overdraft, number of other criteria
  - h. Periodic review at least every 5 years
  - i. Review of Annual Reports and Plan Amendments
7. Annual Report and Periodic Evaluations
- a. Due April 1 of each year following plan adoption
  - b. Contents: Groundwater elevation data, monitoring wells, hydrographs, amount of groundwater extraction, Total water use, change in groundwater storage, etc.
8. Interagency Agreements
- a. Interbasin Agreements: Two or more agencies agree on sustainability goals.
  - b. Coordination Agreements: contents, water budget, submitted with GSPs, etc.

It is important to note that the GSP is a document(s) that intends to comprehensively address management of the entire Paso Robles Groundwater Basin. All GSAs would be required to participate and coordinate in the preparation and submittal of the GSP. DWR will review and either approve the Plan, or determine it to be incomplete or inadequate. The Plan would include the proposed projects and management actions to be implemented under the Groundwater Sustainability Agencies (GSAs). The GSAs and GSP will be used to achieve the goal of sustainably managing the Basin over the long term. If formed, the proposed EPC Water District would identify projects, policies and management actions that it would undertake to help achieve these goals.

## Coordination Agreement

Under SGMA local agencies are responsible for developing and implementing GSPs. A local agency can request to become a GSA, or a combination of local agencies can form a GSA through a joint powers agreement (JPA) or other agreement. Depending on the number of GSAs within a basin, there are options for preparing a GSP.

- Single GSA developing a single GSP
- Multiple GSAs developing a single GSP (**Current Paso Basin path**)
- Multiple GSAs developing multiple GSPs, with a coordination agreement

Once an entire basin is covered by one or more GSAs, the first action of each GSA is to begin discussing and coordinating activities related to the development and implementation of the GSP(s). A Coordination Agreement (MOA) ensures that the GSP is developed and implemented utilizing the same data and methodologies. Also, the

elements of the GSPs necessary to achieve the sustainability goals for the basin are developed consistently. A Coordination Agreement:

- Is required for multiple GSAs preparing multiple GSPs
- Is recommended for multiple GSAs preparing a single GSP
- Identifies a Plan Manager as the point of contact with DWR

The agreement is being developed. The County, Cities and Special Districts with water authority in the basin are discussing this now. The proponents of the Shandon-San Juan and EPC Water Districts are also involved in the discussion.

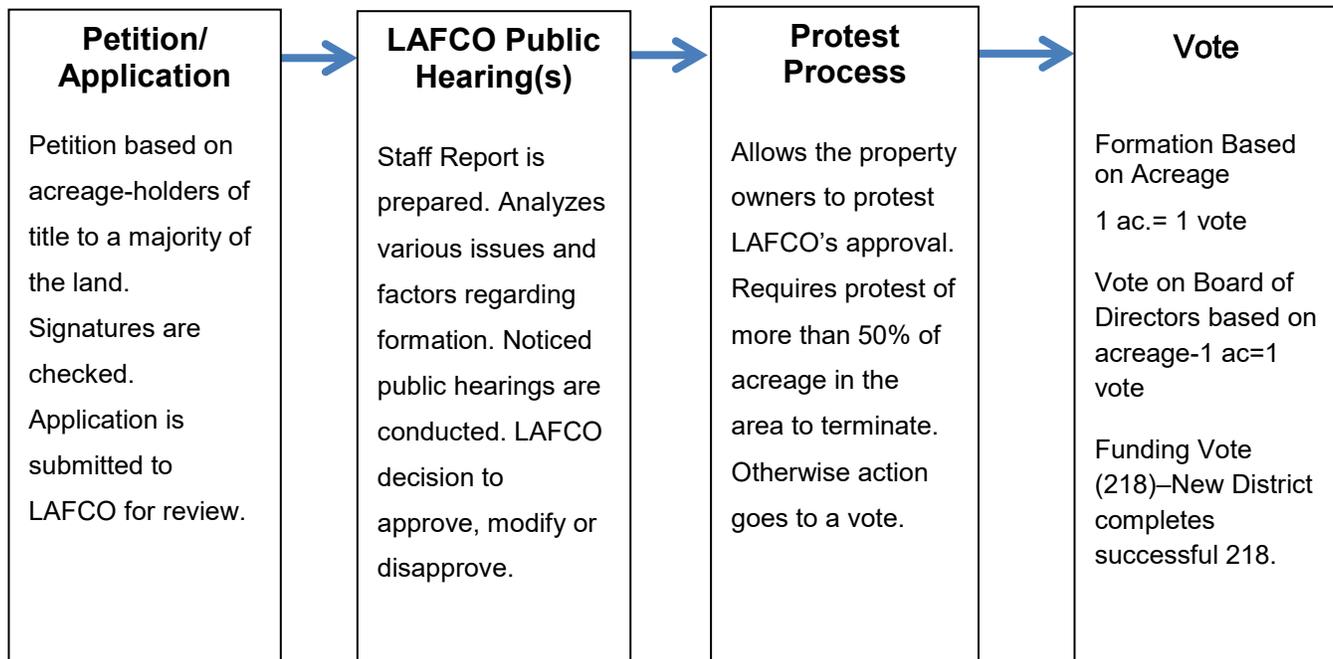
### **3. LAFCO Formation Process**

The Notice of Intent to Circulate a Petition was filed with LAFCO on August 18, 2016 and the applicant gathered signatures for the petition and submitted them to LAFCO for verification. The petition process allows the applicants six months to submit the petitions from the date when the first signature is signed on the petition. In this case the first signature was gathered on September 26, 2016 and the petition was submitted to LAFCO on January 3, 2017. This is within the six month period. The petitions were sent to be examined by the County Assessor's Office to compare the names and Assessor's Parcel Numbers on the petition to the most recent tax roll. The Assessor's office found that the names and parcels numbers included 100% of the landowners petitioning to be within the District.

The petition, application, and fees have been submitted to LAFCO. The initial 30-day review period was completed with additional information requested and submitted. The formation process and powers of the proposed Water District are described in the Water and Government Codes Sections 34000 et al and 56000 et al (CKH Act), respectively. The petition is adequate and a certificate of sufficiency was filed by the Executive Officer on February 8, 2017.

The Water Code (34000 et al) is the Principal Act for forming and administering a California Water District. If LAFCO approves the formation, the landowners (based on a one acre-one vote formula) within the boundary would vote on whether to form the Water District or not. Under the CKH Act, LAFCO has the discretion to approve (with or without conditions), modify, or deny the application for forming such a district. LAFCO may also adopt conditions of approval that would apply to the Water District.

**Figure 1 -Formation Process**

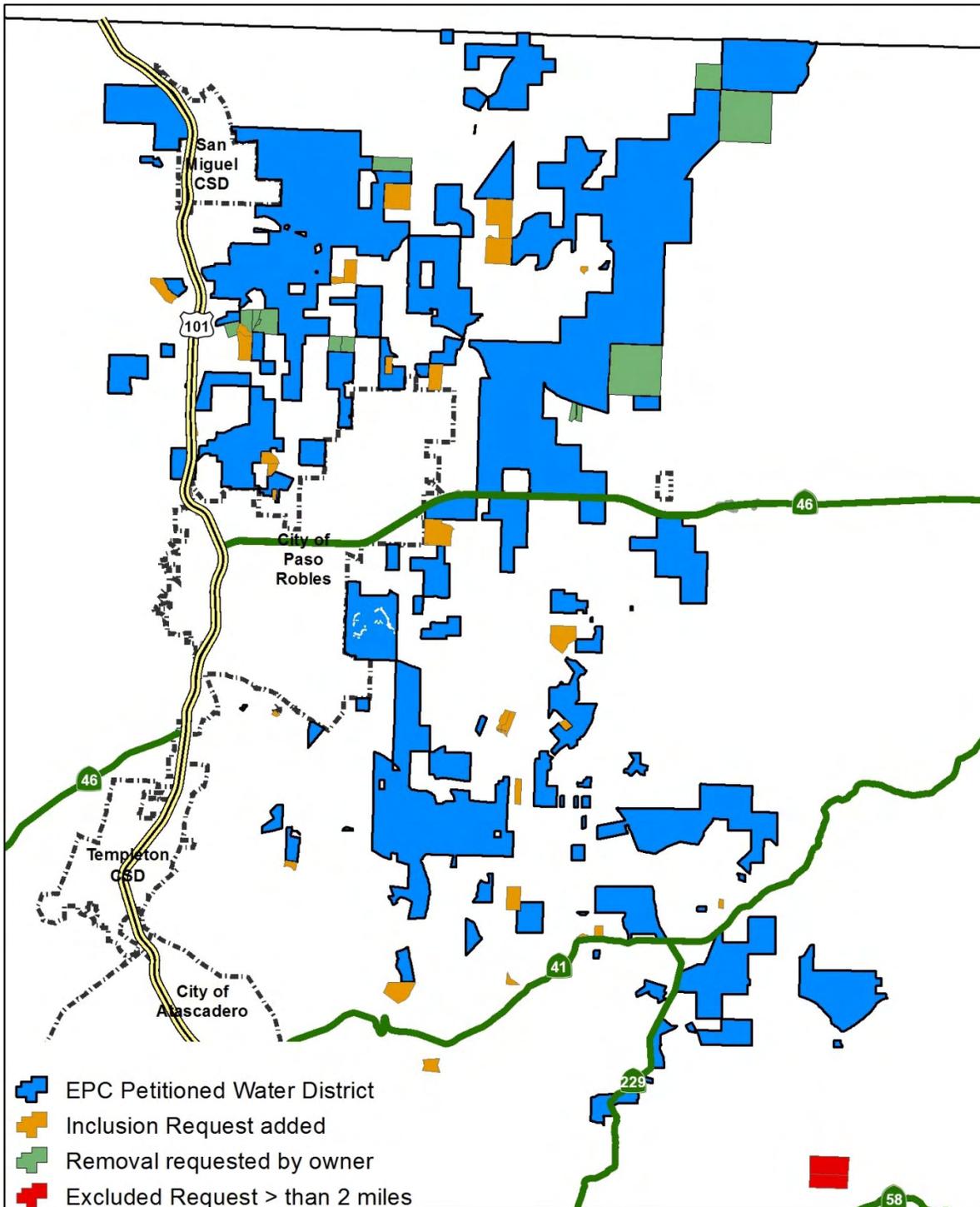


## 4. Boundaries

**Service Area.** The service area is the boundary where the proposed Water District would have jurisdiction and authority. LAFCO determines the service area and sphere of influence boundaries of a proposed district. At the writing of this report, the service area boundary proposed by the applicants is approximately 38,622 acres (16,519 acres irrigated) and is based on only those landowners who voluntarily signed the petition to form the Water District or have requested to be included. So far 34 requests for inclusion have been submitted for a total of 1,742 acres. Others may also wish to join or be removed from the Water District during the LAFCO process. Four landowners have opted out of the District totaling 1,946 acres. LAFCO may consider any additions or subtractions during the hearing process. This means 100% of the landowners within the proposed Water District would be in favor of forming and funding the Water District.

The voluntary landowner Water District proposal results in an irregular service area boundary. The Principal Act for forming a California Water District allows LAFCO to approve a non-contiguous boundary if the proposed Water District service areas are within two miles of each other. The proposed service area and current pattern is consistent with the two mile requirement with the exception of two parcels. Staff has reviewed the proposed parcels and found that only two parcels are outside the two-mile requirement. The next page shows a map with the landowners who have signed the petition, requested inclusion or exclusion in/out of the proposed boundary of the Water District.

Figure 2 Estrella-El Pomar-Creston Water District  
Proposed Service Area & Sphere of Influence



As proposed the Water District would serve an area of about 38,622 acres of the Paso Robles Groundwater Basin. The area of the proposed Water District boundary makes up about 7% of the Basin within the County when using DWR's Bulletin 118. If the boundary is approved as proposed the areas around and in between the Water District would be subject to the County for SGMA compliance. A landowner(s) who wants to annex into the Water District at a later date can submit an application to LAFCO for consideration. If formed, the Water District can request a Sphere of Influence amendment of property(s) through a resolution of application. However, written consent by the landowner is required for inclusion in the Sphere of Influence. A property must be in the District's SOI for it to be annexed. This maintains the voluntary nature of the District and prevents the EPC Water District from proposing annexation of landowners/areas into the District without their consent. LAFCO would review and evaluate the SOI/annexation proposals according to the CKH Act. A reduced fee schedule has been adopted by LAFCO to allow for a SOI Amendment and Annexation to be processed at a reasonable fee for consenting landowners.

**Service Area Recommendation.** Staff recommends that the service area boundary include those landowners who have signed the petition to form the Water District and landowners who have submitted a written request to be included in the proposed District. Exceptions include the following:

- 1) Two parcels within the Rancho Salinas Mutual Benefit Water Company (Figure 3)
- 2) The proposed boundary should include adding the residential lots that are part of the Huero-Huero Mutual Water Company (45 acres see Figure 4). These are currently owned by one land owner at this point.
- 3) Two southern parcels are greater than 2 miles from the service area (Figure 5).

Landowners who have requested to be removed from the Water District are reflected in the proposed boundary map (13 parcels totaling 1,946 acres). Future SOI amendments would require written consent by the landowner, preserving the rights of landowners to only join the Water District if they consent. The applicant is required to submit a revised boundary map and legal description reflecting the Commissions approved boundary.

**Figure 3** Estrella-El Pomar-Creston Water District

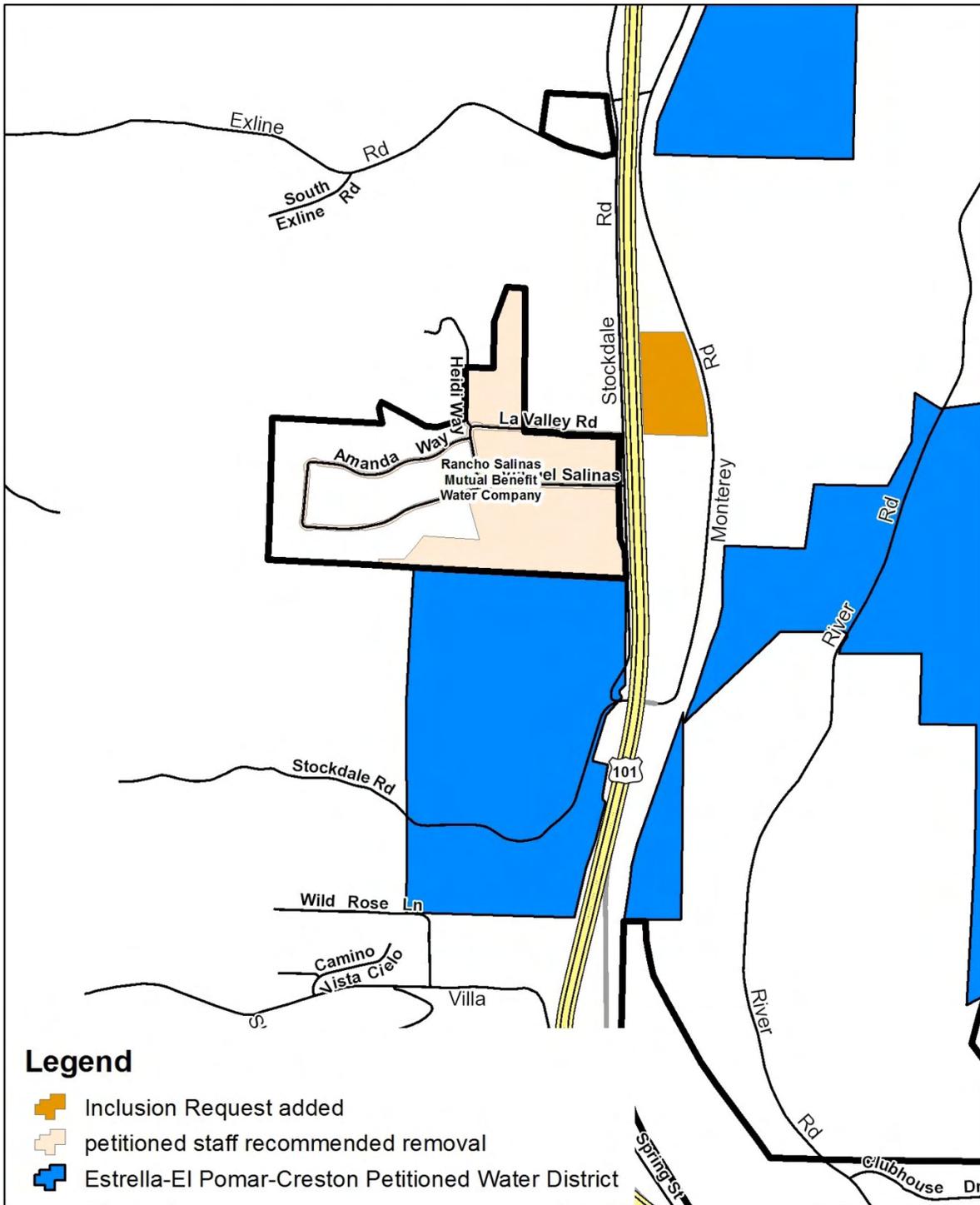


Figure 4

### Estrella-El Pomar-Creston Water District

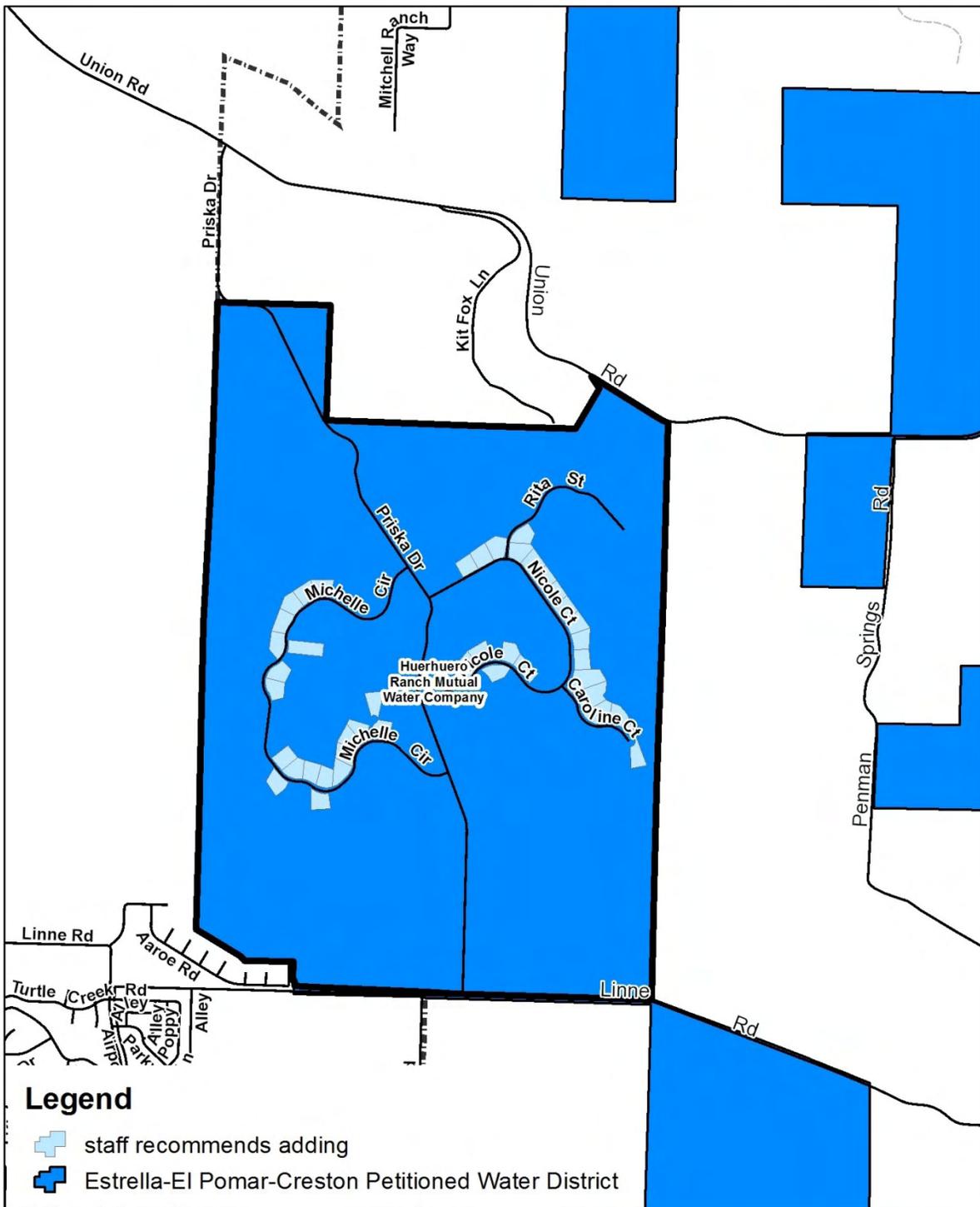
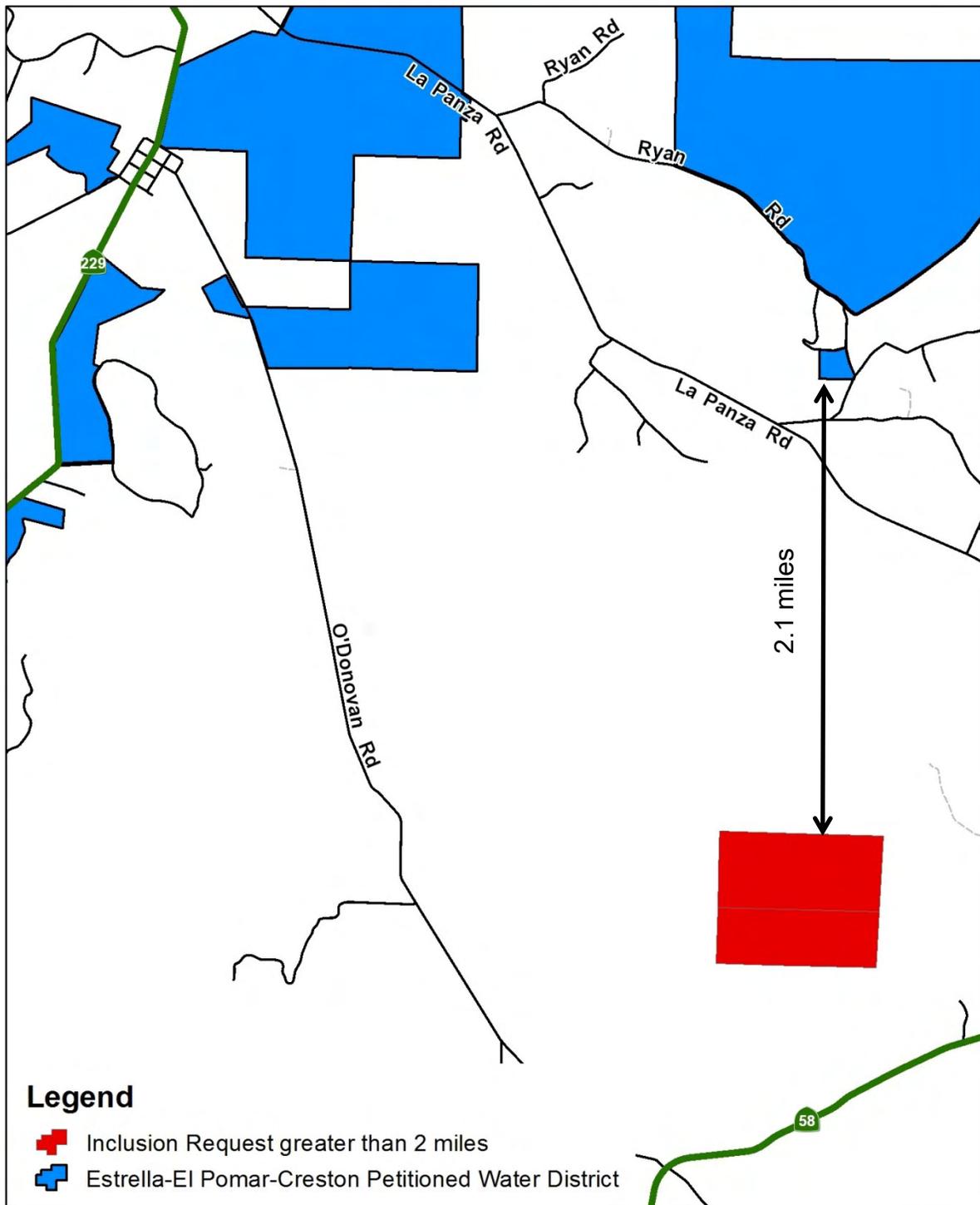


Figure 5

### Estrella-El Pomar-Creston Water District



**Sphere of Influence.** A Sphere of Influence (SOI) is a planning boundary for a jurisdiction that is established by LAFCO and identifies areas that might be annexed in the future. The SOI areas would not be under the authority or regulation of the proposed Water District. It provides the landowner, the jurisdiction, and the public information about what areas could be annexed in the future. The Commission has several options with regard to establishing the SOI for the Water District:

1. Establish the SOI as coterminous (the same as) with the service area boundary with the recognition that LAFCO will update the SOI in five years as part of the SOI Update program. Areas can be added to the Water District's SOI and eventually annexed. Also, if any areas need to be added to the Water District between formation and the first SOI update this can be done by amending the SOI and processing the annexation.
2. The Commission could choose to determine the SOI for the Water District within one year of approval of the Water District. This would give the Commission time to gather more information about the SOI.
3. Lastly, the Commission could establish a SOI based on those landowners who request to be in the SOI.

**Sphere of Influence Recommendation.** Staff recommends option number one (coterminous SOI) because the SOI can be adjusted as needed after more information is available. If more areas need to be added, the SOI can be amended or updated. A condition of approval requiring written landowner consent for inclusion in future SOI amendments is proposed to ensure the voluntary landowner nature of the Water District. LAFCO reviews the Sphere of Influence every five years and the Sphere could be updated at that point in time with written landowner consent.

## 5. Powers – Attachment D

**Powers.** LAFCO has the authority to determine powers for Special Districts. San Luis Obispo LAFCO has done this in the formation of several Community Services Districts over the years. A District can only use powers that are identified in the Principal Act (State Law) that governs a District. Powers that are not in the Principal Act cannot be implemented by the District. LAFCO cannot eliminate a power from the Principal Act, but it can restrict the use of a power using a condition of approval, or by identifying active and inactive powers of a proposed District. CKH Act authorizes LAFCOs to determine a power as active or inactive through the formation process in 56425(i). The LAFCO procedure for reviewing and approving powers and authorities is the Latent Powers Activation process. For example when a District is formed, certain powers are activated with others being determined as inactive. The active powers are identified and the inactive powers are defined as “latent”. These powers can be activated through the LAFCO activation process as described in GC Section 56824.10. This process requires that the Water District submit a resolution of application, plan for services and a budget

to LAFCO for consideration. LAFCO has discretion to approve, modify or deny the application to activate a power.

**Powers Analysis-Attachment D.** The powers and functions that the proposed Water District's Board of Directors may exercise are listed in the Water Code 34000 et al - California Water District. Attachment D has the powers listed along with staff analysis regarding activation of each power or function. At its discretion, LAFCO may activate some or all of these powers. It is recommended that all powers be activated with the exception of the Water District's capability to provide sewer services and transfer/move/export water outside of the Paso Robles Groundwater Basin. A condition of approval prohibiting the transfer/movement/export is also proposed in the Staff Report.

The issue of exporting groundwater outside the Paso Robles Groundwater Basin to other areas has been raised by numerous individuals and organizations. The purpose of the proposed Water District is to balance and stabilize the groundwater resources in the Basin consistent with SGMA. Exporting groundwater resources to areas outside the Basin would likely cause an imbalance and destabilization of the Basin. It is recommended that a condition of formation be approved stating that any transfer, export or movement of the Paso Robles Groundwater Basin's "water" (any water) outside of the Basin be strictly prohibited. Also, the County requires a discretionary permit to move water outside the Basin. Further, the District will be part of the overall effort to monitor, manage and regulate groundwater with other agencies and oversight from DWR.

The proposed Water District would be prohibited from moving "any water" outside the basin, any water that is moved into the Water District service area would have to remain in the basin. This effectively prohibits the Water District from storing water for resale outside of the Basin's boundaries. The water would only be used within the Paso Robles Groundwater Basin, benefiting landowners, agriculturists and residents overlying the Basin.

**Powers Recommendation.** To ensure that the Water District is able to complete its duties and responsibilities, the powers of the Water District should be activated as described in Attachment D with the exception of the authority to provide sewer service and the ability to move water outside the Paso Basin.

## 6. Budget & Financing-Attachment C

The EPC Water District's financial plan is documented in Attachment A, Plan for Services and Attachment C, Draft Engineering Report. LAFCO requires that both the funding and formation of the Water District be approved by the landowners for the Water District to be formed. The financing discussion is broken into two parts; 1) the proposed Water District Budget prepared by the applicant and 2) the proposed funding mechanism for the Water District.

## Proposed Water District Budget

The proposed Water District Budget is found in Attachment C. The proposed Water District's Budget covers a five-year period and is based, in part, on previous water districts applications. The CKH Act does not require a specific number of years to be covered by a budget. In past formations (Ground Squirrel Hollow CSD, Cayucos CSD), LAFCO has formed a district using a one-year budget based on the financing being approved at the same time as formation consideration. The five-year budget represents the best estimate of costs at this point in time. The Budget has been prepared by a professional engineering consultant with experience in these types of activities.

The five-year budget proposed by the applicants assumes that staff would be hired on a contractual basis using consultants and other contractors. The budget ranges from \$487,190 in the first year to \$523,376 in the fifth year with an average of \$504,833. The major expenses include:

- Administrator/General Manager (part-time contract basis-\$80,000-93,000)
- Contract Office Manager (part-time, contract basis-\$24,000-\$28,077)
- Contract GSP/Hydrogeological (Consultant - \$100,000)
- GSP creation and implementation (Consultant - \$80,000)
- Contract Legal Services (\$60,000)
- Contingency Fund (\$47,000)

The five-year initial budget provides numerous other line items that would be expected in the day-to-day operations of the proposed Water District. The Draft Engineering Report in Attachment C provides a more detailed description and justification of the various line items for the proposed EPC Water District.

The initial budget submitted by the applicant represents a practical approach to the initial set-up of the Water District and implementation of SGMA. It would appear that the costs are rational. The initial five-year budget provides an adequate financial plan which can be used by the new Water District, public and the Commission in making formation and funding decisions.

The new Board of Directors would have discretion over how funds are allocated and future spending. The new Board would be responsible for hiring Staff, or any consultants. The proposed Water District would make decisions about future projects and programs and would be subject to Proposition 218 and other state laws. The initial budget is for the set up and day-to-day operations of the Water District for the purpose of compliance with SGMA and appears adequate.

**Five Year Operating Expenditures for the Estrella-El Pomar-Creston Water District**  
**Initial Budget anticipated expenses for the service provided**

Budget No.	Budget item description	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
1	General Manager	\$80,000	\$83,200	\$86,528	\$89,989	\$93,589
2	Clerical part time	\$24,000	\$24,960	\$25,958	\$26,997	\$28,077
3	Employment taxes and benefits Consultant	\$36,400	\$37,856	\$39,370	\$40,945	\$42,583
4	Engineer/Geohydrologist	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
5	GSP create and implement	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
6	Legal Services	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
7	Office Lease	\$12,000	\$12,480	\$12,979	\$13,498	\$14,038
8	Utilities	\$3,000	\$3,120	\$3,245	\$3,375	\$3,510
9	IT and GIS Support	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
10	Conferences/Training	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
11	Travel	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
12	Insurance	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
13	Auditing/financial reporting	\$4,500	\$5,000	\$5,000	\$5,000	\$5,500
14	Office Supplies	\$2,000	\$1,500	\$1,500	\$1,500	\$1,500
15	Postage/Printing Telephone/Computer Internet service	\$5,000	\$5,000	\$5,000	\$5,000	\$3,000
16		\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
17	Office Equipment	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
18	Well Meter Data Analysis District Formation and Board Elections	\$0	\$5,000	\$6,000	\$6,000	\$8,000
19		\$4,000	\$0	\$4,000	\$0	\$4,000
20	LAFCO District Fees	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
21	Contingency 10 %	\$44,290	\$45,012	\$46,158	\$46,430	\$47,580
	<b>TOTAL</b>	<b>\$487,190</b>	<b>\$495,128</b>	<b>\$507,739</b>	<b>\$510,734</b>	<b>\$523,376</b>
				<b>Five Year Average:</b>		<b>\$504,833</b>

Notes:

All the voluntary members of the District are agreeing to a maximum assessment not to exceed \$35.00/acre (irrigated) and 1.69% of that proposed assessment for non-irrigated acreage.

Personnel and some other costs have an inflationary increase of 4% per year

A 10% contingency fund has been included

Home sites and commercial sites would be assessed separately

It is anticipated that maximum funding authorization could generate \$500,000 or more per annum if needed.

Reduction of expenditures for staff and consultant services can be achieved by sharing some of those duties with other GSA's.

## Financing

The proponents are proposing a Benefit Assessment as the method for funding the Water District. The costs would be borne by the landowners within the proposed Water District according to the formula found in the Draft Engineer’s Report-Benefit Assessment Evaluation for California Proposition 218 in Attachment C. The formula is summarized in the table below. A Benefit Assessment was selected because this is a landowner-voter Water District that is governed by a Board of Directors who are landowners or their representatives. Also, the proponent indicates that all parcels will have a special benefit by having influence in SGMA compliance as a GSA. Benefit Assessments are used by local governments to pay the costs of providing services to a particular community or area. These charges are based on the concept of assessing only those properties that directly benefit from the services or improvements financed.

<b>Summary of the Funding Formula-Maximum Assessments</b>			
	<b>Acres</b>	<b>Per Acre</b>	<b>Maximum</b>
<b>Irrigated Agriculture</b>	16,519	\$35.00	\$578,165
<b>Non-Irrigated Agricultural</b>	22,103	\$ 0.59	\$13,040
<b>Residential-Commercial</b>	200/unit	\$ 7.50	\$1,500
<b>Totals</b>	<b>38,622</b>		<b>\$592,705</b>

Updated 3-23-17

Prior to creating a new assessment, a final professional engineer’s report outlining the proposed area, proposed project costs, annual cost to each property, and the benefit formula used to determine each property’s share of the cost will be prepared and considered by the EPC’s Board of Directors. Then, all owners of property within the proposed assessment district must be mailed a detailed notice of public hearing and a ballot with which to voice their approval or disapproval of the proposed Water District at least 45-days prior to the hearing. Ballots are weighted according to the proportional financial obligation of the affected property (benefit units). If the Water District is approved, and the assessment is created, it will be billed on the property tax bills each year. It is recommended that a condition of approval that requires the EPC Water District to complete a successful Proposition 218 for the Water District to be formed. If the Proposition 218 completed by the proposed Water District is not successful, the Water District would be subject to dissolution.

**Why allow the District to complete the Proposition 218 after the formation vote?** Proposition 218 requires that a Public Agency complete this process. When it involves an agency as the applicant (such as the County), that public agency completes the Proposition 218 funding procedure. The formation vote would form the Water District as a Public Agency and so it could complete the Proposition 218 process once formed. When formation involves petitioners that are registered voters with a special tax (like Groundsquirrel Hollow CSD formation) it is administratively much easier for the County to complete both the formation and funding process concurrently because there are

registered voters within the boundaries of the new district. The counting of registered voters is a relatively simple process compared to the administering of a benefit assessment tax being placed on the landowners who reside within the district.

LAFCO's proposed condition of approval gives the Water District up to a year to complete the 218 process or be subject to dissolution. Since the Proposition 218 funding formula was agreed to by 100% of the landowners when they signed the petition it is highly likely that the funding will pass. If the Commission would like to require the formation and funding vote to be completed at the same time, County Public Works and the Clerks Office, in cooperation with the applicant, would be the likely agencies to help complete the proposition 218 process. This is an extra layer of administration, costs and potential liability that would involve County Public Works and the County Clerk's Office in completing the formation and funding votes at the same time. If the newly formed EPC Water District completes the Proposition 218 process, the costs, liability, and compliance with the 218 procedures are the full responsibility of the District. The proposed Water District would likely hire a consultant to complete the 218 process.

LAFCO has discretion over this condition of approval and can require that Proposition 218 be completed at the same time as formation, if the Commission so chooses. In this situation allowing the Water District to complete the Proposition 218 allows for landowner discretion in voting on the funding, decreases the County's involvement in the process, and fulfills the requirements of Proposition 218.

**Budget Recommendation.** The Draft Engineer's Report in Attachment C provides the reasonable rationale for the budget and the formula for the revenues. It provides adequate information for LAFCO and landowner decision-making with regard to the formation of the Water District. The Water District would be required to complete a successful Benefit Assessment (Proposition 218) process. Ultimately the landowners within the proposed Water District boundary would be deciding if they believe the funding formula to be fair, equitable, and reasonable.

## 7. Governance Issues

One of the challenges in implementing the Sustainable Management Groundwater Act (SGMA) is the potential for dividing a region or area into divisions that might make cooperation a challenge. Inter-Agency cooperation is needed for the Basin to be managed in a sustainable manner and for the agencies to meet the SGMA requirements.

The current governing situation for the Paso Robles Basin includes a number of local government agencies including the San Miguel and Heritage Ranch CSDs, City of Paso Robles, County of San Luis Obispo-Flood Control District, Shandon-San Juan Water District and possibly the proposed Estrella-El Pomar-Creston (EPC) Water District. The

County, along with help from DWR has been conducting organizing meetings with regard to the implementation of the Sustainable Groundwater Management Act (SGMA). Each local agency intends to be a Groundwater Sustainability Agency (GSA). These meetings have included representatives from the proposed Shandon and EPC Water Districts.

The local agencies intend to prepare one Groundwater Sustainability Plan with each agency responsible for its own service area. A memorandum of agreement (MOA) would set up the structure and procedures. Any unmanaged areas (white areas) would be subject to the County in regard to SGMA compliance. The unmanaged areas could annex into a proposed Water District at a later date if they choose too. Ultimately the Department of Water Resources would decide if the basin is being adequately managed. DWR could intervene and place the Basin, or parts of the Basin, on probationary status if the GSP does not address SGMA compliance.

Managing the Basin in this manner is the result of several factors: 1) SGMA encouraging local agencies to manage groundwater resources, 2) Desire by local landowners to have a level of influence and control over the management of groundwater in the Basin, and 3) Desire by existing jurisdictions to influence and control the groundwater resources. There are potential challenges and benefits to the management of the Basin in this manner.

The local agencies may want to take separate and possibly conflicting actions in preparing the Groundwater Sustainable Plan (GSP). This could lead to disagreement among the agencies with regard to how best to manage the Basin. Another challenge might be that one or more of the local agencies take actions (or plans to) that are harmful or detrimental to the Basin such as: over pumping, moving water outside of the Basin, a proposal to sell water to others outside of the Basin. The time and resources it takes to organize into GSAs is a hurdle as well. It should be noted that SGMA requires that the GSP be coordinated with other agencies in the Basin.

Due to SGMA, the local agencies will likely come to agreement with regard to the management of the Basin. Also by having more willing landowners represented and additional financial resources this may be helpful in managing the Basin. The authority will be dispersed and not centralized. If the two water districts are formed, they could bring an estimated \$700,000 in funding for district operational costs and preparation of a GSP within those areas. This reduces the overall cost of the surrounding unmanaged areas to the County. Also about 190,000 acres of the Basin would be managed by local water districts giving those landowners a voice at the SGMA table and reducing the overall acreage that needs to be managed by the County or possibly the State. The local agencies may, as part of the Memorandum of Agreement, identify a procedure for addressing these situations. The GSAs could work together to prevent actions adverse to the Basin, with each jurisdiction agreeing to consult with the other about various water resource proposals. With DWR acting as the oversight agency, the GSAs have a strong incentive to comply and work together.

All GSP(s) are subject to DWR review as is the formation of a GSA. If a GSP, or part of a GSP, is found to be inadequate, the Basin (or parts of a basin) can be subject to state intervention or probation. GSAs will not be allowed to overlap one another. An individual GSA could be placed on probation if a portion of a GSP is not adequate. There are three likely scenarios (maybe more): 1) The GSP is corrected by the GSA and local management continues; 2) The State intervenes on a portion of the Basin and compliance is achieved, 3) The entire Basin is placed in probationary status. Under SGMA any jurisdiction taking an action that is adverse to the Basin is taking the risk of violating SGMA's key principles of improving the condition of the Basin. This violation could lead to enforcement action by the State Water Resources Board.

Examples of regional/local agencies that have come together to manage resources include: Council of Governments (Transportation), Air Pollution Control Districts (Air Quality) and Integrated Waste Management Agencies (Solid Waste). All of these agencies are administered under a Joint Power Authority or other agreement. They have all been organized under a State Law calling for management of a particular resource or to address the allocation of resources (COGs). Over the years, many of these organizations have pulled together the interests of individual jurisdictions into a more cohesive plan for managing a particular resource or issue.

## 8. Conditions of Approval

The following conditions of approval are recommended if the proposed EPC Water District is approved:

### Conditions of Approval

1. That the name of the Water District shall be the Estrella-El Pomar-Creston Water District.
2. That the Board of Directors of the Estrella-El Pomar-Creston Water District be composed of five members elected as provided for in the California Water District Law, Water Code Section 34000 et. seq. The initial Board of Directors will be elected pursuant to the Water Code sections 34700; and
3. That pursuant to the applicable Water Code Sections the Estrella-El Pomar-Creston Water District is authorized to exercise all powers and authorities subject to the following restrictions:
  - a. The Water District's powers to export, transfer, or move water underlying the Water District outside the Paso Robles Groundwater Basin shall not be active and are subject to condition number five of this approval. For purposes of this Condition and Condition number five, "groundwater" shall have the meaning set forth in Water Code Section 10721(g).

- b. The Water District's powers under Part 5 Powers and Purpose; Chapter 2; Powers; Article 5; Sewers: [35500 - 35509] of the California Water Code shall be deemed inactive or latent. The Water District could request that LAFCO activate these powers in the future.
4. That formation of the Estrella-EI Pomar-Creston Water District shall be contingent upon a successful vote on the formation pursuant to Water Code Section 34500 and the EPC Water District completing a successful benefit assessment to fund the activities of the Water District. If the Proposition 218 proceeding is not successfully conducted by the Water District within one year of the certificate of completion, the Water District shall be subject to dissolution. LAFCO may extend this deadline upon request by the Water District.
5. The EPC Water District shall be prohibited from exporting, transferring, or moving water underlying the Water District (including groundwater pumped into an above ground storage facility) to areas outside of the Paso Robles Groundwater Basin.
6. That specific projects proposed by the Estrella-EI Pomar-Creston Water District shall be analyzed and evaluated in accordance with applicable laws prior to construction.
7. Prior to filing the Certificate of Completion, a revised legal description and boundary map(s) shall be submitted to reflect the service area and sphere of influence boundaries of the Water District as adopted by the Commission.
8. That the effective date of the Estrella-EI Pomar-Creston Water District will be determined by the certification of the election results by the Board of Supervisors and the filing of the certificate of completion by the LAFCO Executive Officer with the County Clerk-Recorder's office.
9. That the EPC Water District set the appropriations limit as soon as feasibly possible consistent with Government Code Section 57000.
10. That the Sphere of Influence of the Estrella-EI Pomar-Creston Water District shall be co-terminus to the Service Area boundary. Future amendments and/or updates to the SOI shall only include properties that have submitted written landowner consent.
11. The Water District, if formed, shall provide documentation that it has been identified as a Groundwater Sustainability Agency (GSA), or a GSA partner, pursuant to the Sustainable Groundwater Management Act, Water Code section 10720 et. seq. If the District does not become a GSA, or is not part of a GSA within one year of the Certificate of Completion being filed, the District shall be dissolved. LAFCO may extend this deadline upon request by the District.

## 9. LAFCO Role and Options

The following section discusses LAFCO's role and options with regard to the formation of the proposed EPC Water District.

**LAFCO's Role.** When LAFCOs were created, the State Legislature gave LAFCOs the authority to form districts, incorporate cities, and complete other "changes of organization". LAFCO's role when forming a district is to determine if the District should be formed, what the boundaries should be, and what powers should the District have based on a plan for services, budget and other information submitted by the applicant. The Cortese-Knox-Hertzberg Act gives the Commission "broad discretion in light of the record" in making these determinations. It is incumbent on each Commissioner to use her/his independent judgement in making these decisions. The Staff Report and attachments are prepared for consideration by the Commission, the public and the applicant. The record includes reports and documentation submitted, oral and written public testimony provided and any other information provided to the Commission. The Commission's decision is legislative, meaning that each Commissioner has broad discretion in considering her/his decision and that LAFCO is performing a legislative task as delegated to it by the State of California.

**Approve or Modify.** LAFCO has discretion to modify a proposal with regard to its boundaries, powers and functions or approve the proposal as submitted. Several conditions of approval are recommended and can be considered modifying the proposal. For example; the Water District must complete a successful Proposition 218 process to be formed, the Water District shall not have the authority to move or transport water outside the basin, and the expansion of the Water District's sphere of influence is subject to written landowner consent. These modifications are within LAFCO's legislative discretion and help the proposal to be consistent with local circumstances and conditions.

**Approval.** Special Districts are a form of local government created by a local community to meet a specific need or provide a particular service. Inadequate tax bases and competing demands for existing taxes make it difficult for cities and counties to provide all the services their citizen's desire. When residents or landowners want new services or higher levels of existing services, they can petition LAFCO to form a district. LAFCO policies 2.1.9, 2.5.2 and the Cortese-Knox-Hertzberg Act also call for LAFCO to provide a rationale for the formation of a new government structure. In this case, the following determinations provide a rationale for consistency with LAFCO policies and the CKH Act:

- **Management of local groundwater resources.** The proposed EPC Water District would have a landowner voter Board of Directors that would be focused on making decisions about the groundwater resources in the unincorporated service area of the Paso Robles Basin. The proposed Board of Directors would include five landowners or their representatives. This Water District would

become a GSA and work with other stakeholders in the Basin in managing the groundwater resources under SGMA. It would provide the landowners in this Boundary with a seat at the Groundwater Sustainability table.

- **Focus on Groundwater Management.** The proposed EPC Water District offers the opportunity for landowners to manage the groundwater resource. Numerous studies show that the Paso Robles Groundwater Basin is in decline and is in need of a more focused management effort. It is in the best interests of all users of the Basin to better manage the groundwater resources.
- **Landowner Resources.** The landowners proposing the Water District are willing to fund and form the Water District to sustainably manage the groundwater resources. This brings more resources to the management of the Basin. The County would not be responsible for the entire Basin. The Water District would assist in complying with SGMA. The two Water Districts, Shandon (\$300,000) and EPC (\$500,000), could bring in an estimated \$800,000 annually to help prepare a Groundwater Sustainability Plan and comply with SGMA. This is money that the County would not have to spend on SGMA compliance activities and areas that will not have to be managed by the County.
- **Local agency.** The EPC Water District would establish a local public agency of voluntary landowners that would sustainably manage the groundwater resource under its area. The Water District would work within the State Law with other agencies to provide for the reasonable use of water, pursue supply solutions, and to raise funds for planning and projects that comply with SGMA.
- **Voice at the table.** The proposed EPC Water District would establish a local agency to work within the State's legal framework on behalf of its landowners for the sustainable management of the Basin's groundwater resources. This voice would assist in the management of local groundwater resources.

The Cortese-Knox-Hertzberg Act calls for LAFCOs to make decisions based on local conditions and circumstances. The EPC Water District, if created, would be based on local conditions, and provides for a governing structure that, if formed by the landowners, can help manage their portion of the groundwater in the Paso Robles Groundwater Basin.

**Denial.** The Commission has broad discretion in making its decisions and could consider denying the formation. Below are some considerations for denial:

- Fragmented and duplicative management of the Basin. Creating the EPC Water District could contribute to a more fragmented governing situation for the Basin. The County, Cities and Special Districts already exist and could manage the Basin. Adding another district could be perceived as duplicative to the management of the resources. The landowners have options of joining the

Shandon-San Juan Water District or the County Flood Control District for SGMA compliance.

- The County Flood Control District could manage the Basin. The County has a Water Resources division that could undertake the management of the Basin. The County's Public Works staff is capable and competent, and if directed by the Board of Supervisors could manage the Basin and comply with SGMA. It may take additional staff and consultants, but the County is certainly capable of SGMA compliance. The County Board of Supervisors recently indicated that it would provide SGMA compliance for unmanaged areas without charging any fees for this service.
- It has been suggested that the landowners proposing the Water District should not be allowed to manage the Basin because of their links to corporations and other special interests.
- The State may be a short-term management agency option dependent on the fees and fines it charges. The State may indeed intervene for a period of time but it would prefer that local agencies management the groundwater resources in the long term.
- The proposed Water District will be used to take the groundwater and export it outside of the Basin to other areas for a profit. (The County requires a permit for such an action, the Water District is prohibited from moving water outside the Basin, and the GSA/GSP would also be involved.)

These are some of the justifications provided for denial. The Commission can choose to explore these and other reasons for denial. (LAFCO has broad discretion in light of the record to make its decision. If the Commission denies the application, Staff would recommend returning with a resolution and determinations supporting that direction.)

## 10. Environmental Determination – Attachment E

**Environmental Determination.** LAFCO is the Lead Agency for the proposed Formation of the Water District and adoption of a Sphere of Influence. The purpose of the environmental review process is to provide information about the environmental effects of the actions and decisions made by LAFCO and to comply with the California Environmental Quality Act (CEQA). The formation of the Water District qualifies for a CEQA exemption under 15378(b)(4). Additionally, the SOI qualifies for a general rule exemption from environmental review based upon CEQA Regulation Section 15061(b)(3) and Section 15262.

The creation of a water district for the purpose of creating a funding mechanism is exempt from CEQA pursuant to CEQA Guidelines Section 15378(b)(4), or alternatively Section 15061(b)(3) which provides: "The creation of government funding mechanisms

or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment". The newly formed water district would become a Groundwater Sustainability Agency (GSA) and work with the surrounding local agencies for its portion of the groundwater basin. Part of the responsibilities of a GSA is compliance with the SGMA Act which includes the preparation of a Groundwater Sustainability Plan (GSP), under CEQA the adoption of a GSP is a Statutory Exemption § 15282(v). The purpose of any GSP would be the protection, restoration, or enhancement of groundwater resources. The Water District is being formed to stabilize the Basin through compliance with SGMA and preparation of a Groundwater Sustainability Plan.

If formed, the Water District would be required to complete additional CEQA review for any future identified capital projects or implementation actions under the future adopted GSP. The regulatory process involves procedures to prepare a GSP for the protection of the resources and environment. It is speculative to try and envision what future capital projects would be undertaken by the Water District. The newly formed Water District would have to go through the Capital Improvement planning process which would include permitting and CEQA compliance.

The Sphere of Influence boundary does not involve, authorize or permit the siting or construction of any facilities. CEQA Regulation Section 15061(b)(3) states "The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." A Sphere of Influence is defined by Government Code 56425 as "...a plan for the probable physical boundary and service area of a local agency or municipality...". A SOI is generally considered a 20-year, long-range planning tool and has no legal binding effect to authorize annexation or future improvements. CEQA Regulation Section 15262 includes an exemption for projects involving only planning studies for possible future actions. Any annexation into the Water District would require further CEQA review and action by LAFCO.

## 11. Recommendation

The Commission has the discretion to approve, modify or deny the proposed application. It is respectfully recommended that the Commission consider the following recommendation for approval:

1. Approve the Statutory Exemption as the environmental determination pursuant to the California Environmental Quality Act (CEQA).
2. Conditionally approve, by resolution, the formation of the Estrella-El Pomar-Creston Basin Water District subject to: a vote of the landowners as described by Water

Code 34000 et al and a successful Proposition 218 proceeding to fund the Water District.

3. Conditionally approve, by resolution, the Formation of the Estrella-El Pomar-Creston Water District with the attached conditions of approval found in staff report section 8 Conditions of Approval above and included in the attached resolution.
4. That an “Opt-In” boundary be used to establish the service area for the Water District with any changes approved by the Commission. This would be documented in a condition of approval indicating that the applicants shall submit a revised boundary map and legal description that reflects the final boundary. The opt-in nature of the Water District shall be preserved with the condition of approval to require written landowner consent for any Sphere of Influence action taken by LAFCO.
5. Adopt a Sphere of Influence (SOI) for the Estrella-El Pomar-Creston Water District that is coterminous to the Service Area boundary and found in Attachment B. It is further recommended that the Commission adopt the following as its written statement of determinations:
  - a. The present and planned land uses in the area:

The Water District is anticipated to only provide groundwater management services to residents and growers within the service boundary. The SOI is proposed to be the same as the service area. The SOI does not anticipate or cause any changes to the present and planned land uses in the area. The Water District has no authority over land use decisions in the area.
  - b. Present and probable need for public facilities and services in the area:

If formed, the new Water District may consider the need for public facilities and services in the future. The SOI does not extend beyond the service area of the proposed Water District and it is difficult to speculate what public facilities might be constructed in the future.
  - c. Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide:

Presently, the Water District has no public facilities. If formed, the Water District would have adequate resources to provide services within the boundaries of the District. The Water District would call for a groundwater sustainability plan to be prepared and adopted for compliance with SGMA.
  - d. Existence of social or economic communities of interest in the area if the Commission determines that they are relevant to the agency:

If formed, each place or area that is served by the Water District has a unique mix of social and economic communities of interest. The Water District would provide its groundwater management services to these communities of interest

such as businesses, non-profits, farms and vineyards, and rural residences. These organizations, groups and individuals along with the Water District make up the fabric of the community.

- e. Present and Probable need for Public Facilities and Services of Disadvantaged Unincorporated Communities:

The Water District would have a variety of economic diversity that live within the Water District's service area and surrounding area including within or adjacent to the Sphere of Influence. The Sphere of Influence is coterminous to the Service Area and does not qualify under the definition of disadvantaged community for the present and probable need for public facilities and services.

# **Attachment A**

## Plan for Services

# **Estrella, El Pomar, Creston Water District (District) PLAN FOR SERVICES**

## **Background**

The County led initiative to create a Basin wide District failed dramatically in the formation election. Presently there is not a practical path to create a Basin Wide District and even less hope to successfully fund one. The rapidly approaching June 30th 2017 deadline for creating a GSA to manage our area leaves this local District Formation effort as one of our few viable alternatives. The District will be a significant part of the SGMA solution for the Paso Robles Groundwater Basin and will focus on groundwater sustainability for the agricultural related users in the proposed District. It is anticipated that there will be a group of GSAs working together under an MOU or JPA that will be the guiding body responsible for the Basin as a whole. The State has already set standards and will closely oversee the activities of the GSA(s).

## **Description of Services to be provided by the new District:**

The initial services provided by the District can be generalized as compliance with the Sustainable Groundwater Management Act (SGMA) and its goals. In addition, the District will operate as a California Water District supporting the needs of agriculture, ranching, grazing and open lands. If formed, the proposed Water District would be responsible for helping to stabilize the Paso Robles Groundwater Basin by complying with the new state law.

SGMA requires that the Paso Robles Groundwater Basin (a High Priority Basin) be managed by a Groundwater Sustainability Agency (GSA) with a Groundwater Sustainability Plan (GSP) created by the GSA. The proposed Water District would either become a GSA and/or be part of a GSA that manages the Basin. The deadline for forming a GSA is June 30, 2017. The County, along with other agencies, is in the process of forming a GSA for the Paso Robles Groundwater Basin. The applicants are in discussions with the County and other agencies about the best approach and structure for creating the GSA.

California Water Districts are formed and governed by landowners and are subject to the State Water Code 34000 et al. The Estrella, El Pomar Creston Water District is being proposed to include only landowners willing to form and fund the District. Therefore, participation in the Water District is voluntary. If formed, the landowners would be required to adhere to the policies and regulations adopted by the new Board of Directors.

The Water District would establish a local government agency for managing the portion of the Paso Robles Groundwater Basin for those landowners who want this type of structure. The Water District would have authority and jurisdiction only over those landowners and properties inside its boundaries. For the Water District to be formed, both the formation and funding must be approved by landowners. Formation depends

on voter approval by landowners within the Water District's boundary on a one vote per acre basis. The funding is proposed to be a benefit assessment voted on by the landowners within the proposed Water District's boundary and pursuant to Proposition 218.

Over a period of time, District services may include:

1. At every step of the SGMA process, representing the best interests of the members of the District while complying with State Law and working to ensure a sustainable source of water for all our area residents, farmers and neighbors for generations to come.
2. Working with the other agencies involved in managing groundwater in the Paso Robles Basin that are forming a GSA(s) and then cooperating to write the GSP(s) that will be critical in the sustainable management of the basin.
3. Collecting and reporting pumping data to the Board of Directors (Board) and Department of Water Resources (DWR).
4. In cooperation with existing California Stabilized Groundwater Elevation Monitoring (CASGEM) and SLO County efforts, collecting water level readings from across the District on a regular basis.
5. Compiling, analyzing and reporting that Data to the Board and DWR.
6. Enumerating wells with known screen elevations to track over time to help define aquifers.
7. Working to ensure the accuracy of the pumping data and to promote the necessity to have meters on ag wells.
8. To take water samples from these wells across seasons and years to document the nature of the aquifers feeding the basin and to document water quality in the basin's water.
9. To analyze and report the water quality data to the County, DWR and the State Water Quality Control Board.
10. Acquiring existing and new studies of the basin, the aquifers that feed it and the underground limits or boundaries that contain it. Reporting this data to DWR and SLO County.
11. To hire technical experts to analyze these various data streams and collect other data needed to define our basin. To create the technical reports required by DWR.
12. Documenting our groundwater management over time and reporting the ongoing results to DWR.
13. Promoting existing and developing local Best Management Practices (BMPs) for the conservation of water. Creating policies to ensure their implementation.
14. Identifying existing and developing new BMPs for improving water infiltration and recharge. Encouraging and ensuring implementation of those practices.
15. Pursuing projects to increase water infiltration in wet years to improve the total water supply available and to gradually raise water levels to former elevations.

16. Using all the powers given to a Water District to develop fair and equitable extraction limits to maintain sustainable groundwater levels in each portion of the District. When groundwater conditions necessitate it, implementing those extraction limits.
17. Enforcing District ordinances, rules or regulations.
18. If opportunities to acquire outside sources of water at economically feasible prices arise, to consider pursuing them.

**Indicate when services can be extended to the affected area**

These Services will be carried out across the District. They will commence directly after District Formation and election of a Board of Directors. However it is important to note that the District is aimed at providing these services to agricultural oriented properties and will not be able to service rural subdivisions and small domestic water customers that are not associated with agriculture.

**Boundary of the New District**

The boundary of the District is the Estrella, El Pomar, and Creston areas delineated in the SLO County studies of the Paso Robles Groundwater Basin. This area is defined by the area adjacent to the Cities of Paso Robles and Atascadero and excludes those cities, the CSDs and existing water districts in the boundary of the proposed district. The proposed boundary ranges north to the Monterey County line and southerly to the general area of Hwy 229. It includes portions of the Estrella and Salinas Rivers and includes those portions of their watersheds that lay within the State DWR Bulletin 118 Boundaries of the Paso Robles Ground Water Basin

**An indication of any improvement of structures, roads, sewer or water facilities, or other conditions the district would impose or require within the affected territory if the District is formed**

Beyond requiring meters on production wells no such improvements related to groundwater sustainability are anticipated to be imposed until after the development of the GSP. Under the SGMA, the final GSP must be submitted to DWR by 2020.

**Identification of existing service providers, if any, and the potential fiscal impact to the customers of those existing providers**

There is no existing provider of sustainable groundwater management services specifically described in SGMA in the proposed District. However, the County Flood Control District has adopted a Groundwater Management Plan pursuant to AB 3030 which is currently in effect. The County had adopted an Urgency Ordinance, No. 3246, that restricted new uses of groundwater within the Paso Basin and has supplanted that with Ordinances 3306, 3307, 3308 and 3309 all controlling different aspects of new water use within the Basin. Further the SLO County BOS has directed Public Work Staff to focus "on building GSAs with willing and eligible partner agencies." Aside from the foregoing, the area currently has individual well owners managing groundwater without the collaboration of others. There are, however, other existing water purveyors in the Paso Basin which will work collaboratively with the new District on matters related to groundwater management and SGMA compliance. These

agencies will work together under the framework of a "master" GSA or Group of GSAs coordinating the development of a GSP(s) under a MOU or other type of agreement.

**Plan for financing the establishment of the new district:**

**Total estimated cost to provide services within the special district's boundaries:**

Presently the estimated cost to provide District services is an average annual budget of \$500,000 for the first five years. A detailed budget is provided below. The projected Budget will be sufficient to successfully implement these steps in cooperation with other agencies. Once groundwater extraction metering has been established, if the District's Board so directs, the funding could switch to use basis. The Board may also pursue public and private grants to supplement the basic services outlined above to expand on potential conservation and water supplementation opportunities.

**Estimated cost of the services to customers within the special district's jurisdictional boundaries:**

A final determination of the funding mechanism under Proposition 218 (and the manner in which to impose a levy) has not been made at this time; therefore, the allocation of the \$500,000 annual budget has not been finalized. However, a licensed and experienced consulting firm, Wallace Group, is performing the necessary analysis.

**Identification and description of the revenue sources. Discuss the stability of the revenue sources and future availability:**

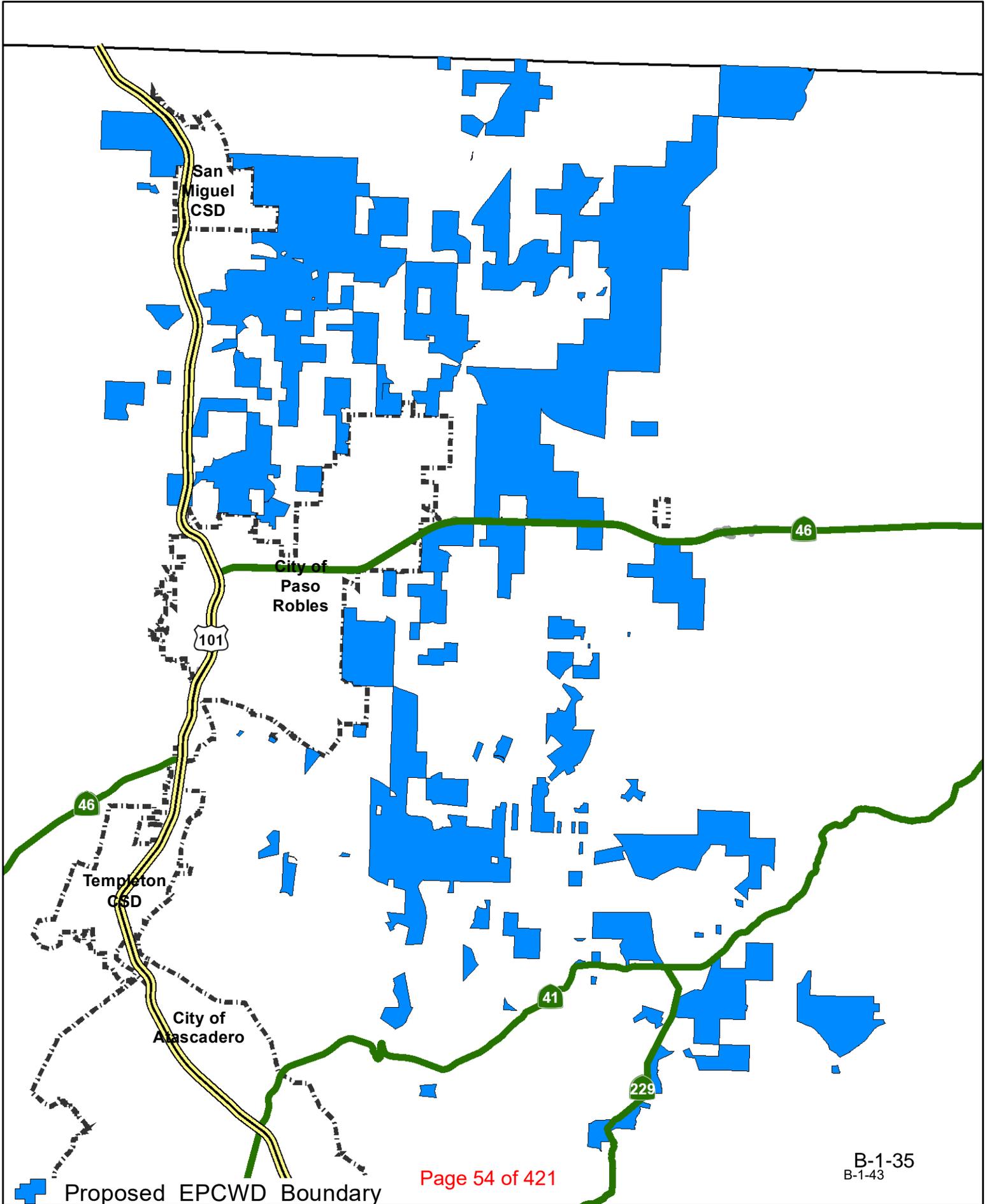
Special Benefit Assessments, pursuant to Proposition 218, will provide a stable source of revenue. Additionally, the State will be releasing grants to fund groundwater sustainability projects and to assist in SGMA compliance, and it is reasonable to assume the District will be competitive for many of these grants. The initial budget does not account for a grant award, but a grant would be a welcome source of funding and help with the overall financing of compliance with SGMA.

**Powers requested for the District:**

The District requests all the powers usual to a California Water District with the exclusion of the ability to export water beyond the Boundaries of the Paso Robles Ground Water Basin.

**Attachment B**  
Proposed Boundary Map

# Estrella-El Pomar-Creston Water District Proposed Service Area & Sphere of Influence



# **Attachment C**

## Engineer Report/Budget

**Engineer's Report  
For the  
Estrella, El Pomar, Creston California  
Water District**

*A California Water District (WC 34000 et seq)*

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PREPARED BY



WALLACE GROUP

**Benefit Assessment Evaluation  
California Proposition 218**

**March 2017**

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## ***Engineer's Report***

### ***Estrella, El Pomar, Creston California Water District A California Water District Pursuant to Water Code Section 34000 et seq***

#### **CERTIFICATION**

##### **Professional Engineer**

This report was prepared by, or under the direction of, the following Professional Engineer in accordance with the provisions of Section 6700 of the Business and Professions Code of the State of California.

##### **Civil Engineer:**

---

John L Wallace, PE 33965  
*Civil Engineer*  
Wallace Group

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## 1.0 Introduction and Background

Local agencies, including water districts, may be formed to manage groundwater under authority granted in the California Water Code or other applicable State statutes. In 2014, the State Legislature established a three-bill package known as the Sustainable Groundwater Management Act (SGMA). SGMA provides a framework of authorities and actions for local, sustainable management of groundwater, with a backstop for state intervention if necessary to protect groundwater basins. SGMA defines sustainable groundwater management as “the management and use of groundwater in a manner that can be maintained during the planning and implementation horizon without causing undesirable results.” This act builds upon the existing groundwater management provisions of AB 3030 (1992), SB 1938 (2002), AB 359 (2011), and SB X7 6 (2009).

The proposed District petition boundary (Exhibit A) is located entirely in San Luis Obispo County and the area of interest is comprised of over 40,000 acres. The purpose of the proposed District is **“to sustainably manage, protect and enhance the groundwater resource as an adjunct to each property within the District while preserving the ability of existing agricultural lands to remain productive.”** The proposed Estrella, El Pomar, Creston Water District would be formed as a California Water District (WC 34000) focusing primarily on the agriculture use of groundwater. The proposed district will need approval by the Local Agency Formation Commission (LAFCO) of San Luis Obispo County as provided for by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

*California Water Districts are formed pursuant to the California Water Code Sections 34000 –38501, the California Water Law. Formation proceedings may be initiated by the holders of title to a majority in area of land which is capable of using water beneficially for irrigation, domestic, industrial or municipal purposes and which can be serviced from common sources of supply and by the same system of works. (Water Code Section 35153)*

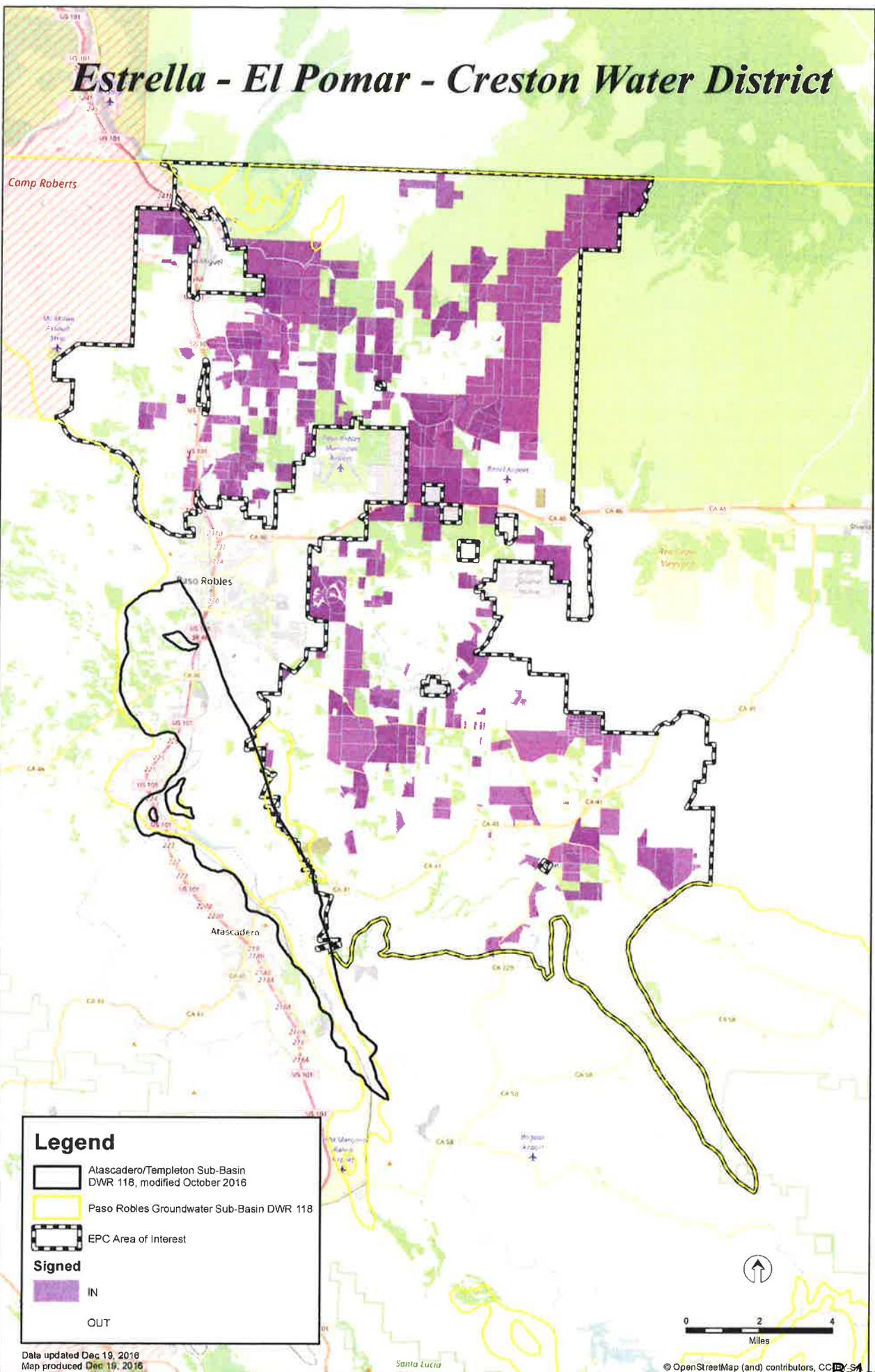
It is noted that the Estrella, El Pomar, Creston Water District (District) is being formed initially to effectuate compliance with the Sustainable Groundwater Management Act of 2014 and provide its landowners local representation through a Groundwater Sustainability Agency (GSA) and ultimately to prepare a Groundwater Sustainable Plan (GSP) in conjunction with other GSAs within the Paso Robles Groundwater Basin. The District will have various powers and ultimately may become involved in matters not directly related to SGMA compliance, but for the foreseeable future and for which a proposed special assessment is being levied, its focus will be on SGMA compliance.

Following are maps: the first, Exhibit A, shows the approximate petition Boundary Map of the Proposed Estrella, El Pomar, Creston Water District, a second map, Exhibit B, providing a reference map for the Paso Robles Groundwater Basin (reference DWR Bulletin 118), and a third map, Exhibit C showing boundaries of other proposed GSA’s as initially proposed in the Paso Robles Groundwater Basin. Note these boundaries are changing over time and will not become final until ultimately approved by the State Department of Water Resources.

**1.1 Exhibit A – Boundary Map, Proposed Estrella, El Pomar, Creston Water District**

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# Estrella - El Pomar - Creston Water District



**Legend**

- Atascadero/Templeton Sub-Basin  
DWR 118, modified October 2016
- Paso Robles Groundwater Sub-Basin DWR 118
- EPC Area of Interest
- Signed**
- IN
- OUT

Data updated Dec 19, 2016  
Map produced Dec 19, 2016

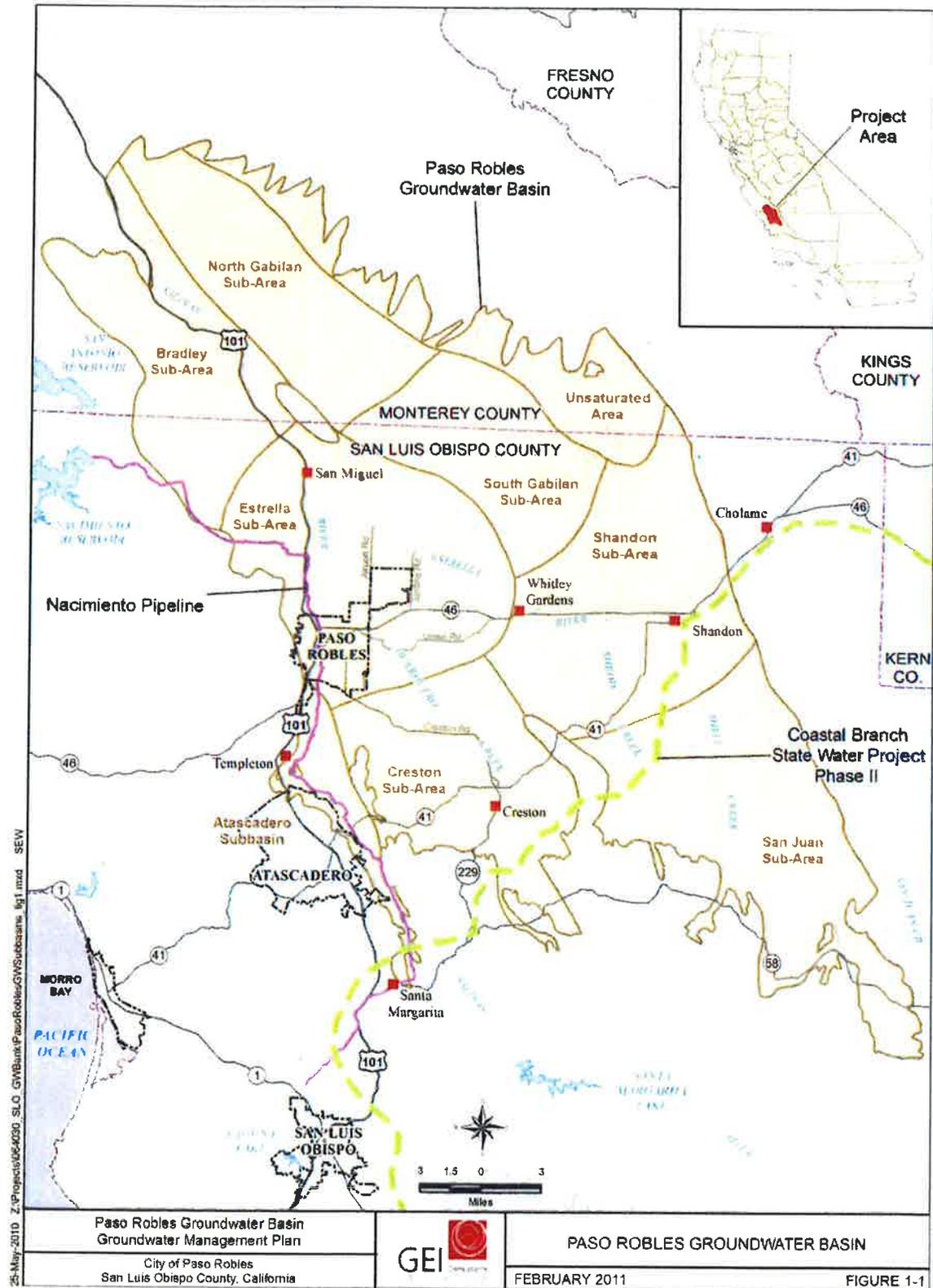


© OpenStreetMap (and) contributors, CC BY-SA, B-1-43

## 1.2 Exhibit B – Paso Robles Groundwater Basin Map

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Figure 1-1. Paso Robles Groundwater Basin

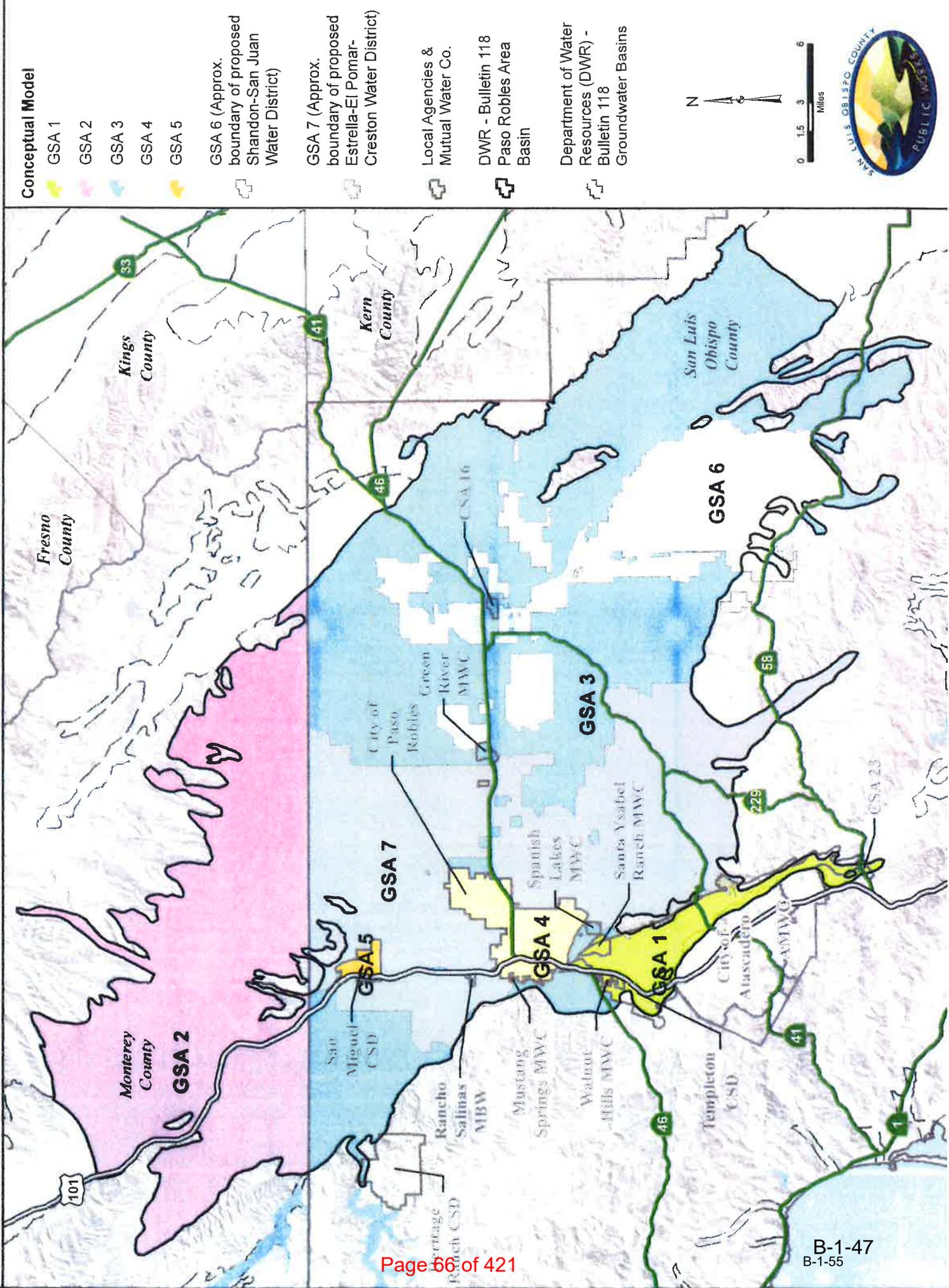


25-May-2010 2:10 Project:054900\_SLO\_GWBasin/PasoRobles/GWSubbasins\_fig1.mxd SEW

### 1.3 Exhibit C – Paso Robles Area Groundwater Basin – Conceptual GSA Model

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# DWR Bulletin 118 - Paso Robles Area Groundwater Basin - Conceptual GSA Model



- Conceptual Model**
- GSA 1
  - GSA 2
  - GSA 3
  - GSA 4
  - GSA 5

GSA 6 (Approx. boundary of proposed Shandon-San Juan Water District)

GSA 7 (Approx. boundary of proposed Estrella-El Pomar-Creston Water District)

Local Agencies & Mutual Water Co.

DWR - Bulletin 118 Paso Robles Area Basin

Department of Water Resources (DWR) - Bulletin 118 Groundwater Basins



## 1.4 LAFCO Application/Process

As an initial part of the LAFCO application process, a Notice of Intent to circulate petitions is submitted to Lafco. Petitions are then circulated to property owners that are voluntarily wishing to be part of the proposed District. Once the petitions are submitted to LAFCO and verified by the County Assessor (acreage) and County Clerk Recorder (ownership) and a District boundary map provided, LAFCO will conduct a public hearing to consider the conditional approval of the District formation including a proposed funding method (Engineer's Report). Once conditional approval by LAFCO is reached, an election date will be set for the District's official formation.

The governing body, which is established by law to administer the operation of a California Water District, is comprised of a five-member elected board of directors, each of whom must be a landowner within the District or the legal representative or designee of a landowner within the District.

It is anticipated that LAFCO will condition the formation of the District on the establishment of a mechanism to fund the District's operations. It is proposed that a "special assessment" be provided for District funding in accordance with Proposition 218. A special assessment is defined as "a particular and distinct benefit over and above general benefits conferred on real property located in the District..." It is the intent of the District to recognize and assess the cost of those special benefits conferred on the parcels within the proposed District and to exclude any general benefits that might accrue.

## 2.0 Regulatory Requirements, Proposition 218

In November of 1996, a California Constitutional initiative titled Proposition 218 was approved by the voters of the State. The primary intent of the initiative was to ensure that all taxes and most charges on property owners were subject to voter approval. Proposition 218 applies to general taxes that were imposed in 1995 or 1996 without a vote of the people, or the raising of new taxes, assessments, or property-related fees after 1996. More recently, a July 24, 2006 decision by the California Supreme Court, commonly known as the Bighorn decision, served to clarify to some degree that a public agency's volumetric charges for ongoing water deliveries are "property-related" fees and charges. As such, volumetric charges are subject to similar procedures and requirements amended to the California Constitution by the passage of Proposition 218, referred to as "majority protest proceedings", as distinguished from what is commonly referred to as an "assessment ballot proceeding", the subject of this report.

To assess the lands included in the Estrella, El Pomar, and Creston Water District and comply with the requirements of Proposition 218, a number of steps must be performed. Information regarding the proposed assessment, including an assessment ballot, must be mailed to every participating property owner. The District must then conduct a public hearing with no less than 45 days between the mailing of the notice and the hearing. At the public hearing, the District will consider all protests against the proposed assessment and tabulate ballots. The assessment will not be levied if, upon the conclusion of the hearing, ballots submitted in opposition to the proposed assessment exceed the ballots submitted in favor of the increase. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation (assessment) on the affected properties. If a majority of the ballots received (weighted in proportion to the assessment liability) are in favor of the assessment, the District may act to make the assessment effective.

## 2.1 Benefits Provided by the District

Proposition 218 makes a distinction between general and special benefits provided by a project or service. A general benefit is defined as something that benefits the general public, such as ambulance service, libraries, police stations, or business improvements. A special benefit is defined as a particular benefit to land and buildings. Only costs arising from special benefits can be assessed and 100% recovered by the assessed fee.

In the case of the proposed Estrella, El Pomar, and Creston Water District, all parcels within the District will have a special benefit conferred upon them by virtue of formation of a GSA and having direct and local influence over the development of the GSP. This is a particular and distinct benefit, and it is this primary benefit upon which an assessment will be levied.

Other special benefits may include:

- The opportunity to organize and assert local control in the implementation of the Sustainable Groundwater Management Act (“SGMA” Water Code sections 10720 et seq.) process as a State recognized Groundwater Sustainability Agency (GSA);
- The opportunity as a public agency to apply and receive State and Federal grant and loan funding for water management planning and improvements within the District;
- The opportunity as a public agency to secure supplemental water to improve conditions within the District; and
- Consistent with SGMA, developing and implementing a plan to ensure sustainable groundwater resource management within the District

It is notable that the District is being formed entirely by voluntary participation of property owners within the proposed boundaries; a map of the potential District boundary is attached as Exhibit A. No parcels outside of the District will receive the benefits of SGMA compliance from the District. Likewise, those parcels within the District’s area of interest that do not wish to participate, will be excluded from the District, and thus, among other things, will not be able to participate in the election of District directors who will direct the preparation of the GSP specifically on behalf of the District. Accordingly, in this context, SGMA compliance is not a general benefit.

## 3.0 Proposed District Budget and Funding

District proponents have prepared the anticipated costs and income necessary to fund the operations of the proposed District in accordance with Proposition 218, Section XIII D of the California State Constitution. A preliminary budget is shown in **Table 1**. In order to more clearly relate the proposed budget expenditures to the special benefits accruing to properties that participate in the District, a description of Budget Items is provided in Section 3.1.

### 3.1 Description of Budget Items

#### 1. General Manager (GM)

A person with managerial expertise will coordinate the establishment of the District and with property owners of each parcel for administration of their groundwater interests and District activities. The GM will also coordinate with other GSA’s in the Paso Robles Groundwater Basin (PRGWB) as required by SGMA, to ensure that the parcels within the District are protected and in compliance with SGMA. There is no other agency or manager doing this on behalf of the

parcels within the District. Most of the full time managerial work for the District will be deferred until actual formation and election of a Board of Directors has been completed in the second or third quarter of 2017. In the meantime, a part time manager may be appropriate. Alternatively several GSA's may elect to share management staff in order to reduce expenses. A 4% annual salary increase has also been programmed as a part of this line item.

**2. Clerical (part time)**

A clerical (part time) clerk will compile records, provide support to the GM in their duties and provide individual property owners with information on their groundwater (GW) interests. Similar to the Manager's position, this position might be shared with other GSA's. A 4% annual salary increase in this line item has also been included. Salary savings in 2017 for both positions (General Manager and Clerical) along with related taxes and benefits may be carried over to subsequent budget years as ultimately approved by the District's Board of Directors.

**3. Employment Taxes and Benefits**

This item provides for the required regulatory employment taxes and potential benefits for the District's employees, currently envisioned as the General Manager and Clerical assistance. This amount was estimated to be 35% of the salary costs.

**4. Consultant Engineer/Geohydrologist**

An Engineer and/or GW Geohydrologist consultant will need to be engaged to provide the necessary technical support and studies to help administer the District on behalf of the property owners within the District. The consultant will also provide technical advice and support for the coordination required between other GSA's within the PRGWB. This item could also provide for shared expenses with other GSA's and DWR for further boundary adjustments and groundwater basin studies. The tasks undertaken will also lead to the development of a GSP as required by SGMA by January 31, 2020. As required, this plan will need to be coordinated with other GSA's in the PRGWB.

**5. Groundwater Sustainable Plan, Create and Implement (GSP)**

The District will need to develop and implement a GSP within three years, by January 31, 2020, to manage the groundwater basin and to remain in compliance with SGMA. The GSP will identify project(s) that will relate to the overall protection of the groundwater basin (GWB) for property owners in the District and to be coordinated with other GSA's within the PRGWB. A portion of these costs are included in the Consultant cost above, and likely shared with other GSA's within the basin, but it is anticipated that other consultants will need to be involved for environmental and other activities.

**6. Legal Services**

There will be a substantial need for legal services in order to establish the District and to provide the necessary on-going legal support to remain in compliance with SGMA and to ensure that the District's activities are compliant with Proposition 218. It is also anticipated that there will be several legal agreements such as a memorandum of agreement (MOA) providing funding and governance coordination with other GSA's for their respective responsibilities under SGMA and to coordinate those activities with DWR and the County.

**7. Office Lease**

Office facilities will benefit all property owners within the District and will provide a centralized location to disseminate information for the management of the District and for implementation of the GSP. Anticipated lease costs increase 4% per year.

**8. Utilities**

Some utilities costs (water, sewer) for office space may be included as part of the office lease. However, the budget does provide for minor utility costs for the office not included with the office space.

**9. IT and GIS Support**

IT support will provide the necessary expertise to document and provide maintenance of the database of individual properties and their assessments. This item also included the necessary expertise for processing mapping displays for parcel mapping and potential District boundary changes.

**10. Conferences/Training**

There will be a need for on-going training for the implementation of the GSA and to transfer that training into informational and regulatory activities for each of the parcels in the District. In addition, there will be necessary coordination and meetings with other GSA managers and the County and State for administration of the GSA and later, the GSP's. Some of this expense could be part of the salary costs for staff, but this will also provide for District Management and Directors and consultants to meet with the County and other GSA's to coordinate District activities for requirements under the Countywide Water Conservation Program, SGMA requirements, GSP development and outreach activities for interagency agreements.

**11. Travel**

Travel expenses will be incurred to meet w/the State Department of Water Resources (DWR) and County of San Luis Obispo representatives and with property owners so as to ensure compliance with SGMA as it affects the individual assessments. Meeting with the DWR in Sacramento for boundary adjustments and presentation of hydrologic information will be necessary in order to prepare for the initiation of a GSP. It is also anticipated that travel to various administrative and training groups will be necessary for the on-going administration of the District.

**12. Insurance**

Insurance will be necessary to protect the general activities of the District and the individual property owners for activities conducted on their properties. Directors and Officers insurance is also included in this budget item.

**13. Auditing/Financial Reporting**

As a governmental agency, the District will be required to perform and submit annual audits compiled by an independent third party qualified CPA and submitted to the County of San Luis Obispo and the State Controller's office. This budget estimate is consistent with other small district audits performed in SLO County.

**14. Office Supplies**

Office supplies are a necessary operating expense to support the normal office duties and administration of the assessments for each parcel.

**15. Postage/Printing**

Postage and printing of assessments and public notices are necessary requirements for legal notifications required for each property owner.

**16. Telephone/Computer Internet Service**

These costs are necessary for communications with each property owner and with the regulatory agencies.

**17. Office Equipment**

Office equipment is necessary for office activities to support and administer the assessments for all property owners.

**18. Well Meter Data Analysis**

The metering of wells for each parcel producing above a certain yield will ultimately be required as part of SGMA compliance and most likely be integral to the implementation of the GSP. This item may also provide for compliance via a field review program.

**19. District Formation and Board Elections**

Legal notices and property owner absentee elections are necessary for each assessee to elect a governing board of directors for the District and to vote on other District matters. These costs are directly related to the number of voters required for each process, i.e. formation, approval (majority protest process—prop. 218) of proposed assessments and election of the Board of Directors. It is anticipated that some of these items can be combined on a single ballot.

**20. LAFCO District Fees**

Formation costs and LAFCO fees are applicable for the inclusion of each parcel in the proposed district, later it is anticipated there will be annexations or de-annexations and perhaps changes to the Sphere of Influence for the District over the first several years. Also included in this item are the annual apportionment of LAFCO operating budgets charged to all special districts in the County.

**21. Contingency**

A contingency fund of 10% is being set aside for budgeting purposes to augment any of the other items above.

### 3.2 Table 1-Preliminary Budget

Five Year Operating Expenditures for the Estrella, El Pomar, Creston, California Water District  
Initial budget and anticipated expenses for the service provided.

Budget No.	Budget item description	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
1	General Manager	\$80,000	\$83,200	\$86,528	\$89,989	\$93,589
2	Clerical part time	\$24,000	\$24,960	\$25,958	\$26,997	\$28,077
3	Employment taxes and benefits	\$36,400	\$37,856	\$39,370	\$40,945	\$42,583
4	Consultant Engineer/Geohydrologist	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
5	GSP create and implement	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
6	Legal Services	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
7	Office Lease	\$12,000	\$12,480	\$12,979	\$13,498	\$14,038
8	Utilities	\$3,000	\$3,120	\$3,245	\$3,375	\$3,510
9	IT and GIS Support	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
10	Conferences/Training	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
11	Travel	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
12	Insurance	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
13	Auditing/financial reporting	\$4,500	\$5,000	\$5,000	\$5,000	\$5,500
14	Office Supplies	\$2,000	\$1,500	\$1,500	\$1,500	\$1,500
15	Postage/Printing	\$5,000	\$5,000	\$5,000	\$5,000	\$3,000
16	Telephone/Computer Internet service	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
17	Office Equipment	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
18	Well Meter Data Analysis	\$0	\$5,000	\$6,000	\$6,000	\$8,000
19	District Formation and Board Elections	\$4,000	\$0	\$4,000	\$0	\$4,000
20	LAFCO District Fees	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
21	Contingency 10 %	\$44,290	\$45,012	\$46,158	\$46,430	\$47,580
	<b>TOTAL</b>	<b>\$487,190</b>	<b>\$495,128</b>	<b>\$507,739</b>	<b>\$510,734</b>	<b>\$523,376</b>
				<b>Five Year Average:</b>		<b>\$504,833</b>

Notes:

- All the voluntary members of the District are agreeing to a maximum assessment not to exceed \$35.00/acre (irrigated) and 1.69% of that proposed assessment for non-irrigated acreage.
- Personnel and some other costs have an inflationary increase of 4% per year
- A 10% contingency fund has been included
- Home sites and commercial sites would be assessed separately.
- It is anticipated that maximum funding authorization could generate \$500,000 or more per annum if needed.
- Reduction of expenditures for staff and consultant services can be achieved by sharing some of those duties with other GSA's.

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## 4.0 Determination of Benefit Assessments

The following sections discuss the determination of the benefit assessments:

### 4.1 Classes of Assessments

Four classes of assessments are proposed: Irrigated Agriculture, Non-irrigated Agriculture, Residential, and Commercial Operations. They are described in more detail below:

#### Irrigated Agriculture

Properties with **irrigated agriculture** receive a greater benefit from the availability and sustainable management of the groundwater basin compared to non-irrigated properties. Because cropping patterns and weather variations combine to affect the amount of acreage to be irrigated, left fallow or utilized for a different crop, assessments are not differentiated between the types of crop. Also, for the purposes of this report, **irrigated agriculture is defined as that property being irrigated with groundwater extracted from the Paso Robles Groundwater Basin.**

Therefore, it is anticipated that categorizing properties as irrigated vs. non-irrigated will serve to provide a funding source for the development of a GSA for the purpose of SGMA compliance. If a more discrete assessment is to be used in the future, irrigated crops can be categorized as to type according to Geographical Information System (GIS) information developed for the Paso Robles Groundwater Basin Study (PRGWB). That analysis based water usage on seven different categories.<sup>1</sup> i.e.: alfalfa, citrus, deciduous, nursery, irrigated pasture, vegetables and vineyards. It excluded non-irrigated land use such as open space or grazing.

However it is important to note that some properties will rotate in and out of applied irrigation depending upon cropping patterns, weather and emergency irrigation needs. In order to calculate and set assessments, it is anticipated that property owners and lessees will declare their intention for irrigation for the next year. The District will maintain an on-going database of all parcels and irrigated acreage within parcels. The current County database for all participating parcels will be used for the initial source of information but will be adjusted for each year of assessments.

Also, because the decision to irrigate or not will also vary according to a specific property's unforeseen needs, there will need to be an appeal process established and a credit/debit system put in place to adjust assessments that need modification. These adjustments can be made as part of the on-going administration of the District by the Board of Directors with input from property owners.

Finally, because the decision to irrigate or not will vary according to a specific property's unforeseen or emergency needs, a one-time irrigation of  $\frac{1}{4}$  AF/ac or less will not be considered as "irrigated agriculture" and will not change the parcel status from non-irrigated to irrigated.

#### Non-Irrigated Agriculture

Rangeland/grazing/open space, i.e. **non-irrigated agriculture** land use relies much less on ground water, however, groundwater is needed in some cases to provide for livestock operations. Estimates for water usage on non-irrigated properties is being calculated by the project proponents based on the grazing livestock carrying capacity for this area.<sup>2</sup> It is noted that notwithstanding the minimal use of groundwater, non-irrigated lands do receive a special benefit from being within the District and from

<sup>1</sup> Paso Robles Groundwater Basin Model Update, Geoscience/Todd Groundwater, December 19, 2014

<sup>2</sup> No reference was able to be provided by the SLO County Dept of Agriculture, estimate provided by project proponents  
WG Project 1360-0001

being directly represented in the SGMA process as non-irrigated lands do have overlying groundwater rights and, in the future may rely on groundwater to a greater degree than now. Also as outlined above in addressing the rotation of parcels, or portions of parcels, in and out of irrigation, a database will be maintained to modify assessments accordingly. So even though there may be irrigation facilities (pipes etc.) available to a parcel or portion of the parcel, if no irrigation is applied, then that acreage will be treated as non-irrigated.

**Residential**

**Residential development** depends upon a potable, adequate water supply for household needs and therefore will receive an assessment. The PRGWB studies provided research to estimate the average water usage for rural homesteads.<sup>3</sup> However, because the District is focused on the agricultural operations/properties, it is not foreseen that the District will have the capability to serve small lot rural subdivisions

**Commercial Operations**

**Commercial operations** depend upon a potable supply for workers and customers alike, similar to residential uses associated with agricultural operations. However, the water usage for these land uses will need to be determined on a case by case basis. For initial funding purposes, commercial uses are proposed to be assessed as if they were a residential use.

**4.2 Water Use Factors**

The following provides a discussion on the water use factors identified for each assessment class.

**Irrigated Agriculture**

The Estrella, El Pomar, Creston Water District is home to hundreds of acres of farmed land with a variety of crops. The water use for these crops varies and thus an average water use has been determined for Irrigated Agriculture. The water use for the crops that are typically farmed in the District are as follows:

Land Use Category	Ave. Water Use Factor (AF/acre/yr)
Alfalfa	4.8
Citrus	2.3
Deciduous	4.1
Nursery	2.4
Irrigated Pasture	5.0
Vegetables	3.9
Vineyards	1.8
Total	24.3
<b>Average</b>	<b>3.5</b>

\*Source: applied water factors, SLO County, Paso Robles Groundwater Basin Model Update, 2014, Table 10<sup>4</sup>

**The water usage of 1.0 AFY will be utilized as one benefit unit for the purposes of establishing an assessment spread.**

**Non-Irrigated Agriculture**

<sup>3</sup> Ibid, PRGWB Model Update, December 19, 2014  
<sup>4</sup> Ibid, PRGWB Model Update, December 19, 2014, Table 10  
 WG Project 1360-0001  
 Estrella, El Pomar, Creston Water Dist A CA Water Dist (WC 34000 et seq)  
 Engineer’s Report-Benefit Assess Eval

Depending on the terrain and carrying capacity of the land, non-irrigated agriculture can be dry farmed for hay, other non-irrigated crops, and for grazing. These uses are minimal and are best evaluated as a cattle grazing operation. These operations typically utilize between 0.03 and 0.003 AFY/ac and therefore are minimal users. However, the project proponents have provided an estimate of local non-irrigated water usage as a percentage of irrigated usage; ie. 1.69% of Irrigated Agriculture Usage. This results in 0.06 AFY/ac (1.69% x 3.5 AFY/ac = 0.06 AFY/ac) for a benefit unit to calculate an assessment to be applied to non-irrigated agriculture.

### Residential

Residences nominally use 0.29 AFY indoor and 0.46 AFY outdoor for a total of 0.75 AFY per residence in rural hot areas of the county<sup>5</sup>. Therefore, it is assumed that a rural residence is equivalent to: (0.75 AFY/3.5AFY) or 21.4% of water usage for an acre of irrigated crop.

### Commercial Operations

Commercial Operation uses will be evaluated as a resident if a small operation on a small lot. Larger commercial users will need to be evaluated on a case by case basis.

## 4.3 Voluntary Funding

The District will be formed on a voluntary basis. **All the voluntary members of the District will be asked to agree to a maximum funding assessment not to exceed \$35.00/acre for irrigated agriculture. Non-irrigated agriculture parcels will be assessed at 1.69% of irrigated agriculture’s cost, or \$0.59/acre. Each residence or commercial operation will be assessed at \$7.50 (maximum) for each unit (0.75AFY/3.5AFY = 21.4% of an irrigated acre assessment = 21.4% x \$35 = \$7.50).** However, as a basic minimum cost, **all ownerships**, whether made up of one parcel or many parcels will have a minimum assessment of **up to \$50 per ownership**, depending on the overall administrative costs to service the GSA. These rates are within the same order of magnitude of the data developed above and are proportional to the special benefit received by each category of parcel based on water usage per parcel. It is noted that one parcel may be assessed for all three classes.

## 4.4 Benefit Units

A benefit unit is a method of calculating a property’s proportional share of the assessment costs. **One benefit unit (BU) is equivalent to the use of 1.0 Acre-foot of water/year.** Table 2 identifies the total number of benefit units assigned to each Assessment Class utilizing the target acreages in each category petitioning at this time. These acreages will vary until District formation is approved.

Table 2-Assessment Class and Total Benefit Units

Assessment Class	Total Acreage or Units (estimated)		Water Use Factor AFY	Benefit Units (rounded)
Irrigated Agriculture	16,500	Acres	3.50	57,750
Non-irrigated Agriculture	24,300	Acres	0.06	1,460
Residential and Commercial Operations	200	Each	0.75	150
<b>Total Benefit Units</b>				<b>59,360</b>

<sup>5</sup> Ibid, PRGWB Model Update, December 19, 2014, Table 13 Rural Residential Water Demand, SLO County, WG Project 1360-0001  
Estrella, El Pomar, Creston Water Dist A CA Water Dist (WC 34000 et seq)  
Engineer’s Report-Benefit Assess Eval

## 4.5 Maximum Assessments

Table 3 identifies the total maximum assessment value for each assessment class and the revenue that could be generated if the maximum assessment proposed on the District properties is collected.

Table 3-Total Maximum Assessments

Assessment Class	Total Units (Estimated)		Maximum Asmt per Unit (\$)	Total Assessment (\$)
Irrigated Agriculture	16,500	Acres	35.00	577,500
Non-Irrigated Agriculture	24,300	Acres	0.59	14,337
Residential and Commercial Operations	200	Each	7.50	1,500
<b>Maximum Assessment Potentially Collected</b> (*approximately \$1,200 more revenue can be added for minimum charges of \$50/ownership)				<b>\$ 593,337*</b>

Acknowledging that the maximum, not to exceed total assessment of **\$593,337** is more than the estimated average annual budget of **\$504,833**, it is anticipated that the target participating acreage will be more than adequate to meet the average budget needs. Therefore, Table 4 calculates potential revenue based on the value of each class of benefit units.

Table 4-Assessments for Budget

Assessment Class	Total Benefit Units (from Table 2)		Calculated Cost per Benefit Unit (from Table 2) (\$)	Total Assessment (\$)
Irrigated Agriculture	57,750	BU	8.51	491,453
Non-Irrigated Agriculture	1,460	BU	8.51	12,425
Residential and Commercial Operations	150	Each	8.51	1,277
Basic cost per ownership (minimum cost per ownership)	estimated		<u>Estimated additional revenue from those ownerships below \$50 minimum total assessment</u>	(not included at this time*)
<b>Possible Assessment Collected to meet budget</b> <b>* (total revenue <u>excludes</u> min assessment amount of \$50 for ownerships with total assessments below \$50. The total assessment shown is approximately the same as the average annual budget of \$504,833. (differs because of rounding)</b>				<b>*\$ 505,155</b>

Using the cost per Benefit Unit approach for the anticipated water usage per class of use results in:

- Irrigated Agriculture:  $3.5\text{AFY/ac} = (3.5\text{ BU}) \times \$8.51/\text{BU} = \$29.79/\text{ac}$  of irrigated land.
- Non-Irrigated Agriculture:  $0.06\text{ AFY/ac} = (0.06\text{ BU}) \times \$8.51/\text{BU} = \$0.51/\text{ac}$  of non-irrigated land.
- Residential/Commercial:  $0.75\text{ AFY/unit} = (0.75\text{ BU}) \times \$8.51 = \$6.38/\text{unit}$ .
- However a minimum charge for all ownerships (regardless of number of parcels and resulting assessment) will be assessed \$50 ea. if the total assessments for that ownership is less than \$50.

Therefore, the following assessments could be made in order to meet the estimated cost of the five year average annual budget:

Table 5--Assessment Class and Cost per Acre of Land and Residential/Commercial Units

Assessment Class	Water Use Factor/Benefit Units		Assessment per Benefit Unit	Assessment \$/ac Or \$ per R/C unit
			\$	
Irrigated Agriculture	3.5	BU	8.51	29.79
Non-irrigated Agriculture	0.06	BU	8.51	0.51
Residential and Commercial Operations	.75	BU	8.51	6.38
<b>Note</b> that minimum assessment to be \$50/ownership				

It is important to note that these calculations will vary depending on the final acreage and number of residential/commercial units that come into the District.

## 5.0 Next Steps

- The Applicant (proponents) have filed with LAFCO, a Notice of Intent and circulated a Petition for the formation of the District. Those petitions with signatures of landowners will need to be filed with and checked by the County Assessor within six months of when the first signature is affixed to the petition. However, it is anticipated that LAFCO will receive the signed petitions in March of 2017 and signatures verified by the County Assessor in April of 2017.
- It is anticipated that the LAFCO hearing for conditional District formation will be held in January or April 2017. At that time the Commission may conditionally approve the District and set a notice for the required protest hearing for the formation hearing.
- Assuming that over 50% of the acreage held by landowners in the proposed District are in favor of formation, it is anticipated that the election of the Board and final formation of the District will occur in June 2017 or later. After which, the new district and the Board of Directors can proceed with the Prop 218 funding process for a determining if a majority protest of the proposed assessment amount is received.

- DWR theoretically needs to approve the formation of the District's GSA by June of 2017. However, it is anticipated this will not happen until later in 2017. In the meantime, the District proponents will be coordinating SGMA requirements with the County of San Luis Obispo and other GSA's in the Paso Robles Groundwater Basin for funding and administrative opportunities.

DRAFT

## Appendix A      General Information on the Formation of a California Water District

The process of forming a California Water District consists of these basic steps:

California Water Districts are formed pursuant to the California Water Code, Sections 34000- 38501. The law for forming a California Water District was developed in 1951 to allow large landowners to manage the water resources in their area.

**Statutory Background:** The formation of a California Water District to manage the Estrella, El Pomar, Creston Groundwater Basin, by forming a California Water District, is a process guided largely by two laws: The California Water District Law - Water Code 34000-38501, and the Cortese-Knox- Hertzberg Act Government Code 56000, et al. The San Luis Obispo Local Agency Formation Commission (SLOLAFCO) has authority to consider the application for forming the District under the Cortese-Knox-Hertzberg Act. Other agencies involved in the processing of the application are the offices of County Assessor and Clerk-Recorder. The Assessor's Office provides information and verification regarding the ownership and acreage in the area. The Clerk Recorder's Office conducts the election that are required to form the District at the direction of the County Board of Supervisors.

### Formation Process:

#### Petition, Noticing and Public Hearing:

**Petition:** The formation process for California Water Districts, is initiated by a petition signed by the holders of title to a majority of land that is capable of using water beneficially for irrigation, domestic, industrial, or municipal purposes, and that can be serviced from common sources of supply and be the same system of works.

**LAFCO Hearing:** When the application is complete, LAFCO conducts a noticed public hearing. After hearing public testimony, the Commission may approve, modify, or deny the proposed formation. If it is approved, the Commission also will adopt any terms and conditions for the formation, and establish a sphere of influence for the new district.

**Protest Hearing:** Following LAFCO Approval, the District formation is scheduled for a conducting authority (protest) hearing where no further modifications may be made. At the conducting authority stage, without a majority protest based on acreage owned, the conducting authority (LAFCO) shall make an order doing the following (34306):

- Establishing and describing the district boundaries.
- Describing land to be excluded from the district.
- Naming the proposed district.

### **Formation Election:**

After making the order, the Board of Supervisors shall be directed by LAFCO to call and give notice of an election for the formation of the District and election of the Board of Directors. The following are entitled to vote (34400 and 57000):

- Only the holder of title to land in the proposed district may vote. The vote may be in person or by proxy. (Rule for voting by proxy are set forth in Section 35005 of the Water Code).
- Each voter shall vote on the acreage of the land which he or she holds title.

If after the election, a majority of all of the votes cast favor the formation of the district, the territory shall be formed as a district (34500).

### **Funding of the District:**

After the Formation Election for initiating the district and election of the board of directors, the District will conduct a proposition 218 special assessment proceedings to fund the operations of the District. This will be done in accordance with the proposition 218 majority protest provisions and will pass or fail based on the amount of assessments being assigned to all of the properties.

### **Boundaries:**

The boundaries of a California Water District may include the following land located in one or more counties (34153)

**Governing Body:** The governing body, which is established to administer the operation of a California Water District, is initially composed of a five-member elected Board of Directors, (WC-34708), each of whom must be a landowner within the District. The Board may be modified by the District through a future action to include 7 or 9 members, or changed to be a register voter elected Board of Directors.

### **Powers/Functions:**

The primary powers of a California Water District include:

- The acquisition and operation of water works for the production, storage, transmission and distribution of water for irrigation, domestic, industrial and municipal purposes, and any drainage or reclamation works connected with such undertakings.
- Acquire and operate facilities and services for the collection, treatment, and disposal of sewage, waste, and storm waters. (In the case of the proposed district, no request has been made or approved by Lafco for sewage services).

Five Year Operating Expenditures for the Estrella, El Pomar, Creston, California Water District  
Initial budget and anticipated expenses for the service provided.

Budget No.	Budget item description	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
1	General Manager	\$80,000	\$83,200	\$86,528	\$89,989	\$93,589
2	Clerical part time	\$24,000	\$24,960	\$25,958	\$26,997	\$28,077
3	Employment taxes and benefits	\$36,400	\$37,856	\$39,370	\$40,945	\$42,583
4	Consultant Engineer/Geohydrologist	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
5	GSP create and implement	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
6	Legal Services	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
7	Office Lease	\$12,000	\$12,480	\$12,979	\$13,498	\$14,038
8	Utilities	\$3,000	\$3,120	\$3,245	\$3,375	\$3,510
9	IT and GIS Support	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
10	Conferences/Training	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
11	Travel	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
12	Insurance	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
13	Auditing/financial reporting	\$4,500	\$5,000	\$5,000	\$5,000	\$5,500
14	Office Supplies	\$2,000	\$1,500	\$1,500	\$1,500	\$1,500
15	Postage/Printing	\$5,000	\$5,000	\$5,000	\$5,000	\$3,000
16	Telephone/Computer Internet service	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
17	Office Equipment	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
18	Well Meter Data Analysis	\$0	\$5,000	\$6,000	\$6,000	\$8,000
19	District Formation and Board Elections	\$4,000	\$0	\$4,000	\$0	\$4,000
20	LAFCO District Fees	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
21	Contingency 10 %	\$44,290	\$45,012	\$46,158	\$46,430	\$47,580
	<b>TOTAL</b>	<b>\$487,190</b>	<b>\$495,128</b>	<b>\$507,739</b>	<b>\$510,734</b>	<b>\$523,376</b>
				<b>Five Year Average:</b>		<b>\$504,833</b>

Notes:

All the voluntary members of the District are agreeing to a maximum assessment not to exceed \$35.00/acre (irrigated) and 1.69% of that proposed assessment for non-irrigated acreage.

Personnel and some other costs have an inflationary increase of 4% per year

A 10% contingency fund has been included

Home sites and commercial sites would be assessed separately

It is anticipated that maximum funding authorization could generate \$500,000 or more per annum if needed.

Reduction of expenditures for staff and consultant services can be achieved by sharing some of those duties with other GSA's.

# Attachment D

## Powers Analysis

# Attachment D

## Analysis of Powers

### Proposed Estrella-El Pomar-Creston Water District

The proposed Water District would derive its powers and authorities from the California Water Code as reviewed and approved by LAFCO. The following analysis describes the powers in the Water Code, includes a brief analysis of that power and recommends whether the power should be active or inactive. The analysis below reviews each power found in the Water Code for California Water Districts.

#### **Part 5 Powers and Purpose; Chapter 2; Powers; Article 1; Powers Generally:**

**WC-35400.** Each district has the power generally to perform all acts necessary or proper to carry out fully the provisions of this division.

- **Analysis:** This code section gives the water district authority to perform all acts necessary to carry out fully the provisions. It is recommended that this authority be active. These include the ability to contract for services, finance projects, and administer funds.

**WC-35401.** A district may acquire, plan, construct, maintain, improve, operate, and keep in repair the necessary works for the production, storage, transmission, and distribution of water for irrigation, domestic, industrial, and municipal purposes, and any drainage or reclamation works connected therewith or incidental thereto.

- **Analysis:** This code section allows the Water District to plan, construct, maintain, improve, or operate water systems. It is recommended that this authority be active.

**WC-35402.** A district shall not contract for the construction of irrigation works nor construct the irrigation works by employees of the district, if the cost of the construction is paid out of the proceeds of bonds of the district, until an election has been held to determine whether or not the bonds shall be issued.

- **Analysis:** This code section requires an election process to occur before the Water District can proceed with irrigation works if the costs are paid out under bonds. It is recommended that this authority be active.

**WC-35403.** A district may contract to perform any agreement for the transfer or delivery pursuant to Chapter 5 of this part of any irrigation system, canals, rights of way, or other property owned or acquired by the district in exchange for the right to receive and use water or a water supply to be furnished to the district by the other party.

- **Analysis:** This code section allows the Water District to contract to perform any agreement. Local government jurisdiction's commonly contract with licensed professionals to perform waterworks activities. It is recommended that this authority be active. By condition, The District is prohibited from moving/transferring/exporting any water outside of the Paso Robles Basin.

**WC-35404.** A district may enter for the purposes of the district upon any land.

- **Analysis:** This code section allows the Water District entry on property for the purposes of District. This is a common ability of local governments the right to enter property to do Water District business. It is recommended that this authority be active.

**WC-35405.** A district may take conveyances, contracts, leases, or other assurances for property acquired by the district pursuant to this division.

- **Analysis:** This code section allows the Water District to contract or lease property acquired by the district. This is a common ability of local governments to lease property owned by the Water District. It is recommended that this authority be active.

**WC-35406.** (a) A district may execute, by its president and secretary, all contracts and other documents necessary to carry out the powers and purposes of the district.

(b) The board of a district may delegate and redelegate to officers and employees of the district, under the conditions and restrictions as shall be determined by the board, the power to bind the district by contract and execute contracts on behalf of the district.

- **Analysis:** This code section allows the proposed Water District president and secretary to execute all contracts or other documents. It is common to grant the president or secretary the ability to sign documents on behalf of the Water District. It is recommended that this authority be active.

**WC-35407.** A district may commence and maintain any actions and proceedings to carry out its purposes or protect its interests and may defend any action or proceeding brought against it.

- **Analysis:** This code section allows the proposed Water District to defend any action taken to carry out its purposes. It is recommended that this authority be active.

**WC-35408.** A district may commence, maintain, intervene in, compromise and assume the costs of any action or proceeding involving or affecting the ownership or use of waters or water rights within the district used or useful for any purpose of the district or a benefit to any land.

- **Analysis:** This code section requires the proposed Water District to assume the cost of any action taken to carry out its purposes that may affect others. It is recommended that this authority be active.

**WC-35409.** A district may commence, maintain, intervene in, defend and compromise actions and proceedings to prevent interference with or diminution of the natural flow of any stream or natural subterranean supply of waters which may:

- (a) Be used or be useful for any purpose of the district;
- (b) Be of common benefit to the land or its inhabitants; or
- (c) Endanger the inhabitants or land.

- **Analysis:** This code section allows the proposed Water District to prevent interference with the natural flow of its water supplies. It is recommended that this authority be active.

**WC-35410.** The board of a district whose corporate area, in whole or in part, is included within a metropolitan water district may in any fiscal year declare its intention to pay out of its district funds the whole or a stated percentage of the amount of taxes to be derived from the area of such metropolitan water district within the district as such amount of taxes shall be fixed in the next succeeding fiscal year by resolution of the board of directors of such metropolitan water district. District receipts from any source, including assessments, acreage assessments and standby charges, may be used to pay said metropolitan tax. A district may provide for the levy, collection and enforcement of any district or improvement district assessment, acreage assessment or standby charge for the payment of said metropolitan water district tax in the same manner as other district or improvement district assessments and standby charges.

- **Analysis:** This code section allows the proposed Water District to declare its intention to pay out of its Water District funds the amount of taxes to be derived from the area. It is recommended that this authority be active. Please note there is no metropolitan water district in the area. Also proposition 218 and State Law apply in the levying of taxes.

**WC-35410.1.** In addition to and as an alternative procedure to the levy and collection of assessments and standby charges, a district may fix and collect acreage assessments in an amount determined by the board for each acre of land and for parcels less than one acre within a district or improvement district. These acreage assessments shall be levied only for the payment of the whole or any part of a metropolitan water district tax. The resolution fixing the acreage assessment shall be adopted by the board only after adoption of a resolution setting forth the schedule of such acreage assessments proposed to be established and after notice and hearing in the form and manner prescribed by the board. The acreage assessment shall be levied, collected and enforced in the same manner as provided in Article 4 (commencing with Section 35470) of this chapter for standby charges.

- **Analysis:** This code section allows the Water District to collect acreage assessments. Charging for water use is common for water agencies to cover costs and manage the resource and would be subject to proposition 218. It is recommended that this authority be active.

**WC-35410.2.** If there is more than one tax code area for the levy of said metropolitan water district tax within a district, an improvement district may be formed in the manner provided in Chapter 4.9 (commencing at Section 36410), of Part 6 of this division for any or all of said tax code areas for the purpose of providing for the payment of the whole or part of the metropolitan water district tax attributable to any tax code area. After the hearing on the resolution of intention as provided in Section 36415, or as said hearing may be continued, the board may by resolution order the improvement district formed. Thereafter in any year the board may elect to pay, from receipts, assessments or standby charges or any combination thereof levied exclusively in said improvement district, the whole or a stated percentage of the metropolitan tax for the next succeeding fiscal year attributable to the area within said improvement district, provided, that it takes similar action with respect to all other said tax code areas.

- **Analysis:** This code section allows the proposed Water District to establish an Improvement District. Improvement Districts are commonly formed to identify specific areas that require diverse management. It is recommended that this authority be active.

**WC-35411.** A district may disseminate information to the public concerning the rights, properties, and activities of the district.

- **Analysis:** This code section allows the proposed Water District to disseminate information about the District and its activities. It is common for local agencies to provide information about what it does. It is recommended that this authority be active.

**WC-35413.** (a) In order to enforce the provisions of any ordinance of the district, including an ordinance fixing charges for the furnishing of commodities or services, or to enforce any district rule or regulation adopted by the board of directors pursuant to Section 35421 or 35423 pertaining to the sale or distribution of water, the district may correct any violation of an ordinance of the district or of the rule or regulation. The district may also petition the superior court for the issuance of a preliminary or permanent injunction, or both, as may be appropriate, restraining any person from the continued violation of any ordinance, rule, or regulation, of the district or for the issuance of an order stopping or disconnecting a service if the charges for that service are unpaid at the time specified in the ordinance, rule, or regulation.

(b) The district may enter upon the private property of any person within the jurisdiction of the district in order to investigate possible violations of an ordinance of the district or law, rule, or regulation described in subdivision (a). The investigation shall be made with the consent of the owner or tenant of the property or, if consent is refused, with a warrant duly issued pursuant to the procedures set forth in Title 13 (commencing with Section 1822.50) of Part 3 of the Code of Civil Procedure, except that, notwithstanding Section 1822.52 of the Code of Civil Procedure, the warrant shall be issued only upon probable cause.

(c) The district shall notify the county or city building inspector, county health inspector, or other affected county or city employee or office, in writing, within a reasonable time if an actual violation of a district, city, or county ordinance is discovered during the investigation.

- **Analysis:** This code section allows the Water District to enforce its ordinances or rules and correct any violations. Local government jurisdictions commonly have this capability to enforce their regulations. It is recommended that this authority be active.

## **Part 5 Powers and Purpose; Chapter 2; Powers; Article 2; Water Distribution:**

**WC-35420.** All water distributed for irrigation purposes, except as otherwise provided in this article, shall be apportioned ratably to each holder of title to land upon the basis of the ratio which the last assessment against his land for district purposes bears to the whole sum assessed in the district for district purposes.

- **Analysis:** This code section establishes a fair share ratio for assessments to each holder of title to land for district purposes. It is recommended that this authority be active.

**WC-35421.** Water sold to holders of title to land pursuant to Section 35470 shall be apportioned ratably to each holder of title to land making application therefor under such rules and regulations as the board may from time to time establish.

- **Analysis:** This code section requires the sale of water to holders of title of land to be established based on the cost and value of the service and be apportioned as such. It is recommended that this authority be active. Current state laws would apply.

**WC-35422.** Where revenue bonds have been issued payable from revenues to be derived from the sale of water for the irrigation of land all water distributed for irrigation purposes shall be apportioned ratably to each holder of title to land making application therefor pursuant to rules and regulations established by the board.

- **Analysis:** This code section requires all water derived from the revenue under bonds be distributed to each holder of title of land requesting water and paying for that water proportionately. It is recommended that this authority be active.

**WC-35422.5.** As an alternative, and in addition, to other methods set forth in this article regarding the apportionment of water, a district may enter into long-term water service contracts with the holders of title to land for the apportionment of all or any part of its water supply. Long-term water service contracts may provide that all water charges provided for, when due, are a lien on the land in the nature of assessments and may be collected and enforced in the manner provided in this division for the collection and enforcement of assessments. Any lien pursuant to this section has the same force, effect, and priority as an assessment lien, if the contract is recorded in the office of the county recorder in the county in which the land is located.

- **Analysis:** This code section allows for long-term contracts to supply water/service to holders of title of land and have the assessments collected as a lien on the land. Having a consistent known amount of water under a long-term contract would benefit a landowner. It is recommended that this authority be active.

**WC-35423.** A district may establish, print, and distribute equitable rules and regulations for the sale and distribution of water. A district may provide therein that water shall not be furnished to (1) persons who violate the rules and regulations or against whom there are delinquent water, standby, facility, or other charges, or penalties or interest on any such charges, or (2) land against which there is a delinquent assessment.

- **Analysis:** This code section allows the district to establish rules and regulations for the sale and distribution of water. It also allows the district to establish rules if violation or delinquent assessments occur. It is recommended that this authority be active. The District is prohibited from moving any water outside of the Paso Robles Basin.

**WC-35424.** After equitable rules and regulations for the distribution of water have been published once a week for two weeks in a newspaper of general circulation published in each affected county, any violation thereof is a misdemeanor and the violator shall, upon conviction thereof, be subject to a fine of not less than fifty dollars (\$50) and not more than two hundred dollars (\$200). When equitable rules and regulations for the distribution of water are amended, the district may publish a summary of the amendments to the rules and regulations with an Internet address and a physical location where the complete text of the amended rules and regulations may be viewed.

- **Analysis:** This code section requires the district to publish the rules and regulations for general circulation. Once published violations may be fined. It is recommended that this authority be active.

**WC-35425.** If its board deems it to be for the best interests of the district, a district may enter into a contract for the lease, sale, or use of any surplus water not then necessary for use within the district, for use either within or without the district.

- **Analysis:** This code section allows the district to enter into contract for the sale of surplus water. It is recommended the sale or use of surplus water not be allowed outside of the basin boundary as conditioned. It is recommended that this authority be active with the condition of no export.

**WC-35427.** Nothing in this article authorizes the sale of any water right.

- **Analysis:** This code section does not authorize or take away any water rights. It is recommended that this authority be active.

**WC-35428.** No right in any water or water right owned by the district shall be acquired by use permitted under this article.

- **Analysis:** This code section does not authorize the districts water rights to be acquired. It is recommended that this authority be active.

**WC-35429.** The board may grant to the owner or lessee of a right to the use of any water permission to store the water in any reservoir of the district or to carry it through any conduit of the district.

- **Analysis:** This code section authorizes the district to work with an owner or lessee the right or permission to store water or carry water through the districts infrastructure. It is recommended that this authority be active. The District is prohibited from moving any water outside of the Paso Robles Basin.

## **Part 5 Powers and Purpose; Chapter 2; Powers; Article 3; Application for Water:**

**WC-35450.** A district may fix and change a date prior to which applications for water for the ensuing irrigation season are to be received for all crops, or for annual crops and new plantings, and may require a cash deposit to be made at the time of application for each acre for which application is made.

- **Analysis:** This code section authorizes the district to set the date for water application for the season and require a deposit for water. It is recommended that this authority be active.

**WC-35451.** The action of a district fixing or changing any date prior to which applications for water are to be received is ineffective until notice of the date is given by publication once a week for two successive weeks in a newspaper published in the office county. The date fixed is effective for each year thereafter unless changed by the board.

- **Analysis:** This code section requires the district to publish the set dates for water applications for general circulation prior to taking effect. This date would be the same each year unless a new date is set and published. It is recommended that this authority be active.

**WC-35452.** The cash deposit shall, in the discretion of the board, be forfeited as to each acre not using the water applied for if the district has a sufficient supply of water available at the time the water is to be used.

- **Analysis:** This code section authorizes the district to forfeit the deposit for any unused water applied for if sufficient supply is available. It is recommended that this authority be active.

**WC-35453.** In the event of water shortage the district may, with respect to the shortage area, give preference to or serve only the land for which application was filed prior to the application date fixed and the land for which no application was required.

- **Analysis:** This code section allows the district to establish a priority based on the water applications in the event of a shortage. It is recommended that this authority be active.

**WC-35454.** If the available water is inadequate to serve all of the land as to which applications for water are filed pursuant to Section 35450, the district may require the owners of land which is proposed to be planted to annual crops or to new plantings to take a proportionate percentage reduction in the water they would normally use thereon and may require the owners of land which is planted to permanent crops to take a reasonable proportionate percentage reduction in the water they would normally use in an amount not exceeding the percentage reduction required of plantings to annual crops and new plantings. The provisions of this section shall be effective only if more than one-half of the district's revenue for that year will be derived from charges made for the sale of water.

- **Analysis:** This code section allows the district to establish a proportional percentage reduction on the water normally used if inadequate water is available to serve all applications for water. It is recommended that this authority be active.

**WC-35454.5.** In any year in which the board of a district not having meters or other volumetric measuring instruments or facilities to measure substantially all agricultural water to be delivered concludes the available water supply will be inadequate to serve all land entitled to service that will probably desire such service, the district may establish reasonable annual water requirements for growing each type of crop grown or likely to be grown in the district in that year; determine the maximum acreage of each crop that each holder of title to land, or his duly authorized agent or tenant, may irrigate with district water by dividing the quantity of water apportioned or apportionable to him by such reasonable annual water requirements so established by the district; limit the acreage of each crop that each such holder of title to land, or his duly authorized agent or tenant, may irrigate with district water to the maximum acreage or acreages so determined; and refuse to deliver water to, or assess penalties on, a holder of title to land, or his duly authorized agent or tenant, who uses district water on a greater acreage of such crops. Nothing in this section shall prohibit or limit the application of the provisions of Section 35453 or 35454. This section provides a means of measuring

the allocation of water to lands based on the type of crop grown and does not authorize a district to designate the crops to be grown on such land.

- **Analysis:** This code section allows the district to establish reasonable annual water requirements if volumetric measuring concludes the available water supply will be inadequate to serve all land entitled. It is recommended that this authority be active.

**WC-35455.** Nothing in this article restricts or limits existing powers of a district to control and provide for distribution of water.

- **Analysis:** This code section allows the district under existing powers to control (or limit) the distribution of water to serve all land entitled. It is recommended that this authority be active. The District is prohibited from moving any water outside of the Paso Robles Basin.

### **Part 5 Powers and Purpose; Chapter 2; Powers; Article 4; Charges:**

**WC-35470.** Any district formed on or after July 30, 1917, may, in lieu in whole or in part of raising money for district purposes by assessment, make water available to the holders of title to land or the occupants thereon, and may fix and collect charges therefor. Pursuant to the notice, protest, and hearing procedures in Section 53753 of the Government Code, the charges may include standby charges to holders of title to land to which water may be made available, whether the water is actually used or not. The charges may vary in different months and in different localities of the district to correspond to the cost and value of the service, and the district may use so much of the proceeds of the charges as may be necessary to defray the ordinary operation or maintenance expenses of the district and for any other lawful district purpose.

- **Analysis:** This code section allows the district to collect charges in addition to raising money by assessments for making water available to holders of title to land or the occupant consistent with Prop 218. It is recommended that this authority be active.

**WC-35470.1.** If the procedures set forth in this article as it read at the time a standby charge was established were followed, the district may, by resolution, continue the charge pursuant to this article in successive years at the same rate. If new, increased, or extended assessments are proposed, the board shall comply with the notice, protest, and hearing procedures in Section 53753 of the Government Code.

- **Analysis:** This code section allows the district to collect standby charges consistent with Prop 218. It is recommended that this authority be active.

**WC-35470.5.** The district may, by resolution, provide that a penalty not in excess of 10 percent shall be added to water, standby, facility, or other charges which are delinquent, and the delinquent charges shall bear interest at a rate not in excess of 1<sup>1</sup>/<sub>2</sub> percent per month. For purposes of this section, the district shall establish the period or date after which the charges shall become delinquent if they remain unpaid. The delinquency dates established in Part 7 (commencing with Section 36550) and Part 7.5 (commencing with Section 37200) for unpaid assessments, which may include standby or other charges for the use of district water that has been made a part of the assessment, shall not apply to the addition of penalties and interest to delinquent charges, pursuant to this section.

- **Analysis:** This code section allows the district by resolution to add a penalty not to exceed 10% to delinquent charges. It is recommended that this authority be active.

**WC-35471.** Any funds derived pursuant to Section 35470 in excess of the amount necessary for operating or maintenance expenses and other lawful district purposes shall be applied by the treasurer upon the payment of interest on general obligation bonds or to create a sinking fund.

- **Analysis:** This code section allows the district to create a sinking fund or apply excess funds to pay interest or bonds. It is recommended that this authority be active.

**WC-35472.** For the purpose of providing funds to pay revenue bonds and interest when due the board shall fix and collect charges for the sale of water.

- **Analysis:** This code section allows the district to collect charges for the sale of water to pay interest or bonds. It is recommended that this authority be active.

**WC-35473.** The charges to pay revenue bonds and interest thereon when due shall be fixed by the board before April 1st of each year.

- **Analysis:** This code section requires the district to set a fixed date before April 1st of each year to set charges to pay interest or bonds. It is recommended that this authority be active. This is subject to current state law.

**WC-35474.** The charges to pay revenue bonds and interest thereon shall be fixed by the board upon a flat rate per acre or connection or on a metered basis or on a combination of a flat rate and metered basis and shall be sufficient to raise the amount specified on the face of the bonds when issued and one year's interest thereon unless the district has accumulated a surplus fund in the treasury of the district which is available for the payment of all bonds and interest that will accrue for payment during the current year, in which event the charges may be made so that the aggregate amount to be raised by the sale of water when added to the surplus fund equals the face value of the bonds that will mature within one year and the interest thereon.

- **Analysis:** This code section requires the district to set a flat rate or connection or a metered basis charge or combination to re-pay bonds and interest. It is recommended that this authority be active. This is subject to current state law.

**WC-35475.** The charges to pay revenue bonds and interest thereon may include a stand-by or carrying charge notwithstanding the water is not actually used, under such rules and regulations as the board may prescribe.

- **Analysis:** This code section allows the district to charge stand-by or carrying charges to re-pay bonds and interest even if the water is not used. It is recommended that this authority be active. This is subject to current state law.

**WC-35476.** The charges to pay revenue bonds and interest thereon may be made payable in advance before service of water is made to the land.

- **Analysis:** This code section allows in advance payments to re-pay bonds and interest before service of water is made. It is recommended that this authority be active.

**WC-35477.** The collection of charges to pay revenue bonds and interest thereon shall be continued each year until all revenue bonds, together with interest thereon, are fully redeemed and paid.

- **Analysis:** This code section allows the district to charge for payment of bonds and interest each year until fully redeemed and paid. It is recommended that this authority be active.

**WC-35478.** All revenue bond redemption and interest charges are a first lien on all revenues received from the sale of water unless the district, by a limitation clearly expressed in the ballots used at the election at which the bonds are voted and in all the bonds, limits the charge and lien to a part of the revenues of the district or to a fixed portion of all revenues from the sale and use of water.

- **Analysis:** This code section allows all revenue to re-pay bonds and interest to be a first lien from the sale of water unless the district clearly expresses in a ballot to limit the charge and lien to part of the revenue. It is recommended that this authority be active.

**WC-35479.** The district may elect, if it is using the alternative provisions for levy, collection and enforcement of district assessments by the county as provided in Part 7.5 hereof, to have the county levy and collect standby charges. If the district so elects, it shall certify to the county auditor of each county in which the district is located and the county assessor in each county in which the district is located on or before the fourth Monday in August of each year in which a standby charge is to be levied and collected for the fiscal year commencing on that July 1, the following information for purposes of such levy, assessment and collection:

- (a) The amount of the acreage standby charge levied by the district, both by acre and total amount estimated to be collected for the entire district;
- (b) The assessee parcels and assessee names for each parcel of land in the district against whom a standby charge is being levied and the acreage assessed to such person according to the district records, and the total amount of the charge to be paid by each assessee parcel.

- **Analysis:** This code section allows the district to use an alternative levy provision to have the county collect charges. It is recommended that this authority be active. This is subject to current State Law.

**WC-35480.** The county assessor and county auditor shall thereafter add to the tax bills for each assessee and assessee parcel as so certified, in addition to the other charges, the standby charges of the district.

- **Analysis:** If section WC-35479 is used then this code section allows the county assessor and auditor to add charges to the tax bill to each assessee and parcel. It is recommended that this authority be active.

**WC-35481.** The county tax collector and treasurer shall thereupon collect, receive and disburse to the district the standby charges as collected with the regular tax payments to the county.

- **Analysis:** If section WC-35479 is used then this code section requires the county tax collector and treasurer to collect charges and disburse them to the district. It is recommended that this authority be active.

**WC-35482.** No district furnishing water for residential use to a tenant shall seek to recover any charges or penalties for the furnishing of water to or for the tenant’s residential use from any subsequent tenant on account of nonpayment of charges by a previous tenant. The district may, however, require that service to subsequent tenants be furnished on the account of the landlord or property owner.

- **Analysis:** This code section does not allow the district to recover any charges or penalties for furnishing water to subsequent accounts of nonpayment of previous tenant’s. The district may however, require subsequent tenants service be furnished on a landlord or property owners account. It is recommended that this authority be active.

**Part 5 Powers and Purpose; Chapter 2; Powers; Article 5; Sewers: [35500 - 35509]**

This section describes the collection, treatment, and disposal of sewage, waste, and storm water as services that may be provided by the District. Sewer services are recommended to not be an active power. This would mean sewer powers would be inactive or latent. The District could request LAFCO activate these powers in the future.

# **Attachment E**

## Notice of Exemption

## ATTACHMENT E NOTICE OF EXEMPTION

**TO:** Office of Planning and Research  
1400 Tenth Street, Room 121  
Sacramento, CA 95814

**FROM:** San Luis Obispo LAFCO  
1042 Pacific Street  
San Luis Obispo, CA 93401

Tommy Gong, County Clerk  
County of San Luis Obispo  
County Government Center  
San Luis Obispo, CA 93401

**CONTACT:** David Church, AICP, Executive Officer  
(805) 781-5795

**Project Title:** Formation of the Estrella-El Pomar-Creston Water District and establishment of a Sphere of Influence Boundary.

**Project Location and Description.** The proposed Estrella-El Pomar-Creston Water District is approximately 40,000 acres. Generally lies east of the City of Paso Robles and includes the unincorporated properties of the landowners wanting to participant that overlie the basin. LAFCO will consider the formation of a California Water District to manage a portion of the Paso Robles Groundwater Basin consistent with the water code and CKH. The SOI is a 20-year growth boundary that includes areas that may be served by a District in the future. The SOI is recommended to be coterminous with the Estrella-El Pomar-Creston Water District boundary.

**Public Agency Approving Project.** The Local Agency Formation Commission (LAFCO) of San Luis Obispo County will hold a public hearing on this item on April 6, 2017 in the County Board of Supervisors Chambers in San Luis Obispo, at the County Government Center, located at the corner of Monterey and Santa Rosa Streets. A 21-day notice was published in the Tribune.

**Environmental Determination.** LAFCO is the Lead Agency for the proposed Formation and adoption of a Sphere of Influence. The purpose of the environmental review process is to provide information about the environmental effects of the actions and decisions made by LAFCO and to comply with the California Environmental Quality Act (CEQA). The formation of the Water District qualifies for a CEQA exemption under 15378(b)(4). Additionally, the SOI qualifies for a general rule exemption from environmental review based upon CEQA Regulation Section 15061(b)(3) and Section 15262.

**Reasons for Exemption.** The creation of a Water District for the purpose of creating a funding mechanism is exempt from CEQA pursuant to CEQA Guidelines Section 15378(b)(4), or alternatively Section 15061(b)(3) which provides: "The creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment". The newly formed water district would become a Groundwater Sustainability Agency (GSA) or become partners with the surrounding local agencies for its portion of the groundwater basin. Part of the responsibilities of a GSA is compliance with the SGMA Act which includes the preparation of a Groundwater Sustainability Plan (GSP), under CEQA the adoption of a GSP is a Statutory Exemption § 15282(v). The purpose of any GSP would be the protection, restoration, or enhancement of groundwater resources. The District is being formed to stabilize the basin through compliance with SGMA and preparation of a Groundwater Sustainability Plan.

If formed, the Water District would complete additional CEQA review for any future identified capital projects or implementation actions under the future adopted GSP. The regulatory process involves procedures to prepare a GSP for the protection of the resources and environment. It is speculative to try and envision what future capital projects would be undertaken by the District. The newly formed District has to go through the Capital Improvement planning process which would include permitting and CEQA compliance.

The Sphere of Influence boundary does not involve, authorize or permit the siting or construction of any facilities. CEQA Regulation Section 15061(b)(3) states "The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it

can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." A Sphere of Influence is defined by Government Code 56425 as "...a plan for the probable physical boundary and service area of a local agency or municipality...". A SOI is generally considered a 20-year, long-range planning tool and has no legal binding effect to authorize annexation or future improvements. CEQA Regulation Section 15262 includes an exemption for projects involving only planning studies for possible future actions. Any annexation into the District would require further CEQA review and action by LAFCO.

\_\_\_\_\_  
David Church, AICP, Executive Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
File No. 4-R-16

**Attachment F**  
Inclusion/Exclusion Request

3/20/2017

To San Luis Obispo LAFCO: MAR 22 2017

I request that ~~the~~  
all of the parcels owned  
by the McDonald Ranch  
Partnership in San Luis  
Obispo be taken out of  
of the District (EPC).

Thank you,

John Wapple

218 C St.

Yuba City, CA 95991

Managing Partner of  
the McDonald Ranch  
Partnership

cell 530 813 2051

James R. and Debra A. Saunders  
7310 North River Rd  
Paso Robles, California 93446  
805-423-1291 C  
805-467-2234 O

March 20, 2017  
David Church, Executive Director  
San Luis Obispo-Local Agency Formation Commission  
County of San Luis Obispo  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

RE: Proposed Estella-El Pomar-Creston Water District

Dear Mr. Church,

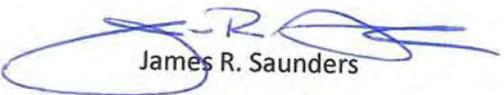
Pursuant my telephone conversation with you, I am writing you this formal request.

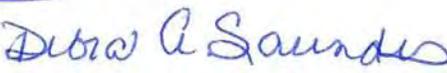
I previously signed petition for the inclusion in the proposed Estella-El Pomar-Creston Water District; however, since that time, I have made the determination that this is not in the best interest for my property and my heirs.

The purpose of this letter is to advise you that I have no longer wish to be part of the water district, and I hereby notice LAFCO of my withdrawal and revocation from the pending Estrella- El-Pomar-Creston water district petition regarding our property APN's 027-144-012,015,020,021,023 respectively.

I respectfully request that you provide me with acknowledgment of my request for withdrawal and revocation has been granted.

Sincerely,

  
James R. Saunders

  
Debra A. Saunders

CC: EPC Dana Merrill  
Roderick A Rodewald Esq, Diehl & Rodewald PC  
Tom Madden, AMMG PC

FEB 27 2017

JENNIFER SONI  
1659 COPENHAGEN DR. SUITE A  
SOLVANG, CA 93463  
805.423.1134

February 21, 2017

Jennifer Soni  
Physical Address: 7320 Cross Canyons Rd., San Miguel, CA 93451  
Mailing Address: 1659 Copenhagen Dr. Suite A, Solvang, CA 93463  
Contact Number: 805.423.1134

David Church, Executive Director  
San Luis Obispo-Local Agency Formation Commission  
County of San Luis Obispo  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

RE: Proposed Estella-Al Pomar-Creston Water District

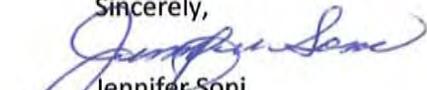
Dear Mr. Church,

I previously signed petition for the inclusion in the proposed Estella-El Pomar-Creston Water District; however, since that time, I have made the determination that this is not in the best interest for my property and my heirs.

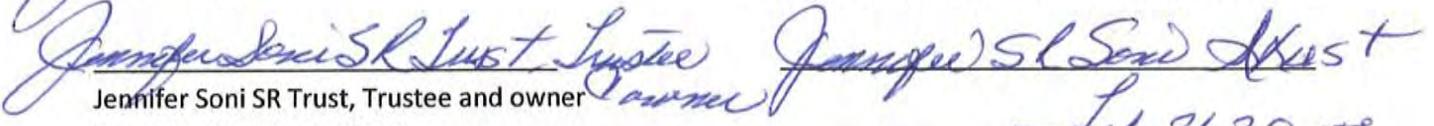
The purpose of this letter is to advise you that I have no interest in being part of the water district, and I hereby serve notice of my withdrawal, revocation from the pending Estrella- El-Pomar-Creston water district, of the petition relating to my property APN 027-071-01 on 7320 Cross Canyons Road, San Miguel, CA 93451 that is held in trust as the: Jennifer S R Soni Trust.

I trust that you will acknowledge my request without delay and obviate any necessity to involve Counsel in this matter. I request that you provide me with written notification that my request for withdrawal and revocation has been granted.

Sincerely,

  
Jennifer Soni

Jennifer SR Soni Trust      Date: February 21, 2017



Jennifer Soni SR Trust, Trustee and owner

CC: Cindy Steinbeck POWR

Janet Wallace AMMCGLAW

EPC Dana Merrill

*Feb. 21, 2017*



If this Ballot has been received by mail and no Circulator is available the Land Owner can either attest to the language below or have their signature notarized.

I declare that I am entitled to complete this Petition and that I am a "landowner" or the "legal representative" of a landowner as defined in California Water Code sections 37905 and 37913. I declare under penalty of perjury under the laws of the State of California that the foregoing declarations are true and correct.

December 8, 2016  
Date

Jennifer Soni S R Tre  
Name (please print)

Jennifer Soni, owner  
Signature

Second Signature (if necessary)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Signature

027-071-010  
Address or APN(s)

## Mike Prater

---

**From:** David Church <dchurch@slolafco.com>  
**Sent:** Monday, February 06, 2017 4:25 PM  
**To:** 'shelly domingos'  
**Cc:** Mike Prater  
**Subject:** RE:

No Problem. We will remove your properties from the District. Thanks for letting us know.

**David Church, AICP**  
San Luis Obispo LAFCO  
Executive Officer  
805-788-2096

---

**From:** shelly domingos [<mailto:shelly@tdfarming.com>]  
**Sent:** Monday, February 6, 2017 4:11 PM  
**To:** [dchurch@slolafco.com](mailto:dchurch@slolafco.com)  
**Subject:**

Dear David- We are emailing you to ask to be removed from the Estrella Water District formation. We recently signed the paperwork to join the district, but have since chosen our minds.

The properties we would like removed are:

Georgeanna Domingos located at 5085 Martingale Cir San Miguel , ca 93451  
Anthony J Domingos located at 5010 Martingale Cir San Miguel, Ca 93451  
Brave Oak Vineyard LLC located at 6775 Airport Rd Paso Robles, Ca

We sorry for the inconvenience.

Sincerely ,  
Tony & Georgeanna Domingos  
805-391-3171

JAN 30 2017

Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Regards,

Steven N Beck  
Signature 2<sup>nd</sup> Signature, if necessary

Steven N Beck  
Name printed Name printed

1/25/2017  
Date signed Date signed

Owner, Pres  
Authorizing title Authorizing title

\_\_\_\_\_  
Phone number Phone number

Your Mailing Address, if different from address listed below

Landowner: **BECK STEVEN N TRE ETAL** PO BOX 426  
CRESTON CA 93432

**APN's:**  
043-323-002 127.0 ,

Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Regards,

<u>Robert Thomas</u>	_____
Signature	2 <sup>nd</sup> Signature, if necessary
<u>Robert Thomas</u>	_____
Name printed	Name printed
<u>1-20-17</u>	_____
Date signed	Date signed
<u>owner</u>	_____
Authorizing title	Authorizing title
<u>(805) 466-7753</u>	_____
Phone number	Phone number
<u>P.O. Box 1343 Templeton, CA 93465</u>	
Your Mailing Address, if different from address listed below	

Landowner: Robert Thomas

**APN's:**

<u>34-451-02</u>	_____
<u>7010 Old Adobe Way, Templeton, CA 93465</u>	_____
_____	_____

JAN 17 2017

Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Sincerely,

Debra R Compton

Signature

2<sup>nd</sup> Signature, if necessary

Debra R Compton

Name printed

Name printed

owner

Authorizing title

Authorizing title

1-12-17

Date

Date

805 467-3158

Phone number

Phone number

7051 Cross Canyons RD, San Miguel, CA 93451

Mailing Address

Landowner: **ROSENBERG NUT FARM LLC**

APN's:

027-071-023 ,

JAN 30 2017

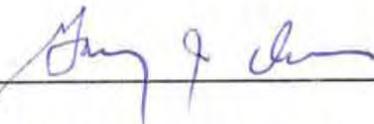
Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Regards,

Signature		2 <sup>nd</sup> Signature, if necessary	
Name printed	GARY J. DAVIS	Name printed	
Date signed	1/26/17	Date signed	
Authorizing title	Owner	Authorizing title	
Phone number	805-238-0745	Phone number	

Your Mailing Address, if different from address listed below

Landowner:	<b>DAVIS GARY J TRE ETAL</b>	6988 N RIVER RD		
		PASO ROBLES	CA	93446

**APN's:**

026-105-001 82.8 , 027-144-019 26.0 ,

~~027-144-019 26.0~~

Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Regards,



Signature

2<sup>nd</sup> Signature, if necessary

Ryan Tannhill

Name printed

Name printed

1/20/17

Date signed

Date signed

Managing Member RMT Enterprises LLC

Authorizing title

Authorizing title

(805) 610-5161

Phone number

Phone number

Your Mailing Address, if different from address listed below

Landowner: **RMT ENTERPRISES LLC** 5875 STOCKDALE RD  
PASO ROBLES CA 93446

APN's:  
027-145-019 73.7 ,

Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Sincerely,

<u>Joe Beato</u>	_____
Signature	2 <sup>nd</sup> Signature, if necessary
<u>Joe Beato</u>	_____
Name printed	Name printed
<u>Owner</u>	_____
Authorizing title	Authorizing title
<u>1. 16. 2017</u>	_____
Date	Date
<u>805-478-4937</u>	_____
Phone number	Phone number
<u>4680 Tower Road Paso Robles, Ca. 93441</u>	
Mailing Address	

Landowner: BEATO JOSEPH L TRE ETAL

APN's:

015-015-006 , 034-241-005 ,

BDA.

1-17-2017

Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Sincerely,

William F. John  
Signature

Jalene John  
2<sup>nd</sup> Signature, if necessary

William F. John  
Name printed

Jalene John  
Name printed

Partner  
Authorizing title

Partner  
Authorizing title

1/13/17  
Date

1/13/17  
Date

805-459-0970  
Phone number

805-610-7316  
Phone number

7015 Wilderness Lane  
Mailing Address

Paso Robles, Ca. 93446  
Mailing Address

Landowner: **WILD J LLC**

APN's:

026-183-040,

25.6 acres

Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Sincerely,

Donald M. Marks  
Signature

2<sup>nd</sup> Signature, if necessary

Donald M. Marks  
Name printed

Name printed

Authorizing title

Authorizing title

1-13-2017  
Date

Date

805-610-9040  
Phone number

Phone number

1938 OLIVE ST. PASO ROBLES, CA 93446  
Mailing Address

Landowner: MARKS DONALD M TRE ETAL

APN's:

015-015-004,  
39.2 Acres

JAN 30 2017

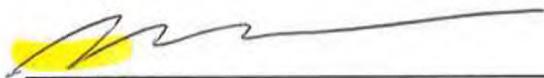
Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

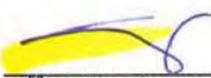
Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Regards,

  
Signature

  
2<sup>nd</sup> Signature, if necessary

JEFFREY J. CROWLEY  
Name printed

SARAH A. CROWLEY  
Name printed

1/25/17  
Date signed

1/25/17  
Date signed

OWNER  
Authorizing title

OWNER  
Authorizing title

Phone number

Phone number

Your Mailing Address, if different from address listed below

Landowner: CROWLEY JEFFREY J & SARAH A 7601 EL VERANO DR  
BAKERSFIELD CA 93309

APN's:  
035-091-038 37.2 ,



If this Ballot has been received by mail and no Circulator is available the Land Owner can either attest to the language below or have their signature notarized.

I declare that I am entitled to complete this Petition and that I am a "landowner" or the "legal representative" of a landowner as defined in California Water Code sections 37905 and 37913. I declare under penalty of perjury under the laws of the State of California that the foregoing declarations are true and correct.

12/19/16  
Date

Steven N Beck  
Name (please print)

Steven N Beck  
Signature

**Second Signature** (if necessary)

12/12/16  
Date

Deborah E Beck  
Name (please print)

Deborah E. Beck  
Signature

043-311-013  
Address or APN(s)

FEB 07 2017

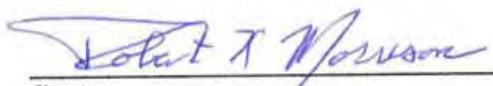
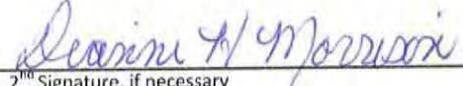
Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Regards,

	
Signature	2 <sup>nd</sup> Signature, if necessary
<u>Robert K. MORRISON</u>	<u>Dianne H Morrison</u>
Name printed	Name printed
<u>2-6-2017</u>	<u>2-6-2017</u>
Date signed	Date signed
<u>Owner</u>	<u>Owner</u>
Authorizing title	Authorizing title
<u>805 235 6796</u>	<u>805 238 9509</u>
Phone number	Phone number

Your Mailing Address, if different from address listed below

Landowner: **MORRISON ROBERT K TRE ETAL** 9110 CAMATTA CREEK RD  
SANTA MARGARITA CA 93453

APN's:  
035-041-023 16.6 , 035-061-032 35.1 , 035-061-033 32.0 ,

FEB 07 2017

Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Regards,

<u>Peter R. Dodsworth</u> Signature	<u>Maria Cobo</u> 2 <sup>nd</sup> Signature, if necessary
<u>PETER R. DODSWORTH</u> Name printed	<u>MARIA COBO</u> Name printed
<u>2nd February 2017</u> Date signed	<u>2/2/17</u> Date signed
<u>OWNER</u> Authorizing title	<u>AUTHORIZED REPRESENTATIVE</u> Authorizing title
<u>707-494-1186</u> Phone number	<u>707-548-6720</u> Phone number

Your Mailing Address, if different from address listed below

Landowner: **DODSWORTH PETER ETUX** PO BOX 970  
TEMPLETON CA 93465

APN's:  
034-491-002 113.0 ,

FEB 03 2017

Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Regards,

*Donald H. Morris*  
Signature

DONALD H. MORRIS  
Name printed

1 Feb 2017  
Date signed

OWNER  
Authorizing title

805 495 9669  
Phone number

*Shirley J. Morris*  
2<sup>nd</sup> Signature, if necessary

SHIRLEY J. MORRIS  
Name printed

1 Feb 2017  
Date signed

OWNER  
Authorizing title

805 495 9669  
Phone number

Your Mailing Address, if different from address listed below

Landowner: MORRIS DONALD H & SHIRLEY J 267 SCARBOROUGH ST.  
THOUSAND OAKS CA 91361

APN's:  
020-012-004 21.8 , 020-012-007 1.1 , 026-161-003 41.2 ,

FEB 03 2017

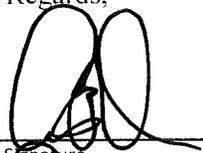
Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Regards,

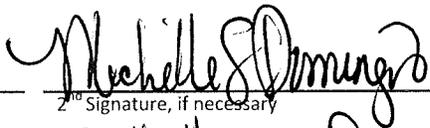


Signature  
Anthony J. Domingos  
Name printed

1/25/17  
Date signed

Authorizing title

Phone number



2<sup>nd</sup> Signature, if necessary  
Michelle S. Domingos  
Name printed

1/25/17  
Date signed

Authorizing title

Phone number

Your Mailing Address, if different from address listed below

Landowner: **DOMINGOS ANTHONY J & MICHELLE S** 5010 MARTINGALE  
SAN MIGUEL CA 93451

APN's:  
015-023-011 23.4 ,



**If this Ballot has been received by mail and no Circulator is available the Land Owner can either attest to the language below or have their signature notarized.**

I declare that I am entitled to complete this Petition and that I am a "landowner" or the "legal representative" of a landowner as defined in California Water Code sections 37905 and 37913. I declare under penalty of perjury under the laws of the State of California that the foregoing declarations are true and correct.

12/23/16  
Date

Anthony J. Domingos  
Name (please print)

  
Signature

**Second Signature** (if necessary)

12/23/16  
Date

Michelle S. Domingos  
Name (please print)

\_\_\_\_\_  
Signature

015-023-011  
Address or APN(s)





If this Ballot has been received by mail and no Circulator is available the Land Owner can either attest to the language below or have their signature notarized.

I declare that I am entitled to complete this Petition and that I am a "landowner" or the "legal representative" of a landowner as defined in California Water Code sections 37905 and 37913. I declare under penalty of perjury under the laws of the State of California that the foregoing declarations are true and correct.

12/19/16  
Date

Steven J Beck  
Name (please print)

Steven J Beck  
Signature

Second Signature (if necessary)

12/12/16  
Date

Deborah E Beck  
Name (please print)

Deborah E. Beck  
Signature

043-311-013  
Address or APN(s)

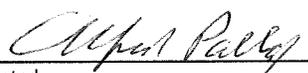
Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Regards,

Signature  <hr/> Name printed Alfred Palla Jr <hr/> Date signed 2-6-2017 <hr/> Authorizing title Owner <hr/> Phone number 661 7645520 <hr/> Your Mailing Address, if different from address listed below	2 <sup>nd</sup> Signature, if necessary  <hr/> Name printed Janette Palla <hr/> Date signed 2-6-2017 <hr/> Authorizing title Owner <hr/> Phone number 661 7645520 <hr/>
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Landowner: **PALLA ALFRED JR & JANETTE** 327 CORN CAMP RD  
BUTTONWILLOW CA 93206

APN's:  
019-282-005 201.3 ,



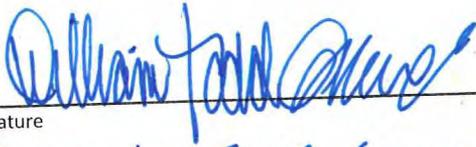
Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the pro  
El Pomar-Creston Water District. Please let us know if you require any add

Regards,

  
Signature \_\_\_\_\_ 2<sup>nd</sup> Signature, if ne  
  
William Todd Greene  
Name printed \_\_\_\_\_ Name printed  
  
1-27-17  
Date signed \_\_\_\_\_ Date signed  
  
Trustee, Greene Family Trust  
Authorizing title \_\_\_\_\_ Authorizing title  
  
949-400-0344  
Phone number \_\_\_\_\_ Phone number

Your Mailing Address, if different from address listed below

Landowner: **GREENE WILLIAM T TRE ETAL** 6270 LOMITAS R  
ATASCADERO

APN's:

035-111-011 26.2

Page 127 of 421

B-1-108  
B-1-116

FEB 09 2017

Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Regards,



Signature

2<sup>nd</sup> Signature, if necessary

William Todd Greene

Name printed

Name printed

1-27-17

Date signed

Date signed

Trustee, Greene Family Trust

Authorizing title

Authorizing title

949-400-0344

Phone number

Phone number

Your Mailing Address, if different from address listed below

Landowner: **GREENE WILLIAM T TRE ETAL** 6270 LOMITAS RD  
ATASCADERO CA 93422

APN's:  
035-111-011 26.2 ,

FEB 09 2017

Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Regards,

	_____	2 <sup>nd</sup> Signature, if necessary
Signature		
<u>William Todd Greene</u>	_____	Name printed
Name printed		
<u>1-27-17</u>	_____	Date signed
Date signed		
<u>Trustee, Greene Family Trust</u>	_____	Authorizing title
Authorizing title		
<u>949-400-0344</u>	_____	Phone number
Phone number		

Your Mailing Address, if different from address listed below

Landowner: **GREENE WILLIAM T TRE ETAL** 6270 LOMITAS RD  
ATASCADERO CA 93422

APN's:  
035-111-011 26.2 ,

FEB 09 2017

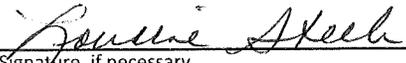
Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Regards,

<p> _____ Signature</p> <p><u>Lee C. Steele</u> _____ Name printed</p> <p><u>2/6/17</u> _____ Date signed</p> <p><u>owner/trustee</u> _____ Authorizing title</p> <p><u>617-901-1101</u> _____ Phone number</p> <p><u>same</u> _____ Your Mailing Address, if different from address listed below</p>	<p> _____ 2<sup>nd</sup> Signature, if necessary</p> <p><u>Lorraine P. Steele</u> _____ Name printed</p> <p><u>2/6/17</u> _____ Date signed</p> <p><u>owner/trustee</u> _____ Authorizing title</p> <p><u>617-335-5080</u> _____ Phone number</p> <p><u>same</u> _____ Your Mailing Address, if different from address listed below</p>
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Landowner: **STEELE LEE C TRE ETAL**

3 DURHAM ST  
BOSTON

MA 2115

APN's:

027-191-028 ~~19.6~~,  
28.0  
(see attached)

# Property Information Search Results

One matching record was found for APN 027-191-028.

<u>Assessment Number</u>	<u>Owner Name</u>	<u>Community</u>	<u>Structure Type</u>	
027191028	Steele Lee & Lorraine	Rural El Pomar-Estrella	Residence	<a href="#">Select</a>

Assessment Information for the 2011/2012 Tax Year		Property Information as of March 1, 1989			
Assessment Number:	027-191-028	Primary Structure	Residence	Miscellaneous Improvements	
Owner Name:	Steele Lee & Lorraine	Structure Type:	Residence		
	(Protected per CA Govt Code Section 6254.21)	Assessed Value:	1,114,929	Original Size:	372
Street Address:	Rural El Pomar-Estrella	Land Value:	703,599	Addition Size:	1,489
Community Code:	Pomar-Estrella	Improvements:	402,056	Total Living Area:	1,861
Tax Rate Area:	104-015	Personal Property:	9,274	Year Built:	1940
Parcel Size:	20 Acres	Fixtures Value:	0	Bedrooms:	3
Link to Map:	<a href="#">027191028</a>	Total Exemption:	0	Bathrooms:	2
		Net:	1,114,929	Levels:	1
				Parking:	Carport
				Description:	Storage Barn
				Size:	0
				Description:	Flatwork
				Description:	Patio

**Disclaimer:**

The data contained in this database is deemed reliable but not guaranteed. This information should be used for informational use only and does not constitute a legal document for the description of these properties. Every effort has been made to ensure the accuracy of this data; however, this material may be slightly dated which would have an impact on its accuracy. The San Luis Obispo County Assessor's Office disclaims any responsibility or liability for any direct or indirect damages resulting from the use of this data.

Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Regards,

*Harry E Fralich*

Signature

HARRY E FRALICH

Name printed

2-6-17

Date signed

OWNER - GEN MGR.

Authorizing title

(805) 610-8420

Phone number

750 LUPINE LANE, TEMPLETON, CA 93465

Your Mailing Address, if different from address listed below

*Ruth E Fralich*

2<sup>nd</sup> Signature, if necessary

Ruth E FRALICH

Name printed

2-6-17

Date signed

CO-OWNER

Authorizing title

(805) 610-8420

Phone number

Landowner: FRALICH HARRY E TRE ETAL

750 LUPINE LN

TEMPLETON

CA

93465

APN's:

033-241-015 18.7 ,

FEB 14 2017

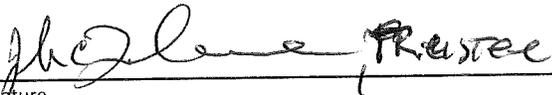
Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Regards,

	
Signature	2 <sup>nd</sup> Signature, if necessary
John C. Falcone	HELEN H. FALCONE
Name printed	Name printed
2/6/17	2-6-2017
Date signed	Date signed
	TRUSTEE
Authorizing title	Authorizing title
805 686 9545 or 805 698 7913 cell	(805) 350-0397
Phone number	Phone number

Your Mailing Address, if different from address listed below

Landowner: **FALCONE JOHN C TRE ETAL** 3211 LONG VALLEY RD  
SANTA YNEZ CA 93460

APN's:  
035-301-003 ~~12.6~~ 11.00 acres

Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

FEB 15 2017

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Regards,

 _____ Signature	 _____ 2 <sup>nd</sup> Signature, if necessary
Chris J. Lupo _____ Name printed	Rachel Lupo _____ Name printed
2/13/17 _____ Date signed	2/13/17 _____ Date signed
Owner _____ Authorizing title	Owner _____ Authorizing title
(800) 628-1319 _____ Phone number	_____ Phone number

\_\_\_\_\_  
Your Mailing Address, if different from address listed below

Landowner: **LUPO CHRISTOPHER J & RACHEL** 2656 HIGHRIDGE DR  
CHINO HILLS CA 91709

APN's:  
033-311-023 80.8 ,

FEB 17 2017

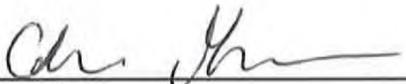
Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Regards,

	
Signature	2 <sup>nd</sup> Signature, if necessary
<u>Carlos Garcia</u>	<u>Nataly Beltran</u>
Name printed	Name printed
<u>2-14-17</u>	<u>2-14-17</u>
Date signed	Date signed
<u>Owner</u>	<u>Owner</u>
Authorizing title	Authorizing title
<u>805-391-3230</u>	<u>805-588-1865</u>
Phone number	Phone number
<u>PO #89</u>	<u>Templeton, CA 93465</u>
Your Mailing Address, if different from address listed below	

Landowner: Carlos Garcia and Nataly Beltran

APN's:

015-133-031

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If this Ballot has been received by mail and no Circulator is available the Land Owner can either attest to the language below or have their signature notarized.

I declare that I am entitled to complete this Petition and that I am a "landowner" or the "legal representative" of a landowner as defined in California Water Code sections 37905 and 37913. I declare under penalty of perjury under the laws of the State of California that the foregoing declarations are true and correct.

1/31/17  
Date

M. D. MECKER  
Name (please print)

[Handwritten Signature]  
Signature

Second Signature (if necessary)

1/31/17  
Date

CAROL R. MECKER  
Name (please print)

[Handwritten Signature]  
Signature

6585 VAN DOHLEN ROAD

SAN MIGUEL, CA 93457  
Address or APN(s)



Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

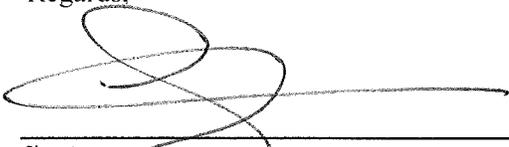
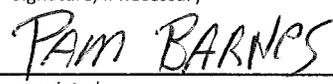
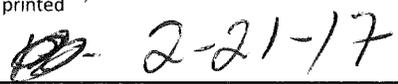
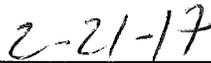
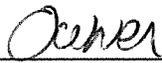
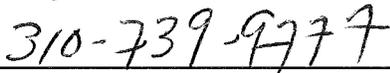
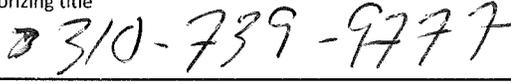
FEB 27 2017

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Regards,

	
Signature	2 <sup>nd</sup> Signature, if necessary
	
Name printed	Name printed
	
Date signed	Date signed
	
Authorizing title	Authorizing title
	
Phone number	Phone number
	

Your Mailing Address, if different from address listed below

Landowner: **BARNES TERRY R TRE ETAL**

615 CAMINO VINA  
PASO ROBLES

CA 93446

APN's:

035-032-027 129.6 ,

FEB 27 2017

Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I represent an investment group that recently purchased the properties listed below.  
I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-  
El Pomar-Creston Water District. Please let us know if you require any additional information.

Regards,



Signature

2nd Signature, if necessary

LAKHVIR S. SRANI

Name printed

Name printed

02/20/2017

Date signed

Date signed

Managing Member

Authorizing title

Authorizing title

559.846.8983

Phone number

Phone number

1750 N. Siskiyou Ave, Kerman, CA 93630

Your Mailing Address, if different from address listed below

Landowner: SRANI Vineyards, LLC

APN's:

015-031-015 1.7 , 015-031-063 160.6

2017003835

RECORDING REQUESTED BY:  
First American Title Company

MAIL TAX STATEMENT  
AND WHEN RECORDED MAIL DOCUMENT TO:  
Sran Vineyards , LLC  
1750 N. Siskiyou Avenue  
Kerman, CA 93630

Tommy Gong  
San Luis Obispo - County Clerk-Recorder  
01/25/2017 08:00 AM

Recorded at the request of:  
FIRST AMERICAN TITLE COMPANY

Titles: 1 Pages: 3

Fees: \$30.00  
Taxes: \$4400.00  
Total: \$4430.00



Space Above This Line for Recorder's Use Only

A.P.N.: 015-031-015 and 015-031-063

File No.: 4009-5278999 (LB)  
SURVEY MONUMENT FEE \$10.00

GRANT DEED

The Undersigned Grantor(s) Declare(s): DOCUMENTARY TRANSFER TAX \$4,400.00; CITY TRANSFER TAX \$;  
SURVEY MONUMENT FEE \$



- computed on the consideration or full value of property conveyed, OR
- computed on the consideration or full value less value of liens and/or encumbrances remaining at time of sale,
- unincorporated area;  City of , and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, **Margaret Burrell Hall, Successor Trustee of the Robert L. Hall Living Trust dated September 26, 2006**

hereby GRANTS to **Sran Vineyards , LLC, a California limited liability company**

the following described property in the unincorporated area of , County of **San Luis Obispo**, State of **California**:

**PARCEL A: [APN: 015-031-015]**

**THAT PORTION OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 26 SOUTH, RANGE 13 EAST, MOUNT DIABLO BASE AND MERIDIAN, IN THE COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:**

**COMMENCING AT THE SOUTHWEST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE 22 RODS EAST TO A POINT ON THE SOUTH LINE OF SECTION 19, THENCE 12 RODS DUE NORTH TO A POINT; THENCE 22 RODS DUE WEST TO A POINT ON THE WEST LINE OF SECTION 19; THENCE SOUTH 12 RODS TO THE TRUE POINT OF BEGINNING.**

**EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE COUNTY OF SAN LUIS OBISPO IN INSTRUMENT RECORDED SEPTEMBER 11, 1897 IN BOOK 34, PAGE 589 OF DEEDS.**

**PARCEL B: [APN: 015-031-063]**

**PARCEL 1 OF AMENDED PARCEL MAP COAL 96-0076, IN THE COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, ACCORDING TO MAP RECORDED DECEMBER 16, 1996 IN BOOK 52, PAGE 35 OF PARCEL MAPS, AND AMENDED PARCEL MAP RECORDED APRIL 16, 1999 IN BOOK 53, PAGE 85 OF PARCEL MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.**

Mail Tax Statements To: **SAME AS ABOVE**

MAR 03 2017

Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Regards,



Signature

2<sup>nd</sup> Signature, if necessary

Candice Reinertson

Name printed

Name printed

2/28/17

Date signed

Date signed

General Manager

Authorizing title

Authorizing title

805-467-0086

Phone number

Phone number

7450 Estrella Rd, San Miguel, CA 93451

Your Mailing Address, if different from address listed below

Landowner: RIVERSTAR WINERY LLC

2424 OAKDALE AVE

SAN FRAN

CA

94124

APN's:

027-191-016 72.1 ,

MAR 06 2017

Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Sincerely,

John Hunter  
Signature

Kathleen C. Hunter  
2<sup>nd</sup> Signature, if necessary

John Hunter  
Name printed

Kathleen C. Hunter  
Name printed

Owner  
Authorizing title

Owner  
Authorizing title

3-4-17  
Date

3-4-17  
Date

805-712-2092  
Phone number

805-712-1405  
Phone number

6063 Hawk Ridge Place San Miguel CA 93451  
Mailing Address

Landowner: HUNTER T JOHN & KATHLEEN C

APN's:

019-311-018 , 9.8 ,

Mr. David Church  
LAFCO Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

MAR 09 2017

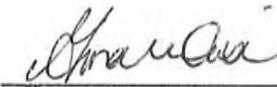
Re: Formation of the EPC - Estrella-El Pomar-Creston Water District

Dear Mr. Church:

I (we) would like to request that the following parcels be included in the proposed EPC - Estrella-El Pomar-Creston Water District. Please let us know if you require any additional information.

Regards,

  
Signature

  
2<sup>nd</sup> Signature, if necessary

Faye Ernestine Dusi  
Name printed

Gina M Dusi  
Name printed

3/6/17  
Date signed

3/6/17  
Date signed

Authorizing title

Authorizing title

805 238 0671  
Phone number

805 610 9036  
Phone number

Your Mailing Address, if different from address listed below

Landowner: **DUSI FAYE E TRE**

4625 BELMONT LN  
PASO ROBLES

CA 93446

APN's:

025-436-037 81.3 ,

**INSIDE CITY OF PASO ROBLES**



MAR 23 2017

March 21, 2017

MAR 23 2017

San Luis Obispo LAFCO  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401  
Attn: Mr. David Church

Subject: Petition to Join Estrella-El Pomar-Creston Water District GSA

Dear Mr. Church:

I have been informed that this letter would suffice for a petition to join the subject GSA. We are located in the unincorporated rural area just south of the City of Paso Robles within the El Pomar AVA. We have a 5 acre vineyard on our property. Wells on the property provide domestic water as well as irrigation for the vineyard. We are not served by the city.

The property address and SLO County Tax Assessor information is as follows:

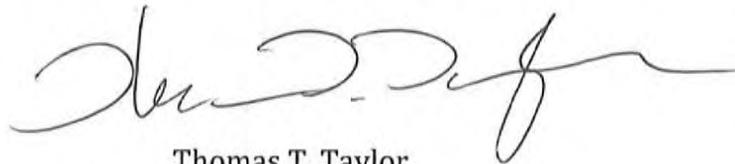
TAYLOR THOMAS T TRE ETAL  
1725 CUMBRE RD  
PASO ROBLES, CA 93446-4929

ASS. # 020-461-035

Legal Description: TR 969 LT 14

I can be reached via email at [ttedford50@gmail.com](mailto:ttedford50@gmail.com), or by telephone at (805) 434-7538 if you have any questions or require additional information. Postal correspondence can be sent to the address above, which is also our residence. Thank you for your time.

Sincerely,



Thomas T. Taylor

# **Attachment G**

## LAFCO Factors & Policies

## ATTACHMENT G

### LAFCO Proposal Review Factors - Government Code 56668

#### The Formation of the Estrella-El Pomar-Creston Water District 4-R-16

The Cortese-Knox Hertzberg Act requires that the following factors be considered by LAFCO in its decision making process. No one factor is to be considered more highly than another; however one factor may be more important depending on the circumstances of a proposal. These factors are to be “considered” by the Commission and weighed and balanced in the decision-making process.

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

**Response.** Population forecasts for the North County area are derived from projections prepared by the San Luis Obispo Council of Governments (SLOCOG) in July 2014. The Table below provides an estimate of the County’s current (2014) and projected future population estimated by the San Luis Obispo Council of Governments for regional planning purposes. Future population is provided in five-year increments beginning in 2015 and continuing into the future to the year 2040. The seven incorporated cities in San Luis Obispo County (Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach and San Luis Obispo) account for approximately 55% of the county’s total population (2010 Census). The population of the unincorporated County is concentrated in the urban areas of Avila Beach, Cambria, Cayucos, Los Osos, Nipomo, Oceano, Santa Margarita, San Miguel, Shandon and Templeton.

The proposed Estrella-El Pomar-Creston Water District would include unincorporated areas north and east of the urban areas of the cities located in northern San Luis Obispo County.

The tables below shows populations inside the Basin and outside the Basin based on the San Luis Obispo Council of Governments (SLOCOG) 2000 and 2010 U.S. Census block data. In addition, Table 1 shows the estimated population change from 2000-2010 inside and surrounding the Basin. Estimates were used based on data for the communities that overly and surround the basin. Some communities are partially within the Basin and so estimates may not accurately reflect actual population numbers. In addition, to the size of the Basin’s geographic boundary, the population information below may vary as it does not conform to existing jurisdictional boundaries.

**Table 1**

**Population Estimates and Growth Rate Change Inside and Outside the Basin**

	Estimate Population 2000 <sup>1</sup>	Estimate Population 2010 <sup>1</sup>	Net Increase in Population 2000-2010	Percent Growth Increase
<b>Inside Basin</b>	40,713	49,370	<b>+8,657</b>	<b>21.2%</b>
<b>Surrounding Basin</b>	48,707	52,890	<b>+3,393</b>	<b>8.5%</b>

<sup>1</sup> Source: SLOCOG 2000 and 2010 U.S. CensusData.

Table 2 shows the estimated projected populations for the incorporated and unincorporated communities within and adjacent to the Basin based on SLOCOG projections for the different planning communities. Exact estimates for projected populations within and outside the Basin are not attainable due to lack of data. The estimates show the most recent 2010 U.S. Census data and projected populations for the next decade (2015-2025), including the percent growth. It should be noted that the majority of growth is within the Basin.

**Table 2**  
**Projected Populations for the Incorporated and Unincorporated**  
**Areas within the Basin**

	Year				Percent Growth Increase
	2010	2015	2020	2025	
<b>Unincorporated</b>					
Adelaida	4,101	4,468	4,802	5,091	<b>24.1%</b>
El Pomar/Estrella	9,859	10,922	11,934	12,839	<b>30.2%</b>
Las Pilitas	1,505	1,535	1,544	1,543	<b>2.5%</b>
Salinas River	5,190	5,296	5,330	5,330	<b>2.7%</b>
San Miguel	1,838	2,027	2,205	2,393	<b>30.2%</b>
Santa Margarita	1,394	1,432	1,450	1,459	<b>4.7%</b>
Shandon	1,258	1,818	2,590	3,682	<b>192.7%</b>
Shandon-Carrizo	1,602	1,621	1,619	1,608	<b>0.4%</b>
Templeton	5,683	6,177	6,461	6,743	<b>18.7%</b>
<b>Incorporated</b>					
Atascadero	26,986	27,366	28,003	28,940	<b>7.2%</b>
Paso Robles	29,624	30,522	32,137	33,905	<b>14.5</b>
<b>Total</b>	<b>92,645</b>	<b>96,911</b>	<b>101,862</b>	<b>107,351</b>	<b>15.9%</b>

Source: San Luis Obispo County 2040 Population, Housing & Employment Forecast. SLOCOG, 2011.

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

**Response.** The new State Law, Sustainable Groundwater Management Act (SGMA), requires that a Groundwater Sustainability Agency be formed to manage the basins groundwater resources. One of the purposes of the new District would be to comply with the State Law and provide a local agency to manage the resources within its portion of the basin. If the District is not formed, management of the groundwater resources would be at the discretion of the County acting as the Flood Control District. The County proposes to provide SGMA compliance services for those properties not in a District or City. The cost to manage and prepare a Groundwater Sustainability Plan (GSP) has not been determined at this time. The GSP would outline the regulations and controls to manage the basin.

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

**Response.** The County and County acting as the Flood Control District currently govern the unincorporated portions of the Paso Robles Basin. Under the Sustainable Groundwater Management Act (SGMA) the governmental entities that regulate water resources would need to work together and coordinate a Groundwater Sustainability Plan (GSP) that manages the basin as a whole. Forming the Estrella-El Pomar-Creston Water District would add an additional public agency to coordinate the efforts with the other agencies. If the new District is not formed the responsibility would fall back to the County, if the County decided not to provide SGMA services, then the State would regulate the basin under SGMA.

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

**Response.** The following are the San Luis Obispo LAFCO Policies for Special District Formations and a brief analysis of the proposal under these policies:

**Policy 1.** There is a demonstrated need for services or controls which can be provided by a special district.

**Analysis.** A new Special Water District would allow for a landowners Board of Directors that would decide on what services and controls are needed. The Paso Robles Basin is identified as a high priority basin and must meet the requirements of SGMA. A local district would be best suited to adopt rules and regulations that comply with SGMA.

**Policy 2.** There is no alternative which would provide for the required service in a more reasonable manner.

**Analysis.** The alternative to a local agency made up of landowners and residents from the area would be the County acting as the Flood Control District. This alternative would provide for an equal level of service. The main difference is the make-up of the Board of Directors and responsiveness to their constituency.

**Policy 3.** There will be sufficient revenue to adequately finance the required services or controls.

**Analysis.** As part of the formation vote the landowners would be conditioned to also pass a Prop 218 vote to fund the needed services. The initial funding is estimated at an average of \$500,000 dollars to fund operations and develop a Groundwater Sustainability Plan over a five year period. As additional services are determined additional funding options would be voted on by the landowners and would be used to help comply with SGMA.

**Policy 4.** The proposal does not represent a conflict with the reasonable and logical expansion of adjacent governmental agencies.

**Analysis.** The proposed boundary for the Estrella-El Pomar-Creston Water District would generally follow the unincorporated areas within the Basin. The portion of the basin that include urban areas or incorporated Cities would not conflict with the district's boundary. A small portion east of the City of Paso Robles would overlie the City's Sphere of Influence.

**Policy 5.** The boundary configuration will not create or result in areas difficult to serve.

**Analysis.** In 2002 the County conducted an investigation and generated a report commonly called the FUGRO report that defined the extents of the Paso Robles Basin and sub-basins. The sub-basins of Estrella-El Pomar-Creston boundaries would be generally the service boundary of the new District with the exceptions of those landowners that do not wish to be in the district. Under current policy, these areas would be managed by the County. Because the proposed services are initially intended to comply with SGMA and all agencies will coordinate a GSP the level of service is adequate given the checkerboard service boundary.

**Policy 6.** The boundaries of the proposed formation must be definite and certain and must conform to lines of assessment whenever possible. The boundaries must not conflict with boundaries of other public agencies possessing the same powers unless properly justified.

**Analysis.** The proposed formation is defined and certain and conforms to lines of

assessment. The boundaries do not conflict with other public agencies with similar powers.

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

**Response.** The proposed formation is defined and certain and conforms to lines of assessment. The boundaries do not conflict with other public agencies with similar powers. The proposed District complies with the Principle Act that has district boundary areas within 2-miles of another district boundary area. The boundary is described as a patch-work but can be served by the district. The other properties included in the basin would be served by the County.

**Factor (f)** Consistency with City or County General and Specific Plans.

**Response.** The land uses are not anticipated to change based on the formation of the water district. The water district would include unincorporated land under the County's jurisdiction. The land use designations would not change and the formation of a water district would be consistent with City and County General Plans.

Table 3 below shows the land use designations of the parcels within the Basin boundary and contiguous to the Basin.

**Table 3**  
**Land Use Designations within and Contiguous to the Basin**

Land Use Designation Within Basin			
Agriculture	Public Facilities	Recreation	Residential Single Family
City	Commercial Retail	Residential Suburban	
Open Space	Commercial Service	Rural Lands	
Rural Residential	Industrial	Residential Multi-Family	
Land Use Designation Contiguous to Basin			
Agriculture	City	Public Facilities	Rural Residential
Open Space	Residential Suburban	Rural Lands	

Source: San Luis Obispo County Geographic Information Systems Data

**Factor (g)** The Sphere of Influence of any local agency which may be applicable to the proposal being reviewed.

**Response.** The City of Atascadero Sphere of Influence does not include areas within the proposed water district boundary. The Templeton CSD Sphere of Influence or the County Service Area 16 – Shandon do not include areas within the proposed water district boundary. The City of Paso Robles Sphere of Influence would share a small area just east of the city limit line.

**Factor (h)** The comments of any affected local agency or other public agency.

**Response.** No Comments were received from any affected agencies

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

COUNT	PER PARCEL CHARGE	RATE	REVENUE GENERATED	% OF TOTAL
498	Total parcels	\$ 0	\$ 0	0%
<b>PER ACRE CHARGE</b>				
22,103	Non-Irrigated Acres (ALL)	\$ 0.59	\$ 13,040	2%
16,519	Irrigated Acres	\$ 35	\$ 578,165	97%
200	Residential/Commercial	\$ 7.50	\$ 1,500	>1%
<b>TOTAL</b>			<b>\$ 592,705</b>	<b>100%</b>

**Response.** A Prop 218 ballot that would include a benefit assessment based on irrigated or non-irrigated status. The table above shows the breakdown. The ballot would be voted on by the landowners' vote of approval or non-protest.

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

**Response.** The purpose of the new Water District would be to manage the unincorporated portion of the basin users and develop a Groundwater Sustainability Plan that is consistent with other agencies that have similar powers to effectively manage the entire basin as a whole. To the extent additional water supplies are made available to supplement the needs of the users would be a decision made by the future Board of Directors. The new State Law under SGMA outlines a process to ensure the GSP would achieve its goals with oversight by the Department of Water Resources and State Water Quality Control Board to step in and take action if needed.

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

**Response.** The new Water District boundaries would remain within the unincorporated County and not affect nearby Cities from achieving their fair share of regional housing needs. The County will continue to exercise its land use authority for issuing residential permits. The new Water District would be put in place to continue monitoring and reporting on the basins health and adopt rules and ordinances for various ways to manage the basin which may include but not limited to installation of metering flow devices, well extraction allocations, and surcharges for extractions. The new District would not affect achieving the fair share of regional housing needs.

**Factor (m)** Any information or comments from the landowner or owners.

**Response.** This proposal includes 100% landowner consent to be part of the district. The protest and final voting process allows for the landowners to vote on the formation of the new District and the funding plan.

**Factor (n)** Any information relating to existing land use designations.

**Response.** The general proposed boundary covers approximately 111 square miles with various land uses from residential to agriculture and others. No land use designation would change with the proposed formation of this Water District.

**Factor (o)** Environmental Justice. The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services.

**Response.** The formation of the Water District would not treat individuals differently. The services provided by the new District would be to the benefit of all people within the districts boundary.

# **Attachment H**

## Draft Resolution

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

Date: \_\_\_\_\_

**PRESENT:**

**ABSENT:**

**RESOLUTION NO. 2017-XX**

**RESOLUTION MAKING DETERMINATIONS AND APPROVING THE  
FORMATION OF THE ESTRELLA-EL POMAR-CRESTON WATER DISTRICT, SPHERE OF  
INFLUENCE, AND ENVIRONMENTAL DETERMINATION**

The following resolution is now offered:

**WHEREAS**, a Petition of Application signed by 100 percent of the landowners in the proposed Water District was filed with the Commission to initiate the change of organization; and

**WHEREAS**, application has been made to this Commission pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.) for consideration of a proposal for the formation of the Estrella-El Pomar-Creston Water District as shown in Exhibit "A" attached hereto and made a part hereof; and

**WHEREAS**, the formation of the Estrella-El Pomar-Creston Water District, a Water District as defined in the California Water Code, Section 34000 et seq., has been filed with the Executive Officer of the Local Agency Formation Commission of San Luis Obispo County, California by petition, and said application complied with all the requirements of law and the Commission; and

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

**WHEREAS**, the matter was set and noticed for public hearing at 9:00 a.m. on April 6<sup>th</sup> in the County of San Luis Obispo Board of Supervisors Chambers; and

**WHEREAS**, this Commission has considered the application materials, studies,

attachments, and other documentation at the April 6, 2017 public hearings which is incorporated by reference herein; and

**WHEREAS**, on April 6, 2017 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 concerning this proposal; and

**WHEREAS** the Commission hereby finds that the formation of Water District will not have a significant effect on the environment, and is Categorically Exempt from the provisions of the California Environmental Quality Act (CEQA) under 15378(b)(4). Additionally, the SOI qualifies for a general rule exemption from environmental review based upon CEQA Regulation Section 15061(b)(3) and Section 15262.; and

**WHEREAS**, the Commission duly considered the proposal and finds that the formation should be approved with the following conditions:

1. The following conditions of approval are recommended if the proposed EPC Water District is approved:
  1. That the name of the Water District shall be the Estrella-El Pomar-Creston Water District.
  2. That the Board of Directors of the Estrella-El Pomar-Creston Water District be composed of five members elected as provided for in the California Water District Law, Water Code Section 34000 et. seq. The initial Board of Directors will be elected pursuant to the Water Code sections 34700; and
  3. That pursuant to the applicable Water Code Sections the Estrella-El Pomar-Creston Water District is authorized to exercise all powers and authorities subject to the following restrictions:
    - a. The Water District's powers to export, transfer, or move water underlying the Water District outside the Paso Robles Groundwater Basin shall not be active and are subject to condition number five of this approval. For purposes of this Condition and Condition number five, "groundwater" shall have the meaning set forth in Water Code Section 10721(g).
    - b. The Water District's powers under Part 5 Powers and Purpose; Chapter 2; Powers; Article 5; Sewers: [35500 - 35509] of the California Water Code

shall be deemed inactive or latent. The Water District could request that LAFCO activate these powers in the future.

4. That formation of the Estrella-El Pomar-Creston Water District shall be contingent upon a successful vote on the formation pursuant to Water Code Section 34500 and the EPC Water District completing a successful benefit assessment to fund the activities of the Water District. If the Proposition 218 proceeding is not successfully conducted by the Water District within one year of the certificate of completion, the Water District shall be subject to dissolution. LAFCO may extend this deadline upon request by the Water District.
5. The EPC Water District shall be prohibited from exporting, transferring, or moving water underlying the Water District (including groundwater pumped into an above ground storage facility) to areas outside of the Paso Robles Groundwater Basin.
6. That specific projects proposed by the Estrella-El Pomar-Creston Water District shall be analyzed and evaluated in accordance with applicable laws prior to construction.
7. That a revised legal description and boundary map(s) be submitted to reflect the service area and sphere of influence boundaries of the Water District as adopted by the Commission.
8. That the effective date of the Estrella-El Pomar-Creston Water District will be determined by the certification of the election results by the Board of Supervisors and the filing of the certificate of completion by the LAFCO Executive Officer with the County Clerk-Recorder's office.
9. That the EPC Water District set the appropriations limit as soon as feasibly possible consistent with Government Code Section 57000.
10. That the Sphere of Influence of the Estrella-El Pomar-Creston Water District shall be co-terminus to the Service Area boundary. Future amendments and/or updates of the SOI shall only include properties that have submitted written landowner consent.
11. The Water District, if formed, shall provide documentation that it has been identified as a Groundwater Sustainability Agency (GSA), or a GSA partner, pursuant to the Sustainable Groundwater Management Act, Water Code section 10720 et. seq. If the District does not become a GSA, or is not part of a GSA within one year of the Certificate of Completion being filed, the District shall be dissolved. LAFCO may extend this deadline upon request by the District.

**NOW, THEREFORE,** the San Luis Obispo County Local Agency Formation Commission determines the following:

1. The territory comprises approximately 40,000 acres and is found to be inhabited (having more than twelve registered voters) as defined in §56046 of the Government Code.
2. The formation of the District is assigned the following distinctive short-form designation: **Estrella-El Pomar-Creston Water District**
3. Based on the evidence, analysis, and conclusions set forth in this resolution and the Executive Officer's report, the Commission finds that the formation of this District serves to further the purposes of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 including, but not limited to, the following: efficiently providing government services and facilitating the orderly formation and development of local agencies based upon local conditions and circumstances.
4. The Commission determines, based upon the services currently provided to the affected territory, that the Estrella-El Pomar-Creston Water District can feasibly provide the needed services in a more efficient and accountable manner than the County of San Luis Obispo.
5. The Commission adopts the determinations regarding consistency with LAFCO law and Commission Policies contained in the staff report for this proposal and incorporates them by reference herein.
6. The affected territory within which the special election shall be held includes the entire area within the boundaries of the proposed Water District, as described by Exhibit A attached hereto.

**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 Categorical Exemption prepared for this project is hereby approved as complete and adequate and as having been prepared in accordance with the provisions of the California Environmental Quality Act.
3. The Executive Officer, on behalf of the Commission and in compliance with this resolution and State law, hereby requests that the San Luis Obispo County Board of Supervisors direct the County Elections Official to conduct the necessary election, setting the matter for consideration of the voters of the affected territory on a date consistent election law and the Cortese-Knox-Hertzberg Act. The Executive Officer is directed to coordinate with the County Clerk to formulate the election questions consistent with the Commission's determinations set forth herein.



## Exhibit A

### Map and Legal Description of the Estrella-El Pomar-Creston Water District

DRAFT

# **Attachment I**

## Comment Letters

## Donna Bloyd

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**From:** Farmerrjb <farmerrjb@aol.com>  
**Sent:** Wednesday, March 1, 2017 12:13 PM  
**To:** darnold@co.slo.ca.us; lcompton@co.ca.us; rfonzi@atascadero.org;  
ewaage@pismobeach.org; mochylski@losososcsd.org; rbeci3421@gmail.com;  
tmurrayinslo@gmail.com  
**Cc:** dchurch@slolafco.com; mprater@slolafco.com; dbloyd@slolafco.com  
**Subject:** Proposed Estrella/El Pomar/Creston Water District

Dear Supervisor/Commissioner,

I am writing to you with regards to the proposed Estrella/El Pomar/Creston Water District that is coming before LAFCo.

I am a member of the Creston Advisory Body (CAB) and live in the Creston community. CAB represents over 1400 of the assessed parcels per the PR Basin, or 25%. We have repeatedly weighed in on the topic of forming a water district over the PR Basin with a resounding "No!" We are aware of the SGMA requirements for managing the PR Basin and we have concluded that the County of San Luis Obispo will better represent the interests of the residents who live over the PR Basin when it comes to managing the PR Basin.

The latest water district being proposed (Estrella/El Pomar/Creston) is being pushed by the same group of people that pushed the Paso Robles Water District that we voted on last year and rejected it by a vote of over 70%, a fairly clear message. We would much prefer that the Basin be managed by the County and representatives that are elected by the people over the Basin at large.

It should be noted that many (maybe even a majority) of those pushing for this latest district own land here but do not live here. The PR Groundwater Advisory Committee (also known for a time as the Blue Ribbon Committee) that was pushing for a Basin wide district was made up of primarily corporate vineyard interests and entities from cities, etc. that already had water districts. When petitioned, they refused to allow members of advisory committees (such as CAB) representing residents over the Basin a seat on that committee. If formed we believe the proposed water district coming before LAFCo would continue forward **without** the best interests of the majority of the residents of the PR Basin, just as they did when they were part of the PR Groundwater Advisory Committee.

Rural residents over the PR Groundwater Basin own more than 80% of the parcels over the Basin and use less than 15% of the perennial yield for the Basin. The people proposing the district use over 80% of the perennial yield and want to manage the district. They own less than 20% of the parcels and are essentially the problem. Their previous proposals would have placed the preponderance of the burden (water restrictions and assessments for acquiring new water sources) on the backs of the rural residents over the PR Basin.

We don't see how such a district could be managed effectively considering the "Swiss Cheese" nature of the proposed district. Two properties side by side, whether in the proposed district or not, are going to be effected similarly by any impacts, or measures, put in place to control water supply. The large pumpers already are impacting the wells of rural residents over the Basin and seem to have little regard for their plight. They have done little to cut back on their usage or restrict future planting. We have to assume that they would continue to operate in this ineffective manner.

Before any water district could be considered they need to show what kind of conservation measures they are willing to assume on their properties that would substantially help recharge the Basin.

I would like to ask you to deny the application for the Estrella/El Pomar/Creston Water District on the grounds that the majority of the people who live over the PR Basin have already declared that they do not want such a district. They prefer to have the County of San Luis Obispo manage the Paso Roble Groundwater Basin.

Thanks for your time,  
Roy Barba

## Donna Bloyd

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**From:** Maria Lorca <maria7551@charter.net>  
**Sent:** Thursday, February 23, 2017 8:21 AM  
**To:** Donna Bloyd  
**Subject:** Proposed Estrella/El Pomar/Creston water district

Donna,

Please distribute this comment to the LAFCO Commissioners and staff.

Thank you,

Maria Lorca  
PO Box 502, Creston  
226-7551

Dear LAFCO Commissioners,

This is to ask that you reject the water district proposed for the Creston area.

Approval of this district would allow one group of landowners with deep pockets and deep wells to "bigfoot" their rural residential neighbors.

Their plan to dominate basin management decisions has already been overwhelmingly rejected by voters.

Respectfully,

Maria Lorca  
Creston landowner  
Creston Advisory alternate member  
Member Basin Blue Ribbon Committee  
Alternate member Basin Advisory Committee Member Basin Supply Options Subcommittee

## Donna Bloyd

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**From:** Kim Lachance <luckydanes@sbcglobal.net>  
**Sent:** Thursday, February 23, 2017 7:04 PM  
**To:** lcompton@co.slo.ca.us; rfonzi@atascadero.org; ewaage@pismobeach.org;  
mochylski@losososcsd.org; rbeci3421@gmail.com  
**Cc:** DChurch@SLOLAFCO.com; MPrater@SLOLAFCO.com; DBloyd@SLOLAFCO.com  
**Subject:** Potential for El Pomar Creston Water District

Dear Commissioners,

This is a request to have my opinion recorded. I discourage any attempt at formation of yet another water district over the Paso Robles Basin. I think the overlayers of this basin spoke loud and clear last year when there was a vote put to the residents of this area and an overwhelming 70+% of the land owners voted a resounding NO to efforts similar to what you are potentially attempting to allow once again. The majority has spoken it's time for the minority to listen and take heed. Rural residents over the Basin own more than 80% of the parcels and use less than 15% perennial yield. Those who propose this district use over 80% of the perennial yield and want to manage the district. Kind of sounds like putting the fox in charge of the hen house to me.

No No and No again to this preposterous attempt to once again take over and manage what isn't theirs to begin with.

Done, end of story.

Thank you for your time and attention  
Kim Lachance

## Donna Bloyd

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**From:** sarah leon <sjl335@yahoo.com>  
**Sent:** Wednesday, February 22, 2017 11:11 AM  
**To:** dbloyd@slolafco.com  
**Subject:** Estrella/El Pomar/Creston Water District

Dear Supervisor/Commissioner

I am writing to you with regards to the proposed Estrella/El Pomar/Creston Water District that is coming before LAFCo.

CAB represents over 1400 of the assessed parcels per the PR Basin, or 25%. We have repeatedly weighed in on the topic of forming a water district over the PR Basin with a resounding “No!” We are aware of the SGMA requirements for managing the PR Basin and we have concluded that the County of San Luis Obispo will better represent the interests of the residents who live over the PR Basin when it comes to managing the PR Basin.

The latest water district being proposed (Estrella/El Pomar/Creston) is being pushed by the same group of people that pushed the Paso Robles Water District that we voted on last year and rejected it by a vote of over 70%, a fairly clear message. We would much prefer that the Basin be managed by the County and representatives that are elected by the people over the Basin at large.

It should be noted that many (maybe even a majority) of those pushing for this latest district own land here but do not live here. The PR Groundwater Advisory Committee (also known for a time as the Blue Ribbon Committee) that was pushing for a Basin wide district was made up of primarily corporate vineyard interests and entities that from cities, etc. that already had water districts. When petitioned, they refused to allow members of advisory committees (such as CAB) representing residents over the Basin a seat on that committee. If formed we believe the proposed water district coming before LAFCo would continue forward without the best interests of the majority of the residents of the PR Basin, just as they did when they were part of the PR Groundwater Advisory Committee. This new Advisory Committee is pushing for 1 acre = 1 vote; therefore, only the vineyards/corporations have the power to do whatever they choose with us little property owners, having no say nor power in their decision to control the water.

Rural residents over the PR Groundwater Basin own more than 80% of the parcels over the Basin and use less than 15% of the perennial yield for the Basin. The people proposing the district use over 80% of the perennial yield and want to manage the district. They own less than 20% of the parcels and are essentially the problem. Their previous proposals would have placed the preponderance of the burden (water restrictions and assessments for acquiring new water sources) on the backs of the rural residents over the PR Basin.

We don't see how such a district could be managed effectively considering the “Swiss Cheese” nature of the proposed district. Two properties side by side, whether in the proposed district or not, are going to be effected similarly by any impacts, or measures, put in place to control water supply. The large pumpers already are impacting the wells of rural residents over the Basin and seem to have little regard for their plight. They have done little to cut back on their usage or restrict future planting. We have to assume that they would continue to operate in this ineffective manner.

Before any water district can be considered, the proponents must be able to show how the district would be paid for. Additionally they need to show what kind of conservation measures they are willing to assume on their properties that would substantially help recharge the Basin.

I would like to ask you to deny the application for the Estrella/El Pomar/Creston Water District on the grounds that the majority of the people who live over the PR Basin have already declared that they do not want such a district. They prefer to have the County of San Luis Obispo manage the Paso Roble Groundwater Basin.

Thanks for your attention to this matter,  
Sarah Leon  
Resident of Templeton/El Pomar

## Donna Bloyd

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**From:** Dianne <pasodj@aol.com>  
**Sent:** Wednesday, February 22, 2017 11:59 AM  
**To:** biering@ammcglaw.com  
**Cc:** dchurch@slolafco.com; mprater@slolafco.com; dbloyd@slolafco.com; darnold@co.slo.ca.us; lcompton@co.slo.ca.us; rfonzi@atascadero.org; ewaage@pismobeach.org; mochylski@losososcscs.org; rbeci3421@gmail.com; tmurrayinslo@gmail.com  
**Subject:** Proposed Water District

Dear Supervisor/Commissioner,

Good day. I must echo the concerns of Sheila Lyons, chairperson of the Creston Advisory Body. Like her, I am confused as to how a water district that was clearly rejected by over 70% of local residents, can be considered? We have let it be known that our preference would be for the County to manage the Paso Robles Basin. The proposed Estrella/El Pomar/Creston water district is once again being pushed through by the very same people that tried to push the one that was voted down. And once again, a group that does NOT reside in the area, but continues to plant and pump with complete disregard for their neighbor. The best interest of the locals must be considered above all. PLEASE be diligent in protecting the Basin from being sold to the highest bidder. Thank you for your time and consideration.

Grace and Peace  
Dianne Jackson  
805-591-9951  
Sent from my iPad.

## Donna Bloyd

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**From:** Joseph Sulse <jsulse@gmail.com>  
**Sent:** Wednesday, February 22, 2017 7:43 AM  
**To:** darnold@co.slo.ca.us; lcompton@co.slo.ca.us; rfonzi@atascadero.org; ewaage@pismobeach.org; mochylski@losososcsd.org; rbeci3421@gmail.com; tmurrayinslo@gmail.com; David Church; MPrater@slolafco.com; DBloyd@slolafco.com  
**Subject:** Vote NO! Estrella/El Pomar/Creston proposed water district

LAFCO Commissioners,

I am a landowner residing in the Creston area and writing you all to voice my opposition to the proposed Estrella/El Pomar/Creston water district. The county has already had a special election on this subject and the vote was a clear 70% against. The voters have spoken, they want the county to manage the district. Please respect the will of the people and vote NO on this district.

Joseph Sulse  
6191 Calle Las Colinas  
Creston, CA 93432

## Donna Bloyd

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**From:** David Church <dchurch@slolafco.com>  
**Sent:** Wednesday, February 22, 2017 8:19 AM  
**To:** 'Donna Bloyd'  
**Subject:** FW: Estrella/El Pomar/Estrella Water District

David Church, AICP  
San Luis Obispo LAFCO  
Executive Officer  
805-788-2096

**From:** judy blankenship [<mailto:panachevineyard@gmail.com>]  
**Sent:** Tuesday, February 21, 2017 7:03 PM  
**To:** [mochyiski@lososcscd.com](mailto:mochyiski@lososcscd.com); [ewaage@pismoceach.org](mailto:ewaage@pismoceach.org); [rfonzi@atascadero.org](mailto:rfonzi@atascadero.org); [lcompton@co.clo.ca.us](mailto:lcompton@co.clo.ca.us); [darnold@co.clo.ca.us](mailto:darnold@co.clo.ca.us)  
**Subject:** Estrella/El Pomar/Estrella Water District

LAFCO Commissioners:

The community of Creston has longed for a voice in this issue but were denied a seat on the Advisory Committee. The Creston community voted an overwhelming "NO" vote on the topic of forming a water district. The proponents of this proposal are the same as those who favored the original water district which was struck down by over 70%. I believe this is the indication needed to say, we do not want the water district proposal that has been submitted to LAFCO.

It is our preference that the County of SLO manage the Paso Robles Groundwater Basin, not the special interest and large vineyard owners that have submitted this application.

We ask that this application pending before LAFCO be denied.

Respectfully,  
Tom & Judy Blankenship  
Creston residents

## Donna Bloyd

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**From:** Tommy & Kathy Carter <lavan3539@gmail.com>  
**Sent:** Tuesday, February 21, 2017 10:31 PM  
**To:** dbloyd@slolafco.com  
**Subject:** water district

Dear Commission Clerk Bloyd,

This is in regard to the proposed water district currently under consideration for approval by LAFCO. We do NOT want a water district. The last water district proposed cost the county and the taxpayers a lot of money, and was voted down by a large majority of the citizens within the proposed district.

Since California requires that the county be in compliance with Sigma, we feel that County Flood Control is doing an eminent job and will continue to do so.

Those wanting a water district also want to control it, but everyone gets to pay for - not just the ones who want it and it would be the beneficiaries of it.

We respectfully request that you vote down this proposed water district. Again, we do NOT want it.

Very truly yours,  
Tommy and Kathryn Carter  
Creston

March 6, 2017

Commissioner Debbie Arnold  
Commissioner Roberta Fonzi  
Commissioner Ed Waage  
Commissioner Marshal Ochylski  
Commissioner Robert Enns  
Commissioner Tom Murray  
Commissioner Lynn Compton

Dear Commissioners,

I am writing to urge your approval for the formation of the Estrella-EI Pomar-Creston Water District (EPCWD). As a landowner in the Paso Robles Basin, the opportunity to have decisions about groundwater management made at the most local level possible makes the most sense, and is the reason why we have opted in to the new proposed district.

In fact, the opt-in nature of the EPCWD is one of its most sensible provisions as it creates "a coalition of the willing" (not my quote, though I'd dearly love to take credit for it), those with the same approach and mindset to management. Yes, it is being moved forward primarily by agricultural interests, but take a look at the number of small landowners who have opted in so far, realizing that their voice will be heard more effectively with this most local management. If we are to successfully manage the basin, we need the cooperation and support of ag users to help create the solution.

Those opposed will point out that the majority of the overlayers voted against funding and forming a local water district in March 2016. Fine then, let them choose to be managed by the County. At some point, they will be tested with a Prop 218 vote and unless there is some vast shift in the views of the overlayers opposed to paying for any management as evidenced by the previous funding vote failure, it will likely fail, leaving management to the State. I prefer to be part of more local management.

Those who have opted in may not take the time to individually contact you to show their support; I say that just by the nature of their opting in, they have clearly expressed their support of the district. And there are

many who have not opted in, but would like to see the district formed if only to have a choice down the line if the necessary Prop 218 vote fails.

Thank you for your time and consideration.

Laurie Gage  
5715 Linne Road  
Paso Robles, CA 93446  
[fullsail@onemain.com](mailto:fullsail@onemain.com)  
805-238-2802

## Mike Prater

---

**From:** David <dchurch@slolafco.com>  
**Sent:** Friday, March 10, 2017 8:20 PM  
**To:** Donna Bloyd  
**Subject:** Fwd: water district public hearing

Please put in the opposition comments file. Thanks.

Get [Outlook for Android](#)

----- Forwarded message -----

**From:** "Brad Nave" <[bnave@navemd.com](mailto:bnave@navemd.com)>  
**Date:** Fri, Mar 10, 2017 at 6:46 PM -0800  
**Subject:** water district public hearing  
**To:** <[dchurch@slolafco.com](mailto:dchurch@slolafco.com)>

Re: San Luis Obispo LAFCO Public Hearing April 6, 2017

I am submitting this letter in response to the public notice we received in the mail regarding the public hearing. Please accept this communication to voice my complete opposition to the proposed water district being promoted/considered. If you recall, not long ago, the idea of a water district was proposed and put on the ballot for the public to vote on. Overwhelmingly, the voters struck it down and sent a clear voice that they were strongly opposed to a district formation. The county and local city Gov spent millions upon millions promoting the previous district push and all to be struck down by the voters. This was another huge waste of tax payer money on top of the fact that it was shown to not really serve the people as it was being promoted.

Similarly, I am just as opposed to this new water district, apparently being discussed. As we learned during the previous failed district, the county and localities already have an appropriate mechanism for management and accountability to our underground water aquifer. Any new agency or district will just create more layers of cost and bureaucracy that is not needed at the expense of individual property owners rights. The county, supervisors and all the rest are already elected to do so and we have the county flood control district. I know the mailer said, "Only landowners who want to be in the District are recommended for inclusion in the District." Yes I am sure it will always be this way, and you can opt in or out at your leisure...Sure, that is how Government always works. We have seen temporary taxes that never go away, and Gov growth that never is reined back when we are having huge deficits.

I do not understand why politicians and gov. don't listen to the people when they speak. The last district was voted down with a large voice of opposition and this last presidential election, which is gov by our electoral college, was a huge voice of the American people saying they want Gov reined in and more accountability and less regulation and oversight that is not needed. I wish Calif. And our local politicians would get the message. We could have such a great and prosperous Golden state instead of what we are seeing and one that is counter incentive to working hard and is driving business out of the state.

Thank you for listening to my position.

A concerned citizen,

March 20, 2017

Commissioners Debbie Arnold, Roberta Fonzi, Ed Waage, Marshal Ochylski, Robert Enns, Tom Murray, Lynn Compton,

Cc: Mr. David Church, LAFCO Executive Officer

Re: The proposed Estrella-El Pomar-Creston Water District

Dear Commissioners,

I urge you to approve the formation of this district as it reflects the wishes of those landowners who voluntarily want to be represented by their fellow landowners versus being under the control of the County. One only has to look at videos or read about recent County Supervisor meetings to realize that this is not only a body that has great difficulty in managing itself, it is politically polarized and is consistently at cross purposes as how to comply with the new State Groundwater Management law.

Also, as a resident in the Creston Advisory Body area I want to state clearly that they do not represent me on this issue nor do they speak for many of my neighbors. In the past year, neither I nor any of my neighbors that I know of have been asked for comment or received anything from them on this topic. I realize that Basin residents resoundingly rejected the proposed water district last year. This however is a completely different process which the CAB board has chosen to ignore. By agreeing to join this district, members have already agreed to assess themselves under a Prop 218 vote. It is virtually identical to the Shandon-San Juan Water District formation process that you approved just a few months ago.

It is ludicrous and ignorant of the CAB board, or for anyone, to think that a landowner who joins the district will get more water than their neighbor who wants to stay under County jurisdiction. Water Districts and other managing agencies within the Paso Basin are required by State law to equitably share the resource and sustainably manage the Basin. Binding agreements between Basin agencies must reflect that the water policy of one cannot adversely affect others. These agreements must also be approved by the State. The main benefits of being part of this district is that members will have the opportunity to see equal representation with the other Basin agencies and lower assessments as the district has the potential to manage itself more efficiently up here than can the County's ponderous bureaucratic process down in San Luis Obispo.

For this simple reason alone, I ask you to approve the formation of this district.

Sincerely,

Robert F. Brown  
7995 Melody Mountain Lane  
Paso Robles, CA 93446

March 21, 2017

Commissioner Debbie Arnold  
Commissioner Roberta Fonzi  
Commissioner Ed Waage  
Commissioner Robert Enns  
Commissioner Tom Murray  
Commissioner Lynn Compton

Dear Commissioners,

I write to implore your approval for the formation of the Estrella-El Pomar-Creston Water District (EPCWD). I have lived in the North County since 1962 and have always been involved in water, for ranching, farming and just living with this all important substance. For the last twenty seven years my wife and I have farmed on the Hurerhuero Creek, utilizing the most efficient systems and timing to minimize the amount of water we use. For those years I have measured our well's depth at rest and full discharge many times each year.

Some immutable facts about the Paso Robles basin: 1 - it is in severe overdraft, 2 - much of its waters are hard, heavy in minerals, or worse; the sub basin (the Monterey Formation) is of much worse quality, 3 - the use of "salt re-charge" water softeners from homes to hotels are contaminating the basin with ever more amounts of salts, 4 - the "recharge rates", a.k.a. percolation is very poor over most of the basin, 5 - much water being pumped is "ancient" having taken many centuries to percolate to depth, 6 - most important our basin is extremely diversified and so requires many strategies to safely and fairly solve its challenges.

For the sake of all our futures and most importantly the generations to come we must create an entity whose sole task is to fix the problem. To do it right requires a great deal of research and a lot of smart involved folks working together on one goal. There is simply no other viable, fair, or practical solution other than to form the EPCWD.

Thank each of you for your service and I expect your support for the EPCWD.

Bill Spencer  
5750 El Pharo Drive  
Paso Robles, CA 3446  
805-239-1124

MAR 22 2017

March 16, 2017

San Luis Obispo County LAFCO Board  
1042 Pacific St. Ste. A  
San Luis Obispo, CA 93401

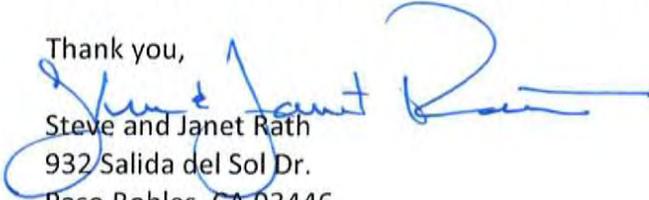
Subject: Request Approval for Formation of Estrella-El Pomar-Creston Water District  
April 6, LAFCO Meeting Agenda

Dear Chairman Ochylski and Board Members,

We own land and farm 130 acres of vineyards within the Paso Robles Basin. We strongly support formation of the Estrella-El Pomar-Creston Water District. It's important to manage our water resources now and into the future and to have local representation in the formation of the Groundwater Sustainable Plan, (GSP) in accordance with SGMA.

We request your vote of support for the formation of the Water District.

Thank you,

  
Steve and Janet Rath  
932 Salida del Sol Dr.  
Paso Robles, CA 93446

## Mike Prater

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**From:** David Church <dchurch@slolafco.com>  
**Sent:** Monday, March 06, 2017 8:39 AM  
**To:** 'Donna Bloyd'  
**Subject:** FW: Proposed Estrella/El Pomar/Creston Water District

I mean this one.

**David Church, AICP**  
San Luis Obispo LAFCO  
Executive Officer  
805-788-2096

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**From:** Sheila Lyons [<mailto:salyons1951@gmail.com>]  
**Sent:** Friday, February 17, 2017 11:34 AM  
**To:** David Church  
**Subject:** Proposed Estrella/El Pomar/Creston Water District

Dear Commissioner Church,

I am writing to you with regards to the proposed Estrella/El Pomar/Creston Water District that is coming before LAFCo.

I am the chairperson of the Creston Advisory Body (CAB) and live in the Creston community. CAB represents over 1400 of the assessed parcels per the PR Basin, or 25%. We have repeatedly weighed in on the topic of forming a water district over the PR Basin with a resounding “No!” We are aware of the SGMA requirements for managing the PR Basin and we have concluded that the County of San Luis Obispo will better represent the interests of the residents who live over the PR Basin when it comes to managing the PR Basin.

The latest water district being proposed (Estrella/El Pomar/Creston) is being pushed by the same group of people that pushed the Paso Robles Water District that we voted on last year and rejected it by a vote of over 70%, a fairly clear message. We would much prefer that the Basin be managed by the County and representatives that are elected by the people over the Basin at large.

It should be noted that many (maybe even a majority) of those pushing for this latest district own land here but do not live here. The PR Groundwater Advisory Committee (also known for a time as the Blue Ribbon Committee) that was pushing for a Basin wide district was made up of primarily corporate vineyard interests and entities that from cities, etc. that already had water districts. When petitioned, they refused to allow members of advisory committees (such as CAB) representing residents over the Basin a seat on that committee. If formed we believe the proposed water district coming before LAFCo would continue forward without the best interests of the majority of the residents of the PR Basin, just as they did when they were part of the PR Groundwater Advisory Committee.

Rural residents over the PR Groundwater Basin own more than 80% of the parcels over the Basin and use less than 15% of the perennial yield for the Basin. The people proposing the district use over 80% of the perennial yield and want to manage the district. They own less than 20% of the parcels and are essentially the problem. Their previous proposals would have placed the preponderance of the burden (water restrictions and assessments for acquiring new water sources) on the backs of the rural residents over the PR Basin.

We don't see how such a district could be managed effectively considering the "Swiss Cheese" nature of the proposed district. Two properties side by side, whether in the proposed district or not, are going to be effected similarly by any impacts, or measures, put in place to control water supply. The large pumpers already are impacting the wells of rural residents over the Basin and seem to have little regard for their plight. They have done little to cut back on their usage or restrict future planting. We have to assume that they would continue to operate in this ineffective manner.

Before any water district can be considered, the proponents must be able to show how the district would be paid for. Additionally they need to show what kind of conservation measures they are willing to assume on their properties that would substantially help recharge the Basin.

I would like to ask you to deny the application for the Estrella/El Pomar/Creston Water District on the grounds that the majority of the people who live over the PR Basin have already declared that they do not want such a district. They prefer to have the County of San Luis Obispo manage the Paso Roble Groundwater Basin.

Thanks for your attention to this matter,  
Sheila Lyons  
Resident of Creston

# **Attachment B**

LAFCO Resolution 2017-02 -  
Approving Formation of EPCWD -  
April 6, 2017

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

Date: April 6, 2017

**PRESENT:** CHAIRMAN MARSHALL OCHYLSKI, VICE-CHAIRMAN ED WAAGE,  
COMMISSIONERS DEBBIE ARNOLD, LYNN COMPTON, ROBERT ENNS,  
ROBERTA FONZI, AND TOM MURRAY AND ALTERNATE COMMISSIONER  
HEATHER JENSEN

**ABSENT:** ALTERNATE COMMISSIONERS ADAM HILL AND JAMIE IRONS

**RESOLUTION NO. 2017-02**

**RESOLUTION MAKING DETERMINATIONS AND APPROVING THE  
FORMATION OF THE ESTRELLA-EL POMAR-CRESTON WATER DISTRICT, SPHERE OF  
INFLUENCE, AND ENVIRONMENTAL DETERMINATION**

The following resolution is now offered:

**WHEREAS**, a Petition of Application signed by 100 percent of the landowners in the proposed Water District was filed with the Commission to initiate the change of organization to form the Estrella-El Pomar-Creston Water District; and

**WHEREAS**, application has been made to this Commission pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.) for consideration of a proposal for the formation of the Estrella-El Pomar-Creston Water District as shown in Exhibit "A" attached hereto and made a part hereof; and

**WHEREAS**, the formation of the Estrella-El Pomar-Creston Water District, a Water District as defined in the California Water Code, Section 34000 et seq., has been filed with the Executive Officer of the Local Agency Formation Commission of San Luis Obispo County, California by petition, and said application complied with all the requirements of law and the Commission; and

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

**WHEREAS**, the matter was set and noticed for public hearing at 9:00 a.m. on April 6<sup>th</sup> in the County of San Luis Obispo Board of Supervisors Chambers; and

**WHEREAS**, this Commission has considered the application materials, studies,

attachments, and other documentation at the April 6, 2017 public hearings which is incorporated by reference herein; and

**WHEREAS**, on April 6, 2017 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 concerning this proposal; and

**WHEREAS** the Commission hereby finds that the formation of Water District will not have a significant effect on the environment, and is Categorical Exempt from the provisions of the California Environmental Quality Act (CEQA) under 15378(b)(4). Additionally, the SOI qualifies for a general rule exemption from environmental review based upon CEQA Regulation Section 15061(b)(3) and Section 15262.; and

**WHEREAS**, the Commission duly considered the proposal and finds that the formation should be approved with the following conditions:

1. That the name of the Water District shall be the Estrella-EI Pomar-Creston Water District.
2. That the Board of Directors of the Estrella-EI Pomar-Creston Water District be composed of five members elected as provided for in the California Water District Law, Water Code Section 34000 et. seq. The initial Board of Directors will be elected pursuant to the Water Code sections 34700; and
3. That pursuant to the applicable Water Code Sections the Estrella-EI Pomar-Creston Water District is authorized to exercise all powers and authorities subject to the following restrictions:
  - a. The Water District's powers to export, transfer, or move water underlying the Water District outside the Paso Robles Groundwater Basin shall not be active and are subject to condition number five of this approval. For purposes of this Condition and Condition number five, "groundwater" shall have the meaning set forth in Water Code Section 10721(g).
  - b. The Water District's powers under Part 5 Powers and Purpose; Chapter 2; Powers; Article 5; Sewers: [35500 - 35509] of the California Water Code shall be deemed inactive or latent. The Water District could request that LAFCO activate these powers in the future.

4. That formation of the Estrella-El Pomar-Creston Water District shall be contingent upon a successful vote on the formation pursuant to Water Code Section 34500 and the EPC Water District completing a successful benefit assessment to fund the activities of the Water District. If the Proposition 218 proceeding is not successfully conducted by the Water District within one year of the certificate of completion, the Water District shall be subject to dissolution. LAFCO may extend this deadline upon request by the Water District.
5. The EPC Water District shall be prohibited from exporting, transferring, or moving water underlying the Water District (including groundwater pumped into an above ground storage facility) to areas outside of the Paso Robles Groundwater Basin.
6. That specific projects proposed by the Estrella-El Pomar-Creston Water District shall be analyzed and evaluated in accordance with applicable laws prior to construction.
7. That a revised legal description and boundary map(s) be submitted to reflect the service area and sphere of influence boundaries of the Water District as adopted by the Commission.
8. That the effective date of the Estrella-El Pomar-Creston Water District will be determined by the certification of the election results by the Board of Supervisors and the filing of the certificate of completion by the LAFCO Executive Officer with the County Clerk-Recorder's office.
9. That the EPC Water District set the appropriations limit as soon as feasibly possible consistent with Government Code Section 57000.
10. That the Sphere of Influence of the Estrella-El Pomar-Creston Water District shall be co-terminus to the Service Area boundary. Future amendments and/or updates of the SOI shall only include properties that have submitted written landowner consent.
11. The Water District, if formed, shall provide documentation that it has been identified as a Groundwater Sustainability Agency (GSA), or a GSA partner, pursuant to the Sustainable Groundwater Management Act, Water Code section 10720 et. seq. If the District does not become a GSA, or is not part of a GSA within one year of the Certificate of Completion being filed, the District shall be dissolved. LAFCO may extend this deadline upon request by the District.
12. This condition applies to any proposed annexation to the San Miguel CSD for areas that are within the EPC District. If LAFCO approves such an annexation, the SMCSO may apply to DWR to become the GSA. As part of the annexation, the area shall be detached from the EPC Water District.

13. The EPC Water District shall develop policies insuring that any existing or future water wells do not interfere or are detrimental to the San Miguel CSD's existing or future water wells. The Districts shall work together to avoid well interference. This policy shall be further detailed in the Groundwater Sustainability Plan.

**NOW, THEREFORE,** the San Luis Obispo County Local Agency Formation Commission determines the following:

1. The territory comprises approximately 37,500 acres and is found to be inhabited (having more than twelve registered voters) as defined in §56046 of the Government Code.
2. The formation of the District is assigned the following distinctive short-form designation: **Estrella-El Pomar-Creston Water District**
3. Based on the evidence, analysis, and conclusions set forth in this resolution and the Executive Officer's report, the Commission finds that the formation of this District serves to further the purposes of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 including, but not limited to, the following: efficiently providing government services and facilitating the orderly formation and development of local agencies based upon local conditions and circumstances.
4. The Commission determines, based upon the services currently provided to the affected territory, that the Estrella-El Pomar-Creston Water District can feasibly provide the needed services in a more efficient and accountable manner than the County of San Luis Obispo.
5. The Commission adopts the determinations regarding consistency with LAFCO law and Commission Policies contained in the staff report for this proposal and incorporates the staff report, and attachments by reference herein.
6. The affected territory within which the special election shall be held includes the entire area within the boundaries of the proposed Water District, as described by Exhibit A attached hereto.

**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 Categorical Exemption prepared for this project is hereby approved as complete and adequate and as having been prepared in accordance with the provisions of the California Environmental Quality Act.
3. The Executive Officer, on behalf of the Commission and in compliance with this resolution and State law, hereby requests that the San Luis Obispo County Board of Supervisors direct the County Elections Official to conduct the necessary election, setting the matter for consideration of the voters of the affected territory on a date

consistent election law and the Cortese-Knox-Hertzberg Act. The Executive Officer is directed to coordinate with the County Clerk to formulate the election questions consistent with the Commission's determinations set forth herein.

- 4. That the Executive Officer of this Commission is authorized and directed to mail copies of this resolution in the manner provided by law.
- 5. That Formation of the Estrella-El Pomar-Creston Water District is hereby conditionally approved.
- 6. Pursuant to §57144 and §56898 of the Government Code, the Executive Officer will prepare for the Commission's review an Impartial Analysis of the proposed District formation; after the Commission has approved or modified the Impartial Analysis, it shall direct the Executive Officer to submit it to the elections official no later than the last day for submission of ballot arguments.
- 7. The regular County assessment roll will be used.

Upon a motion by Commissioner Murray, seconded by Commissioner Enns to find the formation categorically exempt from CEQA pursuant to CEQA Guidelines Section 15378(b)(4) and a General Rule Exemption and on the following roll call vote and to form the Estrella-El Pomar-Creston Water District subject to the above-listed terms and conditions.

AYES: Commissioners Murray, Enns, Compton, Vice-Chairman Waage and Chairman Ochylski

NAYS: Commissioners Arnold and Fonzi

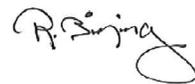
ABSTAINING: None


  
 \_\_\_\_\_ Date 04/12/2017
  
 Marshall Ochylski, Chair

**ATTEST:**
  

  
 \_\_\_\_\_ Date 4-12-2017
  
 David Church

**APPROVED AS TO FORM AND LEGAL EFFECT:**

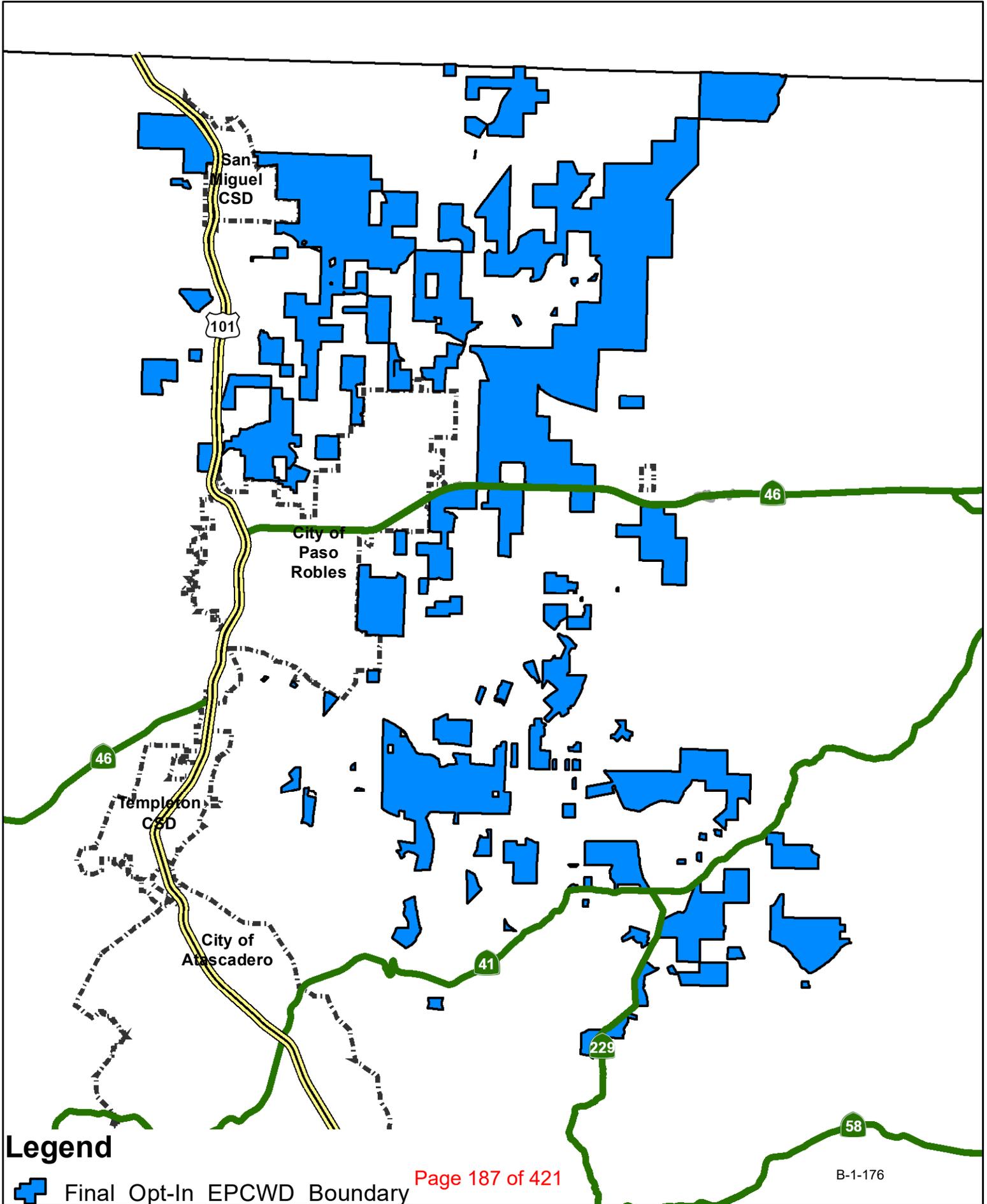

  
 \_\_\_\_\_ Date April 12, 2017
  
 Raymond A. Biering

LAFCO Legal Counsel

## **Exhibit A**

### **Map and Legal Description of the Estrella-El Pomar-Creston Water District**

# Estrella-El Pomar-Creston Water District Approved Service Area & Sphere of Influence



## Legend

 Final Opt-In EPCWD Boundary

# Attachment C

## 2017 Memorandum of Agreement

**MEMORANDUM OF AGREEMENT REGARDING  
PREPARATION OF A GROUNDWATER SUSTAINABILITY PLAN  
FOR THE PASO ROBLES GROUNDWATER BASIN**

This Memorandum of Agreement regarding Preparation of a Groundwater Sustainability Plan for the Paso Robles Groundwater Basin (“MOA”) is entered into by and between the City of El Paso de Robles (“City”), the San Miguel Community Services District (“SMCSD”), the Heritage Ranch Community Services District (“HRCSD”), the County of San Luis Obispo (“County”) and the Shandon-San Juan Water District (“SSJWD”) (each referred to individually as a “Party” and collectively as the “Parties”) for purposes of preparing a groundwater sustainability plan for the Paso Robles Area Subbasin.

**Recitals**

**WHEREAS**, on September 16, 2014, Governor Jerry Brown signed into law Senate Bills 1168 and 1319 and Assembly Bill 1739, known collectively as the Sustainable Groundwater Management Act (Water Code §§ 10720 *et seq.*) (“SGMA”), which became effective on January 1, 2015 and which have been and may continue to be amended from time to time; and

**WHEREAS**, SGMA requires the establishment of a groundwater sustainability agency (“GSA”) or agencies for all basins designated as medium or high priority by the California Department of Water Resources (“DWR”) on or before June 30, 2017; and

**WHEREAS**, SGMA further requires the adoption of a groundwater sustainability plan (“GSP”) or coordinated GSPs for all basins designated by DWR as high or medium priority and subject to critical conditions of overdraft on or before January 31, 2020; and

**WHEREAS**, DWR has designated the Paso Robles Area Subbasin (Basin No. 3-004.06) (“Basin”) as a high priority basin subject to critical conditions of overdraft; and

**WHEREAS**, each of the Parties has decided to become the GSA within its respective service area overlying the Basin and has informed DWR of its decision and intent to undertake sustainable groundwater management therein; and

**WHEREAS**, each of the Parties desires to collectively develop and implement a single GSP to sustainably manage the portions of the Basin underlying their combined service areas (*i.e.* all portions of the Basin located within the County of San Luis Obispo); and

**WHEREAS**, the Parties share the common goal of cost effective, sustainable groundwater management that considers the interests and concerns of all beneficial uses and users of groundwater within the Basin; and

**WHEREAS**, on April 6, 2017, the San Luis Obispo Local Agency Formation Commission conditionally approved the formation of the Estrella-El Pomar-Creston Water District (“EPCWD”), subject to, among other things, a successful vote on the formation pursuant to Water Code Section 34500, for purposes of serving as a GSA within its service area; and

**WHEREAS**, the EPCWD, if formed, will not be formed until after the June 30, 2017 deadline, and the County included the potential service area of the EPCWD within the Paso Basin – County of San Luis Obispo Groundwater Sustainability Agency that the County formed on May 16, 2017 by Resolution 2017-134; and

**WHEREAS**, the Parties acknowledge the cooperative efforts of the working group, including representatives of each Party and the applicant and several petitioners desiring to form the EPCWD, that commenced meeting in August 2016 and that culminated in this MOA; and

**WHEREAS**, this MOA provides for the future addition of EPCWD as a Party to this MOA provided that certain conditions are satisfied, including, but not limited to, a successful vote on the formation of the EPCWD pursuant to Water Code Section 34500 and the County Board of Supervisors decides to withdraw from serving as the GSA for the EPCWD service area; and

**WHEREAS**, the active involvement and cooperation of all users of groundwater within the Basin is highly valued by the Parties and their continued willing cooperation in SGMA implementation is deemed critical for successful sustainable management of the Basin.

**NOW, THEREFORE**, it is mutually understood and agreed as follows:

**Section 1  
Purpose**

The purpose of this MOA is to establish a committee to develop a single GSP that will be considered for adoption by each individual Party and subsequently submitted to DWR for approval. This MOA may also serve as the basis for continued cooperation among the Parties in the management of the Basin during the period between adoption of the GSP by each Party and approval of the GSP by DWR. As more specifically set forth in Section 12.2 below, this MOA shall automatically terminate upon DWR’s approval of the GSP for the Basin.

**Section 2  
Term**

This MOA shall become effective on the date that the last of the five (5) Parties signs (“Effective Date”) and shall remain in effect until terminated in accordance with Section 9.2 or Section 12.2 below.

**Section 3**  
**EPCWD**

If and only if the EPCWD is formed and its Board of Directors decides to become the GSA within its service area and the County Board of Supervisors decides to withdraw from serving as the GSA within said area, the EPCWD may become a Party to this Agreement by signing the Addition of Party to Memorandum of Agreement regarding Preparation of a Groundwater Sustainability Plan for the Paso Robles Groundwater Basin in the form attached hereto as Exhibit A (“Addition”) provided that the County Board of Supervisors has accepted the Addition as part of its decision to withdraw.

**Section 4**  
**Paso Basin Cooperative Committee**

4.1 The Parties hereby establish the Paso Basin Cooperative Committee (“Cooperative Committee”) which shall be composed of a member and alternate member from each of the five (5) Parties.

4.2 The governing body of each Party shall promptly appoint a member and alternate member to the Cooperative Committee. Each Cooperative Committee member and alternate member shall serve at the pleasure of the appointing Party, and may be removed from the Cooperative Committee by the appointing Party at any time. Each Cooperative Committee member’s compensation, if any, for his or her service on the Cooperative Committee shall be the responsibility of the appointing Party.

4.3 If and only if the EPCWD becomes a Party to this MOA in accordance with Section 3 of this MOA, the Cooperative Committee shall also include a member and alternate member from the EPCWD appointed by the EPCWD.

4.4 The Cooperative Committee shall conduct activities related to GSP development and SGMA implementation at the pleasure and under the guidance of the Parties, including, but not limited to:

- A. Development of a GSP that achieves the goals and objectives outlined in SGMA;
- B. Review and participation in the selection of consultants related to Cooperative Committee efforts, as more specifically set forth in Section 6 below;
- C. Development of recommended annual budgets and additional funding needs for consideration and approval of the Parties and development of a record of expenditures, in accordance with and subject to Section 5 below. Consistent with Section 7 below, it is expected that each of the Parties will contribute in-kind staff support; therefore, recommended annual budgets

- shall generally not include the staff or overhead costs of any Party associated with participation in this MOA;
- D. Development of a plan that describes the anticipated tasks to be performed under this MOA and a schedule for performing said tasks;
  - E. Implementation of the actions and/or policies undertaken pursuant to this MOA and resolution of any issues related to these actions and/or policies;
  - F. Development of measures that may be implemented in the event insufficient or unsatisfactory progress is being made in development of the GSP;
  - G. Development of a stakeholder participation plan that includes public outreach and education programs and workshops as appropriate and that involves the interested stakeholders in developing and implementing the GSP (*e.g.* workshops at key milestones); if determined necessary by the Cooperative Committee and supported by the Parties, the Cooperative Committee may lead implementation of the stakeholder participation plan or other stakeholder engagement activities;
  - H. Establishment from time to time of one or more standing or *ad hoc* committees to assist in carrying out the purposes and objectives of the Cooperative Committee as may be necessary;
  - I. Recommendation that each individual Party adopt the GSP developed under this MOA;
  - J. Resolution of differences among the Parties;
  - K. Coordination with neighboring GSAs in the Salinas Valley Groundwater Basin and with neighboring GSPs as may be required and/or to ensure no adverse effects.

4.5 The Cooperative Committee shall meet at least quarterly to carry out the activities described above. The Cooperative Committee shall prepare and maintain minutes of its meetings, and all meetings of the Cooperative Committee shall be conducted in accordance with the Ralph M. Brown Act (Government Code §§ 54950 *et seq.*). A majority of the members of the Cooperative Committee shall constitute a quorum for purposes of transacting business, except that less than a quorum may vote to adjourn the meeting. Attendance at all Cooperative Committee meetings may be augmented to include Parties' staff or consultants to ensure that the appropriate expertise is available.

4.6 Subject to Section 4.7 below, on all matters considered by the Cooperative Committee, the vote of each member shall be weighted in accordance with the following percentages:

City Member	15%
SMCSD Member	3%
HRCSD Member	1%

SSJWD Member	20%
County Member	61%

4.7 If and only if the EPCWD becomes a Party to this MOA in accordance with Section 3 of this MOA, the voting percentages set forth in Section 4.6 shall be modified as follows:

City Member	15%
SMCSD Member	3%
HRCSD Member	1%
SSJWD Member	20%
County Member	32%
EPCWD Member	29%

4.8 Any action or recommendation considered by the Cooperative Committee shall require the affirmative vote of 67 percent based on the percentages set forth in Section 4.6 or 4.7 above, as applicable. Notwithstanding the foregoing, the following shall require the affirmative vote of 100 percent based on the percentages set forth in Section 4.6 or 4.7 above, as applicable: (A) a recommendation that each of the Parties adopt the GSP or adopt any amendment thereto prepared in response to comments from DWR and (B) a recommendation that the Parties amend this MOA. For purposes of determining whether the requisite voting threshold has been met, the voting percentage of each member must be included in the calculation with the following limited exception: in the event that a member recuses himself or herself (A) said member's voting percentage shall be allocated *pro rata* to the other members for purposes of determining whether the 67 percent threshold has been met and (B) said members' affirmative vote shall not be required to reach the 100 percent threshold (i.e. all members who have not recused themselves must vote in the affirmative). Without limiting the foregoing, an absence by any member(s) shall not result in any *pro rata* distribution for purposes of determining whether the 67 percent threshold has been met or result in elimination of the requirement that said member vote in the affirmative for purposes of determining whether the 100 percent threshold has been met.

4.9 The creation of the Cooperative Committee shall not be construed as a delegation of any powers or authorities, and all powers and authorities of each individual Party shall reside with that Party.

**Section 5  
Funding**

5.1 The Fiscal Year of the Cooperative Committee shall be July 1 through June 30.

5.2 For Fiscal Years 2017 – 2018, 2018 – 2019 and 2019 – 2020, the Cooperative Committee shall develop a recommended budget for consideration by each Party. Subject to each Party's approval of the budget for the relevant Fiscal Year, each Party shall be responsible

for funding a portion of said budgeted costs in accordance with the percentages set forth in Section 4.6 or Section 4.7 above, as applicable. Neither the Cooperative Committee nor any Party on behalf of the Cooperative Committee shall make any financial expenditures or incur any financial obligations or liabilities pursuant to this MOA for Fiscal Years 2017 – 2018, 2018 – 2019 or 2019 – 2020 prior to approval of the budget for the relevant Fiscal Year by each Party.

5.3 For Fiscal Year 2020 – 2021 and following, the Cooperative Committee shall develop a recommended budget and recommended contribution percentages for consideration by each Party. Subject to each Party’s approval of the budget and its contribution percentage, each Party shall be responsible for funding a portion of said budgeted costs in accordance with the percentages approved by each Party. Neither the Cooperative Committee nor any Party on behalf of the Cooperative Committee shall make any financial expenditures or incur any financial obligations or liabilities pursuant to this MOA for Fiscal Year 2020 – 2021 and following prior to approval of the budget and contribution percentages for the relevant Fiscal Year by each Party.

5.4 It is anticipated that the vast majority of budgeted costs will involve costs for consultant services. Consequently, most contributions shall be paid to the City in the manner described in Section 6.6 below. For budgeted costs that do not involve consultant services (if any), the Cooperative Committee shall determine the manner in which such contributions shall be paid consistent with Section 5.2 and Section 5.3 above.

5.5 The Cooperative Committee shall make recommendations related to any additional non-budgeted funding needs, but shall have no authority to require any Party to contribute funds over and above those included in the budgets approved by each Party.

5.6 On an annual basis, the Cooperative Committee and/or contracting agent shall provide the Parties with a record of expenditures from the previous Fiscal Year related to this MOA.

## **Section 6 Engagement of Consultants**

6.1 It is anticipated that the Cooperative Committee will desire to retain the services of one or more consultants in conducting the activities identified in Section 4.4 above, including, but not necessarily limited to, its development of the GSP.

6.2 The City agrees to act as the contracting agent on behalf of the Cooperative Committee and shall follow its own procurement policies in the engagement of such consultant(s) subject to Section 6.3 below.

6.3 The City agrees that the Parties and the Cooperative Committee shall be included in the selection of any consultant retained by the City on behalf of the Cooperative Committee.

More specifically, staff representatives from each of the Parties shall be given an opportunity to review and approve all requests for proposals prior to their release and to participate in the various stages of the selection process, including, but not limited to, review of proposals and participation on interview panels. In addition, the City shall not issue a notice to proceed to any selected consultant until the Cooperative Committee has confirmed the consultant and related contract.

6.4 The Cooperative Committee may request that the City terminate a consultant contract entered into on behalf of the Cooperative Committee subject to and in accordance with the terms specified in the contract.

6.5 All consultant contracts entered into by the City on behalf of the Cooperative Committee shall include the following: (A) a provision that the consultant shall not commence work until a notice to proceed is issued and acknowledgement that a notice to proceed will not be issued until the Cooperative Committee confirms the consultant and contract; (B) a provision requiring that the consultant name each Party, its employees, officers and agents as an additional insured; and (C) an expected spend plan estimating the amount of the not to exceed contract amount that the consultant expects to invoice the City each month.

6.6 Upon receipt of each invoice from a consultant retained on behalf of the Cooperative Committee, the City shall calculate each Party's payment obligation based on the percentages set forth in Section 4.6 or Section 4.7, as applicable, or on the percentages approved by each Party as set forth in Section 5.3, depending on the Fiscal Year. The City shall submit an invoice to each Party showing the foregoing calculation, and each Party shall remit payment to the City within thirty (30) days.

## **Section 7**

### **Roles and Responsibilities of the Parties**

In addition to performance of the roles and responsibilities set forth above related to, among other things, appointment of members and alternate members to the Cooperative Committee, consideration of annual budgets and cost contributions and participation in the selection of consultants, the Parties shall:

- A. Work to jointly to meet the objectives of this MOA through, among other things, coordination of all activities related to fulfillment of said objectives;
- B. Internally or jointly designate a staff person(s) to provide expertise and existing information in a timely manner and to participate in the development of the GSP and/or related technical studies and/or other materials or actions being considered by the Cooperative Committee;
- C. Upon recommendation of the Cooperative Committee, consider adoption of the GSP and, as defined in the GSP once approved, implement the GSP within its respective GSA service area. Notwithstanding the foregoing, nothing contained

in this MOA shall be construed as obligating any Party to adopt the GSP developed under this MOA, or as preventing any Party from adopting the GSP developed under this MOA in the event that the Cooperative Committee fails to recommend approval or another Party (or Parties) elects not to adopt the GSP developed under this MOA;

- D. Bring any dispute over any of the activities discussed in this MOA to the Cooperative Committee in order to provide the Cooperative Committee with an opportunity to resolve the dispute.

### **Section 8**

#### **Interagency Communication and Providing Proper Notice**

8.1 In order to provide for consistent and effective communication among the Parties, each Party agrees to designate a representative as its central point of contact on all matters relating to this MOA and the GSP. Additional representatives from the community or staff may be appointed to serve as points of contact on specific actions or issues.

8.2 All notices, statements or payments related to implementing the objectives of this MOA shall be deemed to have been duly given if given in writing and delivered electronically, personally or mailed by first-class, registered, or certified mail to the Parties at the addresses set forth in Exhibit B. Notwithstanding any other provision of this MOA, the Parties may update Exhibit B from time to time without formally amending this MOA.

### **Section 9**

#### **Withdrawal and Termination**

9.1 Any Party may unilaterally withdraw from this MOA without causing or requiring termination of this MOA. Withdrawal shall become effective upon thirty (30) days written notice to the remaining Parties' designated addresses as listed in Exhibit B. Nothing contained in this Section 9 shall be construed as prohibiting a Party that has withdrawn from this MOA from developing its own GSP for its service area within the Basin. A Party that has withdrawn from this MOA shall remain obligated to pay its percentage cost share of expenses and obligations as outlined in the current budget incurred, accrued or encumbered up to the date the Party provided notice of withdrawal, including, but not limited to, its cost share obligation under any existing consultant contract for which the City has issued a notice to proceed. If a Party withdraws, the Cooperative Committee shall reassess the contributions of each remaining Party to fund the current budget and determine if the Cooperative Committee needs to request the contribution of additional funding from the governing board of each Party.

9.2 This MOA may be terminated upon unanimous written consent of all current Parties.

**Section 10  
Amendments**

This MOA may be amended only by unanimous written consent of all current Parties. Approval from a Party is valid only after that Party's governing body approves the amendment at a public meeting. Neither individual Cooperative Committee members nor individual members of the Parties' governing boards have the authority, express or implied, to amend, modify, waive or in any way alter this MOA or the terms and conditions hereof.

**Section 11  
Indemnification**

No Party, nor any officer or employee of a Party, shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by another Party under or in connection with this MOA. The Parties further agree, pursuant to Government Code Section 895.4, that each Party shall fully indemnify and hold harmless each other Party and its agents, officers, employees and contractors from and against all claims, damages, losses, judgments, liabilities, expenses and other costs, including litigation costs and attorney fees, arising out of, resulting from, or in connection with any work delegated to or action taken or omitted to be taken by such Party under this MOA.

**Section 12  
Miscellaneous**

12.1 Execution in Counterparts. This MOA may be executed in counterparts.

12.2 Automatic Termination of MOA. This MOA shall automatically terminate upon DWR's approval of the adopted GSP. Depending on the content of the GSP, the Parties may decide to enter into a new agreement to coordinate GSP implementation.

12.3 Choice of Law. This MOA is made in the State of California, under the Constitution and laws of said State and is to be so construed.

12.4 Severability. If any provision of this MOA is determined to be invalid or unenforceable, the remaining provisions shall remain in force and unaffected to the fullest extent permitted by law and regulation.

12.5 Entire Agreement. This MOA constitutes the sole, entire, integrated and exclusive agreement between the Parties regarding the contents herein. Any other contracts, agreements, terms, understandings, promises, representations not expressly set forth or referenced in this writing are null and void and of no force and effect.

12.6 Construction and Interpretation. The Parties agree and acknowledge that this MOA has been developed through negotiation, and that each Party has had a full and fair

opportunity to revise the terms of this MOA. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this MOA.

IN WITNESS WHEREOF, the Parties have executed this MOA on the dates shown below.

CITY OF EL PASO DE ROBLES

SHANDON SAN JUAN WATER DISTRICT

By: \_\_\_\_\_  
Tom Frutchey

By: \_\_\_\_\_  
Willy Cunha

Its: City Manager

Its: President, Board of Directors

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM AND  
LEGAL EFFECT:

APPROVED AS TO FORM AND  
LEGAL EFFECT:

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

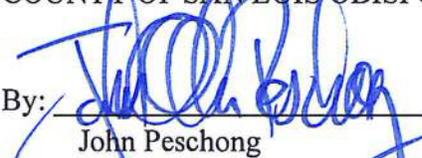
Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

COUNTY OF SAN LUIS OBISPO

HERITAGE RANCH COMMUNITY SERVICES  
DISTRICT

By:   
John Peschong

By: \_\_\_\_\_  
Scott Duffield

Its: Chair, Board of Supervisors

Its: General Manager

Date: 8/22/2017

Date: \_\_\_\_\_

APPROVED AS TO FORM AND  
LEGAL EFFECT:

APPROVED AS TO FORM AND  
LEGAL EFFECT:

By: 

By: \_\_\_\_\_

Its: DEAN CAROL CARROLL

Its: \_\_\_\_\_

Date: 2/10/2017

Date: \_\_\_\_\_

ATTEST:

Tommy Gong, County Clerk-Recorder and  
Ex-Officio Clerk of the Board of Supervisors

By, Sammy Currens  
Deputy Clerk

opportunity to revise the terms of this MOA. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this MOA.

IN WITNESS WHEREOF, the Parties have executed this MOA on the dates shown below.

CITY OF EL PASO DE ROBLES

SHANDON SAN JUAN WATER DISTRICT

By: THOMAS FRUTCHEY  
Tom Frutchey *TF*

By: \_\_\_\_\_  
Willy Cunha

Its: City Manager

Its: President, Board of Directors

Date: 9-20-17

Date: \_\_\_\_\_

APPROVED AS TO FORM AND LEGAL EFFECT:

APPROVED AS TO FORM AND LEGAL EFFECT:

By: J. P. Yap  
Its: City Attorney  
Date: 9/20/17

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

COUNTY OF SAN LUIS OBISPO

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

By: \_\_\_\_\_  
John Peschong

By: \_\_\_\_\_  
Scott Duffield

Its: Chair, Board of Supervisors

Its: General Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM AND LEGAL EFFECT:

APPROVED AS TO FORM AND LEGAL EFFECT:

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

opportunity to revise the terms of this MOA. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this MOA.

IN WITNESS WHEREOF, the Parties have executed this MOA on the dates shown below.

CITY OF EL PASO DE ROBLES

SHANDON SAN JUAN WATER DISTRICT

By: \_\_\_\_\_  
Tom Frutchey

By: Willy Cunha  
Willy Cunha

Its: City Manager

Its: President, Board of Directors

Date: \_\_\_\_\_

Date: 7-26-2017

APPROVED AS TO FORM AND LEGAL EFFECT:

APPROVED AS TO FORM AND LEGAL EFFECT:

By: \_\_\_\_\_

By: Scott Duffield of  
Young Woodbridge, LLP

Its: \_\_\_\_\_

Its: District Counsel

Date: \_\_\_\_\_

Date: 7/26/17

COUNTY OF SAN LUIS OBISPO

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

By: \_\_\_\_\_  
John Peschong

By: \_\_\_\_\_  
Scott Duffield

Its: Chair, Board of Supervisors

Its: General Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM AND LEGAL EFFECT:

APPROVED AS TO FORM AND LEGAL EFFECT:

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

opportunity to revise the terms of this MOA. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this MOA.

**IN WITNESS WHEREOF**, the Parties have executed this MOA on the dates shown below.

CITY OF EL PASO DE ROBLES

SHANDON SAN JUAN WATER DISTRICT

By: \_\_\_\_\_  
Tom Frutchey

By: \_\_\_\_\_  
Willy Cunha

Its: City Manager

Its: President, Board of Directors

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM AND LEGAL EFFECT:

APPROVED AS TO FORM AND LEGAL EFFECT:

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

COUNTY OF SAN LUIS OBISPO

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

By: \_\_\_\_\_  
John Peschong

By: Scott Duffield  
Scott Duffield

Its: Chair, Board of Supervisors

Its: General Manager

Date: \_\_\_\_\_

Date: 07/31/2017

APPROVED AS TO FORM AND LEGAL EFFECT:

APPROVED AS TO FORM AND LEGAL EFFECT:

By: \_\_\_\_\_

By: [Signature]  
Its: District Counsel  
Date: 7/26/17

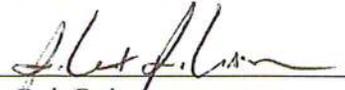
Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

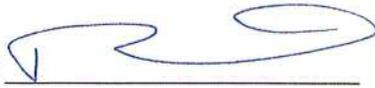
SAN MIGUEL COMMUNITY  
SERVICES DISTRICT

By:   
Rob Roberson

Its: Interim General Manager

Date: 8/29/2017

APPROVED AS TO FORM AND  
LEGAL EFFECT:

By: 

Its: Douglas White

Date: 9/6/17

**EXHIBIT A**

**Addition of Party to Memorandum of Agreement regarding Preparation of a Groundwater Sustainability Plan for the Paso Robles Groundwater Basin**

**WHEREAS**, certain local agencies that each decided to become the groundwater sustainability agency within their respective service areas overlying the Paso Robles Area Subbasin (Basin No. 3-004.06) have entered into an agreement entitled “Memorandum of Agreement regarding Preparation of a Groundwater Sustainability Plan for the Paso Robles Groundwater Basin” (“Agreement”); and

**WHEREAS**, the Estrella-El Pomar-Creston Water District (“EPCWD”) could not be an original signatory to the Agreement, because it had not yet been formed; and

**WHEREAS**, Section 3 of the Agreement sets forth the process by which the EPCWD can become a party to the Agreement provided that certain conditions are met; and

**WHEREAS**, the EPCWD has received and reviewed a copy of the Agreement; and

**WHEREAS**, on \_\_\_\_\_, the EPCWD Board of Directors held a public hearing and by Resolution \_\_\_\_\_ decided to become the groundwater sustainability agency within its service area and a signatory to the Agreement; and

**WHEREAS**, on \_\_\_\_\_, the County of San Luis Obispo Board of Supervisors held a public hearing and by Resolution \_\_\_\_\_ decided to withdraw from serving as the groundwater sustainability agency within the EPCWD’s service area and to accept the signature below.

**NOW, THEREFORE**, acknowledging that the recitals above are correct and are part of this agreement, the EPCWD, upon acceptance by signature below by the County of San Luis Obispo Board of Supervisors, shall become a party to the Agreement effective immediately. The EPCWD shall bear the benefits and enjoy the burdens of the Agreement as though the EPCWD had originally executed said Agreement as it now exists or may be amended in the future, and for so long as the Agreement remains in effect or for so long as the EPCWD is a party to the Agreement.

**ACCEPTED AND APPROVED BY THE ESTRELLA-EL POMAR-CRESTON WATER DISTRICT BOARD OF DIRECTORS:**

By: \_\_\_\_\_ Date: \_\_\_\_\_

Its: \_\_\_\_\_

**APPROVED AS TO FORM AND LEGAL EFFECT:**

By: \_\_\_\_\_ Date: \_\_\_\_\_

Its: \_\_\_\_\_

Address for purposes of Exhibit B to the Agreement:

Estrella-El Pomar-Creston Water District

\_\_\_\_\_

\_\_\_\_\_

Attention: \_\_\_\_\_

**ACCEPTED AND APPROVED BY  
THE COUNTY OF SAN LUIS OBISPO  
BOARD OF SUPERVISORS IN ACCORDANCE WITH  
THE AGREEMENT:**

By: \_\_\_\_\_ Date: \_\_\_\_\_

Its: \_\_\_\_\_

**APPROVED AS TO FORM AND LEGAL EFFECT:**

By: \_\_\_\_\_ Date: \_\_\_\_\_

Its: \_\_\_\_\_

# Attachment D

LAFCO Certificate of  
Completion - Filed December  
2017

2017056123

Tommy Gong  
San Luis Obispo - County Clerk-Recorder  
12/08/2017 10:27 AM

Recorded at the request of:  
PUBLIC

Titles: 1 Pages: 539

Fees: \$0.00  
Taxes: \$0.00  
Total: \$0.00



Recording requested by and mail to:

Executive Officer  
Local Agency Formation Commission  
1042 Pacific Street  
San Luis Obispo, CA 93401

**CERTIFICATE OF COMPLETION**

Pursuant to Government Code Sections 57200 and 57201 this Certificate of Completion is hereby issued by the Executive Officer of the Local Agency Formation Commission of San Luis Obispo County, California.

1. The short-form name designation by San Luis Obispo LAFCO is the Estrella-El Pomar-Creston Water District
2. The name of the entity involved in this action and the kind or type of action ordered for the entity is as follows:

**Formation of the Estrella-El Pomar-Creston Water District**

3. The above-listed entity is located within San Luis Obispo County.
4. A description of the boundaries of the above-cited formation is shown in the attached Resolution, map and legal description, marked Exhibits A and B and by reference incorporated herein.
5. The formation of this landowner-voter district was subject to the protest process which has been completed pursuant to Government Code Section 57000.
6. This formation has been approved the Local Agency Formation Commission and is subject to the conditions of approval found in attached Resolution No. 2017-02.
7. The formation of this district is ordered by the Local Agency Formation Commission as approved by the landowners within the service area boundaries pursuant to the election results certified on October 25, 2017. The effective date of this action is the date this certificate of completion is recorded by the County Clerk.

I hereby certify that I have examined the above-cited resolution for this action and have found this document to be in compliance with Resolution No. 2017-02 approving said action and adopted by the Local Agency Formation Commission of the County of San Luis Obispo on April 6, 2017.

Date: 12-8-17

LAFCO File No: 4-R-16

  
\_\_\_\_\_  
David Church  
Executive Officer

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

Date: April 6, 2017

**PRESENT:** CHAIRMAN MARSHALL OCHYLSKI, VICE-CHAIRMAN ED WAAGE,  
COMMISSIONERS DEBBIE ARNOLD, LYNN COMPTON, ROBERT ENNS,  
ROBERTA FONZI, AND TOM MURRAY AND ALTERNATE COMMISSIONER  
HEATHER JENSEN

**ABSENT:** ALTERNATE COMMISSIONERS ADAM HILL AND JAMIE IRONS

**RESOLUTION NO. 2017-02**

**RESOLUTION MAKING DETERMINATIONS AND APPROVING THE  
FORMATION OF THE ESTRELLA-EL POMAR-CRESTON WATER DISTRICT, SPHERE OF  
INFLUENCE, AND ENVIRONMENTAL DETERMINATION**

The following resolution is now offered:

**WHEREAS**, a Petition of Application signed by 100 percent of the landowners in the proposed Water District was filed with the Commission to initiate the change of organization to form the Estrella-El Pomar-Creston Water District; and

**WHEREAS**, application has been made to this Commission pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.) for consideration of a proposal for the formation of the Estrella-El Pomar-Creston Water District as shown in Exhibit "A" attached hereto and made a part hereof; and

**WHEREAS**, the formation of the Estrella-El Pomar-Creston Water District, a Water District as defined in the California Water Code, Section 34000 et seq., has been filed with the Executive Officer of the Local Agency Formation Commission of San Luis Obispo County, California by petition, and said application complied with all the requirements of law and the Commission; and

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

**WHEREAS**, the matter was set and noticed for public hearing at 9:00 a.m. on April 6<sup>th</sup> in the County of San Luis Obispo Board of Supervisors Chambers; and

**WHEREAS**, this Commission has considered the application materials, studies,

attachments, and other documentation at the April 6, 2017 public hearings which is incorporated by reference herein; and

**WHEREAS**, on April 6, 2017 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 concerning this proposal; and

**WHEREAS** the Commission hereby finds that the formation of Water District will not have a significant effect on the environment, and is Categorical Exempt from the provisions of the California Environmental Quality Act (CEQA) under 15378(b)(4). Additionally, the SOI qualifies for a general rule exemption from environmental review based upon CEQA Regulation Section 15061(b)(3) and Section 15262.; and

**WHEREAS**, the Commission duly considered the proposal and finds that the formation should be approved with the following conditions:

1. That the name of the Water District shall be the Estrella-El Pomar-Creston Water District.
2. That the Board of Directors of the Estrella-El Pomar-Creston Water District be composed of five members elected as provided for in the California Water District Law, Water Code Section 34000 et. seq. The initial Board of Directors will be elected pursuant to the Water Code sections 34700; and
3. That pursuant to the applicable Water Code Sections the Estrella-El Pomar-Creston Water District is authorized to exercise all powers and authorities subject to the following restrictions:
  - a. The Water District's powers to export, transfer, or move water underlying the Water District outside the Paso Robles Groundwater Basin shall not be active and are subject to condition number five of this approval. For purposes of this Condition and Condition number five, "groundwater" shall have the meaning set forth in Water Code Section 10721(g).
  - b. The Water District's powers under Part 5 Powers and Purpose; Chapter 2; Powers; Article 5; Sewers: [35500 - 35509] of the California Water Code shall be deemed inactive or latent. The Water District could request that LAFCO activate these powers in the future.

4. That formation of the Estrella-El Pomar-Creston Water District shall be contingent upon a successful vote on the formation pursuant to Water Code Section 34500 and the EPC Water District completing a successful benefit assessment to fund the activities of the Water District. If the Proposition 218 proceeding is not successfully conducted by the Water District within one year of the certificate of completion, the Water District shall be subject to dissolution. LAFCO may extend this deadline upon request by the Water District.
5. The EPC Water District shall be prohibited from exporting, transferring, or moving water underlying the Water District (including groundwater pumped into an above ground storage facility) to areas outside of the Paso Robles Groundwater Basin.
6. That specific projects proposed by the Estrella-El Pomar-Creston Water District shall be analyzed and evaluated in accordance with applicable laws prior to construction.
7. That a revised legal description and boundary map(s) be submitted to reflect the service area and sphere of influence boundaries of the Water District as adopted by the Commission.
8. That the effective date of the Estrella-El Pomar-Creston Water District will be determined by the certification of the election results by the Board of Supervisors and the filing of the certificate of completion by the LAFCO Executive Officer with the County Clerk-Recorder's office.
9. That the EPC Water District set the appropriations limit as soon as feasibly possible consistent with Government Code Section 57000.
10. That the Sphere of Influence of the Estrella-El Pomar-Creston Water District shall be co-terminus to the Service Area boundary. Future amendments and/or updates of the SOI shall only include properties that have submitted written landowner consent.
11. The Water District, if formed, shall provide documentation that it has been identified as a Groundwater Sustainability Agency (GSA), or a GSA partner, pursuant to the Sustainable Groundwater Management Act, Water Code section 10720 et. seq. If the District does not become a GSA, or is not part of a GSA within one year of the Certificate of Completion being filed, the District shall be dissolved. LAFCO may extend this deadline upon request by the District.
12. This condition applies to any proposed annexation to the San Miguel CSD for areas that are within the EPC District. If LAFCO approves such an annexation, the SMCSO may apply to DWR to become the GSA. As part of the annexation, the area shall be detached from the EPC Water District.

13. The EPC Water District shall develop policies insuring that any existing or future water wells do not interfere or are detrimental to the San Miguel CSD's existing or future water wells. The Districts shall work together to avoid well interference. This policy shall be further detailed in the Groundwater Sustainability Plan.

**NOW, THEREFORE,** the San Luis Obispo County Local Agency Formation Commission determines the following:

1. The territory comprises approximately 37,500 acres and is found to be inhabited (having more than twelve registered voters) as defined in §56046 of the Government Code.
2. The formation of the District is assigned the following distinctive short-form designation: **Estrella-El Pomar-Creston Water District**
3. Based on the evidence, analysis, and conclusions set forth in this resolution and the Executive Officer's report, the Commission finds that the formation of this District serves to further the purposes of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 including, but not limited to, the following: efficiently providing government services and facilitating the orderly formation and development of local agencies based upon local conditions and circumstances.
4. The Commission determines, based upon the services currently provided to the affected territory, that the Estrella-El Pomar-Creston Water District can feasibly provide the needed services in a more efficient and accountable manner than the County of San Luis Obispo.
5. The Commission adopts the determinations regarding consistency with LAFCO law and Commission Policies contained in the staff report for this proposal and incorporates the staff report, and attachments by reference herein.
6. The affected territory within which the special election shall be held includes the entire area within the boundaries of the proposed Water District, as described by Exhibit A attached hereto.

**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 Categorical Exemption prepared for this project is hereby approved as complete and adequate and as having been prepared in accordance with the provisions of the California Environmental Quality Act.
3. The Executive Officer, on behalf of the Commission and in compliance with this resolution and State law, hereby requests that the San Luis Obispo County Board of Supervisors direct the County Elections Official to conduct the necessary election, setting the matter for consideration of the voters of the affected territory on a date

consistent election law and the Cortese-Knox-Hertzberg Act. The Executive Officer is directed to coordinate with the County Clerk to formulate the election questions consistent with the Commission's determinations set forth herein.

- 4. That the Executive Officer of this Commission is authorized and directed to mail copies of this resolution in the manner provided by law.
- 5. That Formation of the Estrella-El Pomar-Creston Water District is hereby conditionally approved.
- 6. Pursuant to §57144 and §56898 of the Government Code, the Executive Officer will prepare for the Commission's review an Impartial Analysis of the proposed District formation; after the Commission has approved or modified the Impartial Analysis, it shall direct the Executive Officer to submit it to the elections official no later than the last day for submission of ballot arguments.
- 7. The regular County assessment roll will be used.

Upon a motion by Commissioner Murray, seconded by Commissioner Enns to find the formation categorically exempt from CEQA pursuant to CEQA Guidelines Section 15378(b)(4) and a General Rule Exemption and on the following roll call vote and to form the Estrella-El Pomar-Creston Water District subject to the above-listed terms and conditions.

AYES: Commissioners Murray, Enns, Compton, Vice-Chairman Waage and Chairman Ochylski

NAYS: Commissioners Arnold and Fonzi

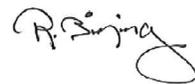
ABSTAINING: None


  
 \_\_\_\_\_ Date 04/12/2017
  
 Marshall Ochylski, Chair
   
 Local Agency Formation Commission

**ATTEST:**


  
 \_\_\_\_\_ Date 4-12-2017
  
 David Church
   
 LAFCO Executive Officer

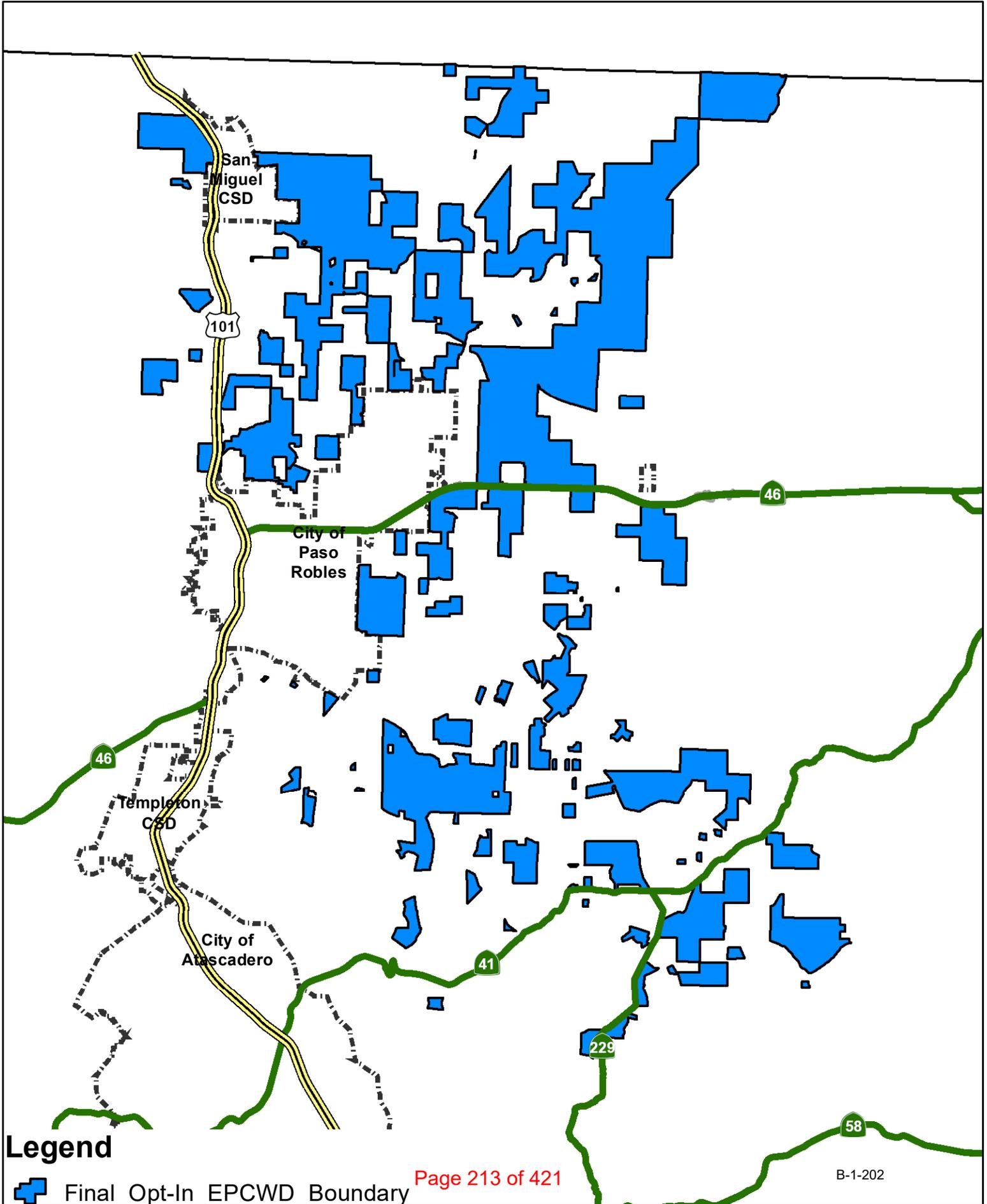
**APPROVED AS TO FORM AND LEGAL EFFECT:**


  
 \_\_\_\_\_ Date April 12, 2017
  
 Raymond A. Biering
   
 LAFCO Legal Counsel

## **Exhibit A**

### Map and Legal Description of the Estrella-El Pomar-Creston Water District

# Estrella-El Pomar-Creston Water District Approved Service Area & Sphere of Influence



## Legend

 Final Opt-In EPCWD Boundary

# **Attachment E**

2018 LAFCO Staff Report on  
Condition Compliance of  
EPCWD



**LAFCO - San Luis Obispo - Local Agency Formation Commission**  
*SLO LAFCO - Serving the Area of San Luis Obispo County*

**TO: MEMBERS, FORMATION COMMISSION**  
**FROM: DAVID CHURCH, EXECUTIVE OFFICER (DC)**  
**DATE: NOVEMBER 15, 2018**  
**SUBJECT: CONDITION COMPLIANCE REPORT - ESTRELLA-EL POMAR-CRESTON WATER DISTRICT - LAFCO FILE NO. 4-R-16**

**COMMISSIONERS**

Chairman  
Ed WAAGE  
City Member

Vice-Chair  
LYNN COMPTON  
County Member

DEBBIE ARNOLD  
County Member

ROBERT ENNS  
Special District Member

ROBERTA FONZI  
City Member

TOM MURRAY  
Public Member

MARSHALL OCHYLSKI  
Special District Member

**ALTERNATES**

ED EBY  
Special District Member

ADAM HILL  
County Member

JAMIE L. IRONS  
City Member

HEATHER JENSEN  
Public Member

**STAFF**

DAVID CHURCH  
Executive Officer

RAYMOND A. BIERING  
Legal Counsel

MIKE PRATER  
Senior Analyst

DONNA J. BLOYD  
Commission Clerk

**Recommendation-Alternatives.** It is respectfully recommended that the Commission consider the following alternatives: 1) Extend the approval for a period of time (two years) and require a condition compliance report; 2) Determine that the District has complied with the Conditions of Approval; or 3) Other alternatives as directed by the Commission.

**Summary.** The Estrella-El Pomar-Creston (EPC) Water District was formed in December, 2017. The LAFCO approval included 13 conditions of approval. A condition compliance analysis for each condition is found below. Also, the District provided several documents in regard to the compliance report which are attached. Condition number 11 requires the District to “become a Groundwater Sustainability Agency (GSA) or a GSA partner”. The documentation submitted by the District addresses the District being a partner with Groundwater Sustainability Agencies in the basin. Specifically, the Shandon–San Juan Water District (a GSA) and EPC Water District have entered into an agreement to work collaboratively to comply with SGMA. The agreement is found in Attachment B and is fairly detailed in its scope. The District also submitted a contract with GSI Water Solutions, Inc. which will provide Hydrogeologic Services with a focus on developing the Groundwater Sustainability Plan. GSI is also working for other water entities in the area; Templeton CSD, Atascadero Mutual and Shandon-San Juan Water District. A more detailed discussion of the District’s compliance with condition 11 follows:

**Attachments**

- A- Condition Compliance Memos from the EPC Water District**
- B- Agreement with Shandon San Juan Water District**
- C- Agreement with GSI, Inc. for Hydro geological Services**
- D- EPC Budget-By Laws**
- E- Letter from Shandon-San Juan Water District**

**Purpose of Condition 11.** The intent of condition 11 is to ensure that the District was working as a GSA, or a partner to a GSA, to help benefit the basin as required under SGMA. The partner language in the LAFCO condition was written specifically to allow for the District to meet this condition without formally becoming a GSA. The allowance for being a “GSA partner” was provided as another way to meet this condition of approval.

**Condition 11.** Condition 11 requires the District to become a GSA, or become a partner with a GSA, or the District shall be dissolved. The District has entered into a partnership agreement with the Shandon-San Juan Water District (a GSA) to coordinate and help manage the basin and prepare the Groundwater Sustainability Plan (GSP) under SGMA. The agreement sets up a structure called a partnership committee made up of two board members from each District. The purpose of the committee is to facilitate the preparation of the GSP, SGMA compliance and the implementation of projects that are beneficial to the basin. The agreement has details about working together to develop a Groundwater Sustainability Plan. It also calls for coordination in setting up a monitoring program when and if that time comes. EPC has also hired GSI, Inc. as a consulting firm to help with the preparation of the GSP. The District has attended and participated in Paso Basin Cooperative Agency meetings and attends other basin related meetings. The District is working with the other GSAs as well, with the goal of participating in the basin's management in a positive way. The District is taking actions consistent with being a partner with other GSA's in the Basin, which is the intent of condition number 11. Below are some of the District's actions to date:

- Entered into a Partnership Agreement with the Shandon-San Juan Water District (a GSA) with the purpose of working together to prepare the Groundwater Sustainability Plan to comply with the Sustainable Groundwater Management Act (SGMA).
- Funding the preparation of a groundwater sustainability plan with the Shandon-San Juan Water District. The District landowners have taxed themselves to participate in the preparation of the Groundwater Sustainability Plan and the SGMA process.
- Completed the requirements to be part of the State's Integrated Regional Water Management's (IRWM) local Regional Water Management Group (RWMG).
- Working with the City of Paso Robles to purchase recycled water to help reduce the use of groundwater in the Basin for agricultural purposes.
- District is a public agency that is required to conduct its business consistent with State Sunshine Laws and other laws such as CEQA.
- District's actions are also subject to the Sustainable Groundwater Management Act (SGMA) and the Groundwater Sustainability Agency (County and others) that manages the basin. Eventually, a Groundwater Sustainability Plan will regulate the activities of users of the basin.
- Possible member of the Water Resources Advisory Committee. The WRAC advises the Board of Supervisors regarding Countywide water issues.

**Analysis/Alternatives.** The District's actions appear consistent with SGMA's intent to encourage agencies to collaboratively manage the basins groundwater resources. LAFCO Staff (EO) contacted staff from other agencies on the Paso Basin Cooperative Committee (County, Heritage Ranch CSD, and Shandon-San Juan Water District). They have indicated that the EPC

has been a positive contributor in the effort to comply with SGMA. The District's actions over the last year appear consistent with the condition to be a GSA partner. The Commission may consider: 1) Indicate that the District is in compliance with all conditions and grant final approval, 2) Because the GSP is to be submitted in 2020, it would make some sense to extend the condition compliance period for two more years. The time frame could be extended for less or more. 3) Dissolution is an option if the Commission determines that the District is not a partner to a GSA. Should the Commission head this direction it should direct staff to return with a staff report that provides documentation for dissolution.

**Compliance with other Conditions.** Below are the conditions of approval and a brief analysis about the District's compliance. EPC Water District Final Conditions:

1. That the name of the Water District shall be the Estrella-El Pomar-Creston Water District.
  - **Condition Compliance.** *This condition has been complied with and the name is established as stated above.*
  
2. That the Board of Directors of the Estrella-El Pomar-Creston Water District be composed of five members elected as provided for in the California Water District Law, Water Code Section 34000 et. seq. The initial Board of Directors will be elected pursuant to the Water Code sections 34700.
  - **Condition Compliance.** *This condition has been complied with. The five Board members were elected when the District was formed. The results of the election are on file.*
  
3. That pursuant to the applicable Water Code Sections the Estrella-El Pomar-Creston Water District is authorized to exercise all powers and authorities subject to the following restrictions:
  - a. The Water District's powers to export, transfer, or move water underlying the Water District outside the Paso Robles Groundwater Basin shall not be active and are subject to condition number five of this approval. For purposes of this Condition and Condition number five, "groundwater" shall have the meaning set forth in Water Code Section 10721(g).
    - **Condition Compliance** *The District has stated that it has not exported any water outside of the Basin. The power to move water outside the basin is not authorized or active. The District does not have the power to export, transfer or move water outside the basin.*
  
  - b. The Water District's powers under Part 5 Powers and Purpose; Chapter 2; Powers; Article 5; Sewers: [35500 - 35509] of the California Water Code shall be deemed inactive or latent. The Water District could request that LAFCO activate these powers in the future.

- **Condition Compliance.** *The District is not using its sewer power and it remains a latent or inactive power. All other powers of the District that are listed in the Water Code are authorized*
4. That formation of the Estrella-El Pomar-Creston Water District shall be contingent upon a successful vote on the formation pursuant to Water Code Section 34500 and the EPC Water District completing a successful benefit assessment to fund the activities of the Water District. If the Proposition 218 proceeding is not successfully conducted by the Water District within one year of the certificate of completion, the Water District shall be subject to dissolution. LAFCO may extend this deadline upon request by the Water District.
- **Condition Compliance.** *The District successfully completed the proposition 218 process with 98% of the landowners approving of the tax and is collecting funds from the landowners. These funds are being spent to hire staff to operate the District and consultants to work on the preparation of the GSP. The funds may also be used to implement projects that are beneficial to the basin.*
5. The EPC Water District shall be prohibited from exporting, transferring, or moving water underlying the Water District (including groundwater pumped into an above ground storage facility) to areas outside of the Paso Robles Groundwater Basin.
- **Condition Compliance.** *The District has stated numerous times that it has not exported, transferred, or moved water to areas out the Basin and does not have any plans to do so. The District's Board of Directors have taken public action opposing the export of water.*
6. That specific projects proposed by the Estrella-El Pomar-Creston Water District shall be analyzed and evaluated in accordance with applicable laws prior to construction.
- **Condition Compliance.** *The District recognizes this as an on-going condition and intends to comply with all applicable laws.*
7. That a revised legal description and boundary map(s) be submitted to reflect the service area and sphere of influence boundaries of the Water District as adopted by the Commission.
- **Condition Compliance.** *The District has submitted the revised map and legal description which have been approved by the County surveyor.*
8. That the effective date of the Estrella-El Pomar-Creston Water District will be determined by the certification of the election results by the Board of Supervisors and the filing of the certificate of completion by the LAFCO Executive Officer with the County Clerk-Recorder's office.
- **Condition Compliance.** *The Certificate of Completion was filed on December, 8, 2017; the effective date of formation.*

9. That the EPC Water District set the appropriations limit as soon as feasibly possible consistent with Government Code Section 57000.
  - **Condition Compliance.** *The District has complied with this condition by establishing a maximum funding amount when the Board of Directors approved its annual budget.*
10. That the Sphere of Influence of the Estrella-El Pomar-Creston Water District shall be co-terminus to the Service Area boundary. Future amendments and/or updates of the SOI shall only include properties that have submitted written landowner consent.
  - **Condition Compliance.** *The District has complied with this condition. A Sphere of Influence Update and Municipal Service Review is scheduled for 2022/23.*
11. The Water District, if formed, shall provide documentation that it has been identified as a Groundwater Sustainability Agency (GSA), or a GSA partner, pursuant to the Sustainable Groundwater Management Act, Water Code section 10720 et. seq. If the District does not become a GSA, or is not part of a GSA within one year of the Certificate of Completion being filed, the District shall be dissolved. LAFCO may extend this deadline upon request by the District.
  - **Condition Compliance.** *As indicated in the discussion above, the District is part of the Shandon-San Juan Water District GSA through the attached partnership agreement and has taken other collaborative actions in the basin. The District has provided documentation showing its efforts to be a GSA partner. The District has supported an effort to ban the movement of water outside of the Basin, has stated that it has not exported or transferred water and has no intentions of doing so.*
12. This condition applies to any proposed annexation to the San Miguel CSD for areas that are within the EPC District. If LAFCO approves such an annexation, the SMCSO may apply to DWR to become the GSA. As part of the annexation, the area shall be detached from the EPC Water District.
  - **Condition Compliance.** *This condition remains in effect, but has not been implemented because this situation has not occurred.*
13. The EPC Water District shall develop policies insuring that any water wells do not interfere or are detrimental to the San Miguel CSD's existing or future wells. The Districts shall work together to avoid well interference. This policy shall be further detailed in the Groundwater Sustainability Plan.
  - **Condition Compliance.** *These policies have yet to be adopted by the District. This situation has not presented itself, but the District intends on complying with this condition.*

**A- Condition Compliance Memos from the EPC Water District**

**Additional Background Information is available at the LAFCO**

**Website [www.slolafco.com](http://www.slolafco.com) under the Agenda/Staff Report Tab**

MEMORANDUM

DATE: 10/24/18

TO: DAVID CHURCH – SLO LAFCO

FROM: DANA MERRILL – EPC WATER DISTRICT

SUBJECT: EPC MEETING LAFCO Approval Conditions

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You are in receipt of the detailed package sent earlier this month which summarizes and updates the actions and accomplishments of EPC Water District since its approval by LAFCO last year. I will now specifically address each condition of approval that has been met by EPC:

1. The Name is Estrella - El Pomar – Creston Water District. We commonly use the acronym EPC Water District in routine, non formal use.
2. Our Board has 5 elected Directors as specified in the Water Code section 34700
3. Restrictions concerning export of water (Condition a) have been observed and reinforced by public notice that the Board of Directors opposes export. Condition b regarding Sewer service is also recognized and no effort to provide that service is contemplated by our district
4. We have conducted and passed overwhelmingly the required Prop 218 vote to fund the district. The assessments have been invoiced and the majority collected at this point for the current fiscal year. It should be noted that this is one of only 2 Prop 218 votes successfully passed in the Paso Robles Basin (Shandon-San Juan District being the other) dealing with basin water issues
5. As noted in 3. above, the district recognizes that export of water outside of the Paso Robles basin is prohibited
6. The district recognizes as well that any specific projects must obtain specific Prop 218 vote authorization to proceed with funding
7. Revised boundary, final legal description and maps were submitted to LAFCO or other governmental entities
8. The effective date was determined as specified
9. EPC District's 218 vote and other documents established maximum funding and a 2018 specific budget for a less than maximum amount was approved

by its Board of Directors. Spending is monitored by its Treasurer and reviewed at Board meetings which generally held monthly. The appropriations limit was set as specified and approved via Prop 218 vote and an annual budget approved by the Board of Directors for FY2018.

10. The District boundary is co terminous with the Sphere of Influence as specified
11. The formed District has provided documentation to LAFCO that it is a partner with Shandon-San Juan Water District and GSA. A written partnership Agreement was executed to jointly fund hydro geologic consulting services with GSI company and the project is underway. This has facilitated input from EPC to the GSP process as well as given EPC feedback on the process thus far which has been very constructive.

All conditions of approval have been met in our opinion. I again hope that LAFCO directors will be provided the emailed PDF packet to also see that EPC WD has strived to be a positive voice for its generally agricultural and rural members.

EPC WATER DISTRICT

DATE: October 6, 2019

TO: David Church

FROM: Dana Merrill

SUBJECT: LAFCO Hearing 11/15/18

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Please take this as our submittal of supporting information and documentation with reference to your board of directors confirming that we have met requirements set by LAFCO at our formation in 2017. It has been a busy year for us at EPC and given that we are a new district, we have sought to minimize staff and overhead. We thus have one contract administrative part time employee and our board has volunteered almost countless hours to forming, fund raising and following through to operate the district.

It is our belief that we have accomplished a great deal and despite several unforeseen events, have managed to make positive contributions on behalf of our members but also the greater Paso Robles Basin. As a primarily agricultural water district, we also are rural residents dependent on groundwater exclusively. It is our belief that our area as a whole is interdependent economically and thus we support the efforts of SGMA related GSAs and others to bring sustainability to our Basin.

While we understand that our performance as a district in the past year post formation is of primary interest to the LAFCO Board, it also merits some review of the immediate year or so prior to our formation. Unfortunately trying to deal with groundwater, SGMA and other related issues has sparked political controversy. We spent considerable time and energy working with entities which became GSAs and were positioned coming out of that process to be granted GSA status by the County Board of Supervisors. The BOS ended up changing direction and not granting us GSA status, a disappointing development since we represent roughly 34% of the pumping in the Basin. Yet we have moved on and signed a partnership agreement with the Shandon San Juan Water District to retain, at our shared expense, GSI consultants to monitor and participate in the development of a GSP. Additionally, GSI is able to give its input back to our partnership so that we at EPC understand better the issues the GSP committee is dealing with and their solution. It is our sincere desire to see the GSP development process go well and that a plan to balance the Basin is developed.

Below are some of the highlights of our efforts:

EPC Accomplishments:

1. Formation vote and a separate Prop 218 funding vote both passed overwhelmingly, the latter is one of only two successful such votes pertaining to water within the County portion of the Paso Robles Basin. Given that EPC represents 34% of the estimated pumping in the Basin, this is a significant endorsement. Added to

Shandon's successful votes, it signifies over 50% of the landowners' by water use support. EPC voting results were:

**YES - \$394,391.21**

**NO - \$7,553.97**

**PASSED WITH 98.1% YES VOTES**

2. Partnership with Shandon SJ District - hydrogeologist firm retained to participate with GSP formation committees with technical expertise. Important to EPC since County interaction has been very general in nature for Ag. Funded 50% of \$80,000+ contract with GSI \$89,953 total (copies of RFP sent out and contract with GSI and amounts paid thus far by EPC). GSI's primary representative, Paul Sorenson, was a key author and technical resource for the FUGRO 2002 and subsequent update reports. These comprise the main source of data for the current GSP development project, and while he is helpful to EPC he similarly is a resource in the process as the current GSP Contractor assembles prior information. His expertise is 100% funded solely by EPC and Shandon San Juan Districts.
3. Purple Pipe project with City of Paso Robles. Board members in group travel to Carneros-Napa Valley recycled project serving vineyards completed in 2015. Discuss technical and funding aspects. Committed to contributing funding feasibility for water use within Red Zone area within EPC District service area and adjacent properties . Amount: \$25,000 (to be discussed and voted on in October 2018)
4. Discussions with city of PR regarding expanded utilization of unused Naci water for direct use or via improved purple pipe water enabling greater offset of pumping by city and ag. Technical and financial aspects.
5. Joined IRWM as a member. Submitted a project application for Huer Huero Creek water infiltration improvement; will follow up on RCD request to partner in this project
6. Met with Derrick Williams and hosted joint Shandon-EPC Membership meeting to hear about GSP etc. and give feedback
7. Requested WRAC membership and received approval subject to Consent Agenda approval by the BOS
8. Joined or soon will join special State Districts Board and others as applicable, subject to time constraints of our volunteer Board of Directors

These various interactions during the development of the MOA took countless volunteer hours by EPC Board members working on percentage of vote weighting, funding and contracting issues to name but a few. EPC had received unanimous BOS approval to become a GSA upon completion of specific milestones by 12/31/17 including but not limited to producing a detailed map of the district in a format approved by the County Surveyor as well as the State of California, which was accomplished. While ultimately the same BOS did not grant us GSA status, we remain fully committed to positively working with other GSA's, landowners, stakeholders, and public entities to sustainably manage the Basin. While we support SGMA, we wish to remind interested parties that many of us have been working on a cooperative approach to manage the Basin prior to the law's enactment.

As a fully functioning, fully financed California Water District, we urge the LAFCO Board of Directors to confirm our compliance with its formation conditions so that we may continue our efforts.

**B- Agreement with Shandon San Juan Water District**

# Shandon-San Juan Water District and Estrella-El Pomar-Creston Water District

## Paso Robles Groundwater Basin Sustainability Partnership Agreement

**THIS Partnership AGREEMENT** (the "Agreement") is made effective as of the date below and between Shandon-San Juan Water District (SSJWD) and the Estrella-El Pomar-Creston Water District (EPCWD) (the Parties or Districts) to work cooperatively to help assure a reliable and sustainable groundwater resource within the Paso Robles Groundwater Basin.

### RECITALS

- A. For years landowners, who subsequently formed the two water districts, along with other interested parties, have been working to protect a reliable groundwater resource in that portion of the Paso Robles Groundwater Basin with in San Luis Obispo County; and
- B. In 2014, the California Legislature passed comprehensive groundwater legislation enacting the Sustainable Groundwater Management Act ("SGMA") which requires all high and medium priority groundwater basins to be managed in a sustainable manner pursuant to a Groundwater Sustainability Plan (GSP); and
- C. To better protect the Groundwater Resource and to effectively comply with the SGMA and its implementing Regulations, landowners overlying the Basin formed the Shandon-San Juan Water District and the Estrella-El Pomar-Creston Water District; and
- D. In furtherance of this sustainability goal and compliance with SGMA, the SSJWD became a Groundwater Sustainability Agency (GSA) within its District Boundaries; and
- E. SSJWD has begun creating a GSP for the Basin partnering with all the GSA's in the Basin (Basin Parties), who together cover 100% of the Basin, to create a single GSP for the Basin to effectively manage the whole Basin and to comply with SGMA; and
- F. EPCWD is an independent public agency with groundwater management powers and is part of the "Paso Basin - County of San Luis Obispo Groundwater Sustainability Agency"; and
- G. Since agricultural use of the groundwater within the Basin is the largest user of groundwater, SSJWD and EPCWD include approximately 75% of the irrigated lands in the Basin, and said districts can provide agricultural perspective and expertise critical to the SGMA process, there remains a need for this Agreement to help assure that all involved agencies in the Basin have effective representation of all parties that rely upon the Basin's groundwater resource;

**NOW THEREFORE**, in consideration of the facts recited above, SSJWD and EPCWD agree to form a GSA partnership to assure the creation of a coordinated and effective GSP. The Parties agree to the following:

## **TERMS**

**SECTION 1 PURPOSE** - Pursuant to the requirements of the SGMA, and in recognition of the need to sustainably manage the groundwater within the Basin, the Parties agree to work collaboratively in furtherance of a successful, effective and practical GSP that will protect the groundwater resource for the benefit of all those who rely upon it. This Partnership is needed to bring together and include a large portion of the agricultural users of groundwater in the Basin, which is a key component through SGMA to effectively manage and protect the groundwater resources of the Basin.

**SECTION 2 PARTNERSHIP COMMITTEE** - The Parties agree, that the Partnership shall be effectuated in part through a Partnership Committee. The Committee will be comprised of ad hoc committees of two board members from each District. The representatives shall serve at the pleasure of the appointing District and its members may change from time to time, will be advisory and make recommendations to their respective Board of Directors for deliberation and decision, will terminate no later than June 30, 2019, absent further action of the respective Boards, and will meet on an ad hoc basis as needed to help carry out the activities described in this Agreement. The Committee's sole function is to help facilitate the negotiation and coordination of the development of a GSP, projects and actions taken under this Partnership Agreement.

**SECTION 3 GSP DEVELOPMENT** - The Districts intend that their efforts will further the development of a practical data based GSP satisfying the requirements of SGMA. Specifically, the Parties agree to work cooperatively to review and evaluate all draft and final documents which will be considered a part of the basin-wide GSP. Toward that end, the Districts will consider and agree to the following elements:

- 3.1 The Parties will exchange data and other information through the Partnership Committee and establish and adhere to consistent and standard data and methodologies consistent with the GSP for the Basin.
- 3.2 The Parties shall actively consider jointly identifying and retaining professional and technical consultants to review and advise the Parties on the contents and potential impacts of provisions contained in the GSP as it is being developed.
- 3.3 The Parties will work cooperative in preparing, reviewing and completing the GSP, including but not limited to:
  - a. Conducting hydrologic studies of the basin within the Districts' areas of jurisdiction;

- b. Seeking and securing, where feasible, both recycled water and supplemental water supplies to address water demands and basin stability;
- c. Developing and implementing effective water conservation, including best management practices with each Districts' jurisdiction;
- d. Providing data (and other information), reviewing and assisting in effective groundwater monitoring network;
- e. Actively participating in public outreach on the GSP, including notifying its landowners and interested parties, providing venues, staff support and speakers as needed;
- f. Investigating and seeking grants and other funding sources for such GSP activities and potential projects.

3.4 The Parties will work cooperatively with other GSAs.

**SECTION 4 PROJECTS** - The Districts will cooperate in planning, funding and implementing specific projects, including water infiltration projects to enhance recharge of groundwater in the Basin and seek supplemental water sources, including recycled water.

**SECTION 5 MONITORING** - The Parties agree to collaborate on the development and maintenance of a monitoring network. The Parties shall determine the network monitoring objective protocols and data reporting requirements to achieve measurable objectives to be set forth in a GSP. The Parties will work cooperatively to assure that existing monitoring sources will be included in the monitoring network.

**SECTION 6 PARTY AUTONOMY** - The Parties to this Agreement will implement this Agreement in a manner that defines, supports, and maintains their autonomy and utilize their own resources in pursuing the purposes of this Agreement.

6.1 This instrument in no way restricts the Parties, or any cooperating third parties, from participating in similar activities with other public or private agencies, organizations, and individuals or from implementing groundwater sustainability planning in accordance with SGMA.

6.2 The Parties acknowledge that this Agreement shall not give rise to any Party's claim against the other Party for compensation for any loss or damage arising from or in any way connected with the performance of this Agreement; and each Party hereto expressly waives any such claims.

**SECTION 7 NO FINANCIAL OBLIGATION** - The Parties shall manage their respective resources and activities in a separate, coordinated and mutually beneficial manner to meet the purpose of this Agreement. Nothing in this Agreement authorizes either Party to obligate or transfer funds. Specific projects or activities that involve the transfer of funds, services, or property among the Parties require execution of separate agreements, and the negotiation, execution, and administration of these separate agreements must comply with all applicable law.

**SECTION 8 MISCELLANEOUS -**

81 Any amendment to this Agreement must be made by mutual consent of both Parties, by the issuance of a written modification signed and dated by a properly authorized signatory official of each Party prior to any changes becoming effective.

82 Dissolution of this Partnership may occur upon the majority vote of either District.

83 This Agreement does not create a formal "partnership" as that term is used and defined in the California Corporations Code.

84 It is agreed and understood by the Parties hereto that this Agreement has been arrived at through negotiation and that no Party is to be deemed the Party which prepared this Agreement within the meaning of Civil Code section 1654.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement to coordinate as of the last date appearing below the signatures.

SHANDON-SAN JUAN WATER DISTRICT

By: Willy Cunka  
Print Name Willy Cunka  
Date: 5-15-2018

ESTRELLA-EL POMAR-CRESTON WATER DISTRICT

By: Jerry Reaugh - Secretary/Treasurer  
Print Name Jerry Reaugh  
Date: May 9, 2018

## C- Agreement with GSI, Inc. for hydrogeological services

GSI Water Solutions, Inc.  
5855 Capistrano Avenue, Suite C  
Atascadero, California 93422

## PROFESSIONAL SERVICES AGREEMENT

**Client:** Estrella-El Pomar-Creston Water District  
PO Box 1499  
Paso Robles, CA 93447

**Name of Project:** Hydrogeologic Services, Paso Robles Basin GSP Development

Estrella-El Pomar-Creston Water District (CLIENT) authorizes Groundwater Solutions, Inc, dba GSI Water Solutions, Inc. (GSI), to perform the following hydrogeologic consultation services related to the Paso Robles Basin GSP Development (PROJECT):

**Scope of Services**

- The attached proposal dated June 11, 2018, revised June 13, 2018 to CLIENT presents the scope of work for this PROJECT.

**Compensation**

The scope of work outlined in the proposal dated June 11, 2018, revised June 13, 2018 to CLIENT will be completed on a time and materials basis in accordance with the attached schedule of rates, billed as provided herein. GSI has provided you with a good faith estimate that the work will be approximately \$89,953. GSI and CLIENT reserve the right to adjust this amount in the event of encountering unforeseen issues relating to the PROJECT, which may arise during the time of the contract. In the event the cost must be adjusted, GSI and CLIENT will discuss on a monthly basis any adjustment of the total cost of the PROJECT. The total cost then will be subject to mutual Agreement of the parties.

The cost of services of this PROJECT will split at an equal (50% each) pro rata share, between CLIENT and the Shandon-San Juan Water district. For purposes of this Agreement, equal is defined as the cost of this Agreement as well as unreimbursed costs incurred by either party with regard to the preparation of the Paso Robles Basin GSP, provided that neither party will be responsible for more than seventy-five percent (75%) of the cost of this Agreement.

**Schedule**

- GSI will proceed with the work in a professional and expeditious manner, unless delayed by the unforeseen unavailability of necessary labor, restricted access to meetings, delays in communications with CLIENT, insufficient or unworkable drawings or specifications, changes in the work, or any other causes beyond GSI's control. The anticipated contract term of the PROJECT is through January 31, 2020. The actual completion time is subject to factors

6/15/2018

listed above. GSI will not be responsible for any financing costs or other consequential damages or costs incurred by CLIENT due to delays in the completion of the PROJECT.

**Conflict Waiver:**

Templeton Community Services District (“Templeton”) and Atascadero Mutual Water Company (“Atascadero”), individually and collectively, have retained Paul Sorensen for many years as a groundwater consultant. Mr. Sorensen has performed extensive work for Templeton and Atascadero. Templeton and Atascadero, individually and collectively, have retained GSI Water Solutions (“GSI”) and Jeff Barry for similar purposes and, specifically, continued to retain Mr. Sorensen immediately upon his hiring by GSI. In addition, Templeton and Atascadero are defendants in the pending matter *Steinbeck Vineyards #1, LLC, et al. v. County of San Luis Obispo, et al.*, San Jose Superior Court Case No. 2014-1-CV-265039. The *Steinbeck* litigation concerns, among other things, rights to pump and use groundwater in the Paso Robles and Atascadero Subbasins of the Salinas Valley Groundwater Basin, as defined by the Department of Water Resources. Templeton and Atascadero are also involved in implementation of the Sustainable Groundwater Management Act (“SGMA”) in the Atascadero Subbasin.

Templeton and Atascadero have retained and continue to retain GSI, Mr. Sorensen, and Mr. Barry to provide expert technical services, litigation support and testimony for the *Steinbeck* litigation, as well as expert technical services for SGMA implementation. CLIENT does not believe that there will be any conflicts of interest in representing CLIENT, Shandon-San Juan Water District and/or Templeton and Atascadero at the same time. Notwithstanding any potential dispute, conflict, or adverse interest, CLIENT waives any such dispute, conflict, or adverse interest and will not under any circumstances seek to disqualify, GSI, Mr. Sorensen or Mr. Barry from working for Templeton, Atascadero or both. CLIENT further agrees that GSI, Mr. Sorensen and Mr. Barry, collectively or individually, may perform any work that Templeton, Atascadero or both may assign to them. If CLIENT decides that an unacceptable dispute, conflict, or adverse interest exists or is about to arise, CLIENT will provide written notice of the unacceptable conflict and work with GSI, Mr. Sorensen and Mr. Barry to resolve such conflict. If CLIENT cannot resolve the conflict, CLIENT may terminate this contract. CLIENT will execute any and all documents necessary to implement this section.

**Terms:**

Services covered by this Agreement will be performed in accordance with the attached provisions and schedules. This Agreement supersedes all prior Agreements and understandings and may be changed only by written amendment executed by both parties.

**GSI WATER SOLUTIONS, INC.**

**CLIENT**

Signature: 

Signature: 

Name (printed): Paul A. Sorensen

Name (printed): Dana Merrill

Title: Principal Hydrogeologist

Title: President

● Page 3

Date: June 13, 2018

Date:

## **Provisions**

### ***Authorization to Proceed***

Execution of this Agreement by CLIENT will be authorization for Groundwater Solutions, Inc. (GSI) to proceed with the services, unless otherwise provided for in this Agreement.

### ***Compensation Rates***

Compensation for services provided under this agreement will be on a time and materials basis in accordance with the rates contained in the Attachment. The hourly labor rates shown in Attachment are subject to annual adjustments effective each anniversary of the contract signing date.

### ***Subcontracts and Direct Expenses***

When services are performed on a cost reimbursement basis, a markup of 10 percent will be applied to subcontracts and outside services and a markup of 10 percent will be applied to Direct Expenses. For purposes of this Agreement, Direct Expenses are defined to include those necessary costs and charges incurred for the project including, but not limited to, the direct costs of transportation, meals, lodging, mail, shipping, equipment, supplies, laboratory test and analysis, printing and reproduction services, and certain field equipment.

All sales, use, value added, business transfer, gross receipts, or other similar taxes will be added to GSI compensation when invoicing CLIENT.

### ***Ownership of Documents***

CLIENT agrees that all original documents produced by GSI in accordance with this agreement, except documents which are required to be filed with public agencies, shall remain the property of GSI. CLIENT agrees to waive any claim against GSI and to indemnify, defend, and hold harmless GSI for any and all claims arising out of any use, not authorized in writing by GSI, of these documents by third parties not related to this Agreement.

### ***Cost Opinions***

Any cost opinions or project economic evaluations provided by GSI will be on a basis of experience and judgment, but, because GSI has no control over market conditions or bidding procedures, GSI cannot warrant that bids,

ultimate construction cost, or project economics will not vary from these opinions.

### ***Payment to GSI***

Monthly invoices will be issued by GSI for all services performed under this Agreement. CLIENT shall pay each invoice within 30 days.

In the event of a disputed billing, only that disputed portion will be withheld from payment, and the undisputed portion will be paid. CLIENT will exercise reasonableness in disputing any bill or portion thereof.

### ***Insurance***

GSI will maintain throughout this Agreement the following insurance:

- (a) Worker's compensation insurance in the statutory amount of not less than \$1,000,000 for all employees engaged in the work. Owners of GSI who are exempt from worker's compensation requirements shall maintain equivalent disability insurance.
- (b) Comprehensive automobile and vehicle liability insurance covering claims for injuries to members of the public and/or damages to property of others arising from use of motor vehicles, including onsite and offsite operations, and owned, non-owned, or hired vehicles, with \$1,000,000 combined single limits.
- (c) Commercial general liability insurance covering claims for injuries to members of the public or damage to property of others arising out of any covered negligent act or omission of GSI or of any of its employees, agents, or subcontractors, with \$2,000,000 per occurrence and \$2,000,000 in the aggregate.
- (d) Professional liability insurance of \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

Insurance coverage in (b) and (c) above will name CLIENT and OWNER as additional insureds. Such insurance will be the primary coverage to GSI and CLIENT.

Before commencing work under this contract, GSI will furnish CLIENT with certificates of insurance verifying coverages and additional insureds. Certificates also

will state that the insurance carrier will give CLIENT thirty (30) days notice of any insurance cancellation or material alteration.

***Standard of Care***

GSI will complete its services with the standard of care and degree of skill and diligence normally employed by professionals performing the same or similar services in the locality in which the services are performed.

***Indemnification***

GSI agrees, to the fullest extent permitted by law, to indemnify and hold harmless CLIENT from damages, liabilities, and costs to the extent such liabilities, and costs are caused by GSI's negligent acts, errors, or omissions in the performance of professional services under this agreement, or anyone for whom GSI is legally liable.

CLIENT agrees, to the fullest extent permitted by law, to indemnify and hold harmless GSI from damages, liabilities, and costs to the extent such liabilities, and costs are caused by CLIENT's acts, errors, or omissions, or anyone for whom CLIENT is legally liable.

In the event that damages, liabilities, and costs are caused by the joint or concurrent negligence of CLIENT and GSI, they shall be borne by each party in proportion to its own negligence. This provision is intended to indemnify and hold harmless each other and each other's clients specifically in any situation in which employees, agents, and representatives commence a third party action for injuries or death otherwise covered by applicable workers' compensation laws.

***Limitation of Liability***

GSI's liability will, in the aggregate, not exceed \$100,000. This provision takes precedence over any conflicting provision of this Agreement or any document incorporated into it or referenced by it.

This limitation of liability will apply whether GSI's liability arises under breach of contract or warranty; tort, including negligence; strict liability; statutory liability; or any other cause of action, and shall include GSI's officers, employees, and subcontractors.

***Severability and Survival***

If any of the provisions contained in this Agreement are held illegal, invalid, or unenforceable, the other provisions shall remain

in full effect. Limitations of liability shall survive termination of this Agreement for any cause.

***No Third Party Beneficiaries***

This Agreement gives no rights or benefits to anyone other than CLIENT and GSI and has no third party beneficiaries except as provided in ***Limitation of Liability***.

***Materials and Samples***

Any items, substances, materials, or samples removed from the project site for testing, analysis, or other evaluation will be returned to the project site unless agreed to otherwise. CLIENT recognizes and agrees that GSI at no time assumes title to said items, substances, materials, or samples. CLIENT recognizes that GSI assumes no risk and/or liability for a waste or hazardous waste site originated by other than GSI.

***Assignments***

Neither party shall have the power to or will assign any of the duties or rights or any claim arising out of or related to this Agreement, whether arising in tort, contract or otherwise, without the written consent of the other party. Any unauthorized assignment is void and unenforceable.

***Integration***

This Agreement incorporates all previous communications and negotiations and constitutes the entire Agreement of the parties. If CLIENT issues a Purchase Order in conjunction with performance of the services, general or standard terms and conditions on the Purchase Order do not apply to this Agreement.

***Force Majeure***

If performance of the services is affected by causes beyond GSI's reasonable control, project schedule and compensation shall be equitably adjusted.

***Changes***

CLIENT may make or approve changes within the general Scope of Services in this Agreement, subject to GSI approval and with appropriate adjustment for costs and time for performance. If such changes affect GSI's cost of or time required for performance of the services, an equitable adjustment will be made through an amendment to this Agreement.

***Termination***

This Agreement may be terminated for convenience on 30 days' written notice or if either party fails substantially to perform through no fault of the other and does not commence correction of such nonperformance within 5 days of written notice and diligently complete the correction thereafter. The preceding sentence does not apply to a non-payment for services rendered, at which time, CLIENT shall be deemed to be in default and GSI may suspend services. On termination, GSI will be paid for all authorized work performed up to the termination date plus termination expenses, such as, but not limited to, reassignment of personnel, subcontract termination costs, and related closeout costs.

***Attorney's Fees***

In case this Agreement is referred to an attorney for collection, suit, or action, including arbitration, by any of the parties to enforce any provision of this Agreement, the prevailing party shall be entitled to, in addition to any award of costs or disbursements provided by statute, such additional sums as the court may adjudge reasonable as attorney's fees and costs to be allowed in such suit or action, including sums allowed as reasonable attorney's fees and costs on any appeal of such suit or action.

***Governing Law***

This Agreement shall be governed by and construed in accordance with the laws of the State of California and venue of any action shall be in San \Luis Obispo County, California.

**D- EPC Budget-By Laws**

## 2018 Final EPC WD Operating Budget

Budget No.	Budget item description	2018
1	Existing Debt	
	Engineering/218 Election, estimate	\$16,000
	Legal, estimate as of 2/28/18	\$7,500
	Administrative Support	\$1,000
2	Administrative support	\$24,000
3	Studies and Investigations	\$85,000
4	Engineering Services	\$40,000
5	Legal Services	\$25,000
6	D&O Insurance	\$8,000
7	Auditing/financial reporting	\$3,500
8	Office Supplies	\$1,000
9	Postage/Printing	\$1,000
10	Telephone, Computer, Internet service	\$1,500
11	Contingency	\$5,000
	<b>TOTAL Budget</b>	<b>\$218,500</b>

**Cash Flow:**

Cash on hand	\$9,300
Anticipated Budget Expenditures	-\$218,500
District membership assessment	-\$209,200

**Proposed Assessment:**

Irrigated lands at \$13/acre	\$211,900
Non-irrigated lands at \$0.20/acres	\$4,135
Residential/Commercial	\$1,560
<b>TOTAL Assessment 2018</b>	<b>\$217,595</b>

**BYLAWS  
OF  
ESTRELLA-EL POMAR-CRESTON WATER DISTRICT**

**I. INTRODUCTION**

The Estrella-El Pomar-Creston Water District consists of approximately 37,208 acres located in San Luis Obispo County. It was formed effective December 8, 2017. These Bylaws are prepared as required by Water Code sections 35300 through 35306.

**II. MANNER OF CALLING ELECTIONS**

All District elections, both general and special, shall be called by a majority vote of the Board of Directors in accordance with the requirements of the California Water District law ("District law"; Water Code sections 34000 et seq.), the Uniform District Election Law ("UDEL"; Elections Code section 10500 et seq.) and other applicable laws.

**III. TIME, PLACE AND MANNER OF CONDUCTING ELECTIONS**

All District elections, both general and special, shall be held at a time and place and conducted in accordance with District law, UDEL, and other applicable law.

All District elections, both general and special, shall be conducted by the District.

All District elections, both general and special, shall be conducted by all-mail ballot as prescribed by District law, UDEL, and other applicable law. The Board of Directors shall, before any general or special District election is held, give public notice of the time, place, and purpose of the election in accordance with the requirements of District law, UDEL, and other applicable law.

**IV. MANNER OF VOTING**

At all District elections, both general and special, each holder of title to land within the District shall have one vote for each dollar's worth of land to which he or she holds title, in accordance with California Water District Code section 35003 and other applicable law. The last

assessment book of the District is conclusive evidence of ownership and of the value of the land so owned.

Every voter, or his or her legal representative, shall be entitled to vote by mail ballot at any District election. Voting shall be conducted in a manner prescribed by the District law, UDEL, and other applicable law.

#### **V. NOMINATION AND APPOINTMENT OF DIRECTORS**

The District's Board of Directors shall be comprised of five directors elected at large. Persons shall be nominated as candidates for election to the office of director by filing a nomination petition at the District Office in the form, manner, and during the period of time prescribed by District law, UDEL, and other applicable law. Only names of persons properly nominated shall be printed on the ballots, but a blank space for each office of director to be filled shall be left after the names of the candidates in which the voters may write in another name if they desire. As provided by Elections Code section 10515, if at the close of the prescribed nomination period, the number of nominees for director does not exceed the number of offices of director to be filled at the election, and unless a petition signed by 10 percent of the voters, or 50 voters, whichever is the smaller number, in the District, requesting that the general District election be held has been presented to the officer conducting the election, the District shall submit a certificate of these facts to the San Luis Obispo Board of Supervisors. In such event, the District shall request the Board of Supervisors of the County of San Luis Obispo to appoint such office or offices the person or persons nominated, or if no person has been nominated for an office, any qualified person. The person(s) appointed by the Board of Supervisors of San Luis Obispo County shall qualify and take office and serve as if elected at a general election.

In the event of a vacancy on the Board of Directors, the Board of Directors may fill the vacancy by appointment in accordance with Government Code section 1780.

#### **VI. QUALIFICATION AND DUTIES OF DIRECTORS, THEIR TENURE OF OFFICE AND TIME AND MANNER OF THEIR APPOINTMENT**

As provided by Water Code section 34700, a director of the District shall be a holder of title to land within the District, the legal representative of a holder of title to land, or a representative designated by a holder of title to land. In the manner prescribed by Election Code section 10505(c), following the formation election, three directors shall be designated to have four

years and two directors two year terms, and thereafter a general election shall be held every two years. The term of each director subsequent to the directors elected at the formation election is four years. Each director shall hold office until his or her successor is elected and qualified. After winning a general election, a director shall take his or her office at noon on the first Friday in December following the general election. After winning a special election, or after appointment, a director shall take his or her office in the time and manner and for the term provided by District law, UDEL, and other applicable law.

The Board of Directors shall manage and conduct the business and affairs of the District. Meetings of the Board of Directors shall be noticed, convened, and conducted in accordance with applicable California law, including the Brown Act (Govt. Code section 54950 et seq.). As provided at Water Code sections 34805 and 34806, a quorum to transact business shall be a majority of the Board, and any proposition or resolution shall require the affirmative vote of a majority of the directors present at any meeting.

The Board of Directors shall elect one of its members as President who shall serve until the Board has elected a successor. The President shall preside at all meetings of the Board. He or she shall have other powers and duties as may be prescribed by the Board.

The Board of Directors shall elect one of its members as Vice-President who shall serve until the Board has elected a successor. In the absence or disability of the President, the Vice-President shall perform all duties of the President and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice-President shall have such other powers and perform other duties as may from time to time be delegated by the Board of Directors.

## **VII. APPOINTMENT OF OFFICERS**

The Secretary of the District shall be appointed by the Board of Directors and shall hold office at the pleasure of the Board. The Secretary shall keep a record of all the proceedings had at the meetings of the Board of Directors, and shall perform such other duties as may be required by law or the Board. The Secretary shall file all documents pertaining to the District affairs in the office of the District.

The Assessor of the District shall be appointed by the Board of Directors and shall hold office at the pleasure of the Board. The Assessor shall in each fiscal year prepare the District assessment book, prepare and mail any assessments to be levied upon landowners within the

District, submit to the Board of Directors a statement of all assessments levied against property in the District, and perform such other duties as are required of the Assessor by District law and other applicable law.

The Tax Collector of the District shall be appointed by the Board of Directors and shall hold office at the pleasure of the Board. The Tax Collector shall perform the duties required of the Tax Collector by District law and other applicable law.

The Treasurer of the District shall be appointed by the Board of Directors and shall hold office at the pleasure of the Board. The Treasurer shall receive to the credit of the District and in trust for its use and benefit all monies belonging to the District, and shall deposit all such monies and other valuables in the name of and to the credit of the District with such depositories as may be designated by the Board. The Treasurer shall disburse funds of the District, whenever they request it, an account of all his or her transactions as Treasurer and the financial condition of the District. The Treasurer shall perform other duties required of the Treasurer by the Board of Directors, District law and other applicable law.

As provided by Water Code section 34711, the offices of the Assessor, Tax Collector and Treasurer may be consolidated and held by the same person.

#### **VIII. COMPENSATION OF DIRECTORS AND OFFICERS**

Directors may be paid for their services in attending meetings of the Board, or for any work performed by a director for the District, upon action of the Board, in the manner and to the extent provided for by District law, or other state law applicable to California water districts, provided; however, until such time as the Board takes action otherwise, no such compensation shall be provided to Directors. In any event, a director shall be entitled to reimbursement for reasonable expenses necessarily incurred by him/her for performing services on behalf of the District when authorized to perform such services by the Board of Directors.

The Assessor, Treasurer, Tax Collector, and Secretary shall be paid an amount as may be determined by the Board that he or she shall perform the duties of the office.

#### **IX. LOCATION OF THE DISTRICT OFFICE**

The office of the District is initially hereby fixed at 5715 Linne Road, Paso Robles, CA 93446, there being no convenient location within the District to locate the District office. Meetings

of the Board of Directors shall be held at Windfall Farms Conference Room, 4710 Flying Paster Lane, Paso Robles, CA 93446, provided that it is available.

If for any reasons it is necessary that the location of the District Office, or the place for meetings of the Board, be changed, that will better suit the convenience of the District and/or its landowners, the Board of Directors is hereby expressly authorized and empowered to change the location of the District Office and/or meeting location to some other place or location, consistent with applicable law.

#### **X. METHOD OF AMENDING OR REPEALING BYLAWS**

As provided by Water Code section 35305, these Bylaws may be repealed or amended or new Bylaws adopted by a four-fifths (4/5ths) vote of the Board of Directors of the District, subject to approval by the San Luis Obispo County Board of Supervisors, or by the assent of two-thirds (2/3rds) of the total vote of the District, given either in writing, or by ballot cast at a District election.

#### **XI. RESIDUAL POWERS**

All powers for the management, government and control of the District and its affairs not by law, or these Bylaws conferred upon any other person, officer, or official, are hereby reserved in the Board of Directors of the District.

#### **XII. PENALTIES FOR ANY BREACH OF INFRACTION OF THESE BYLAWS**

As authorized by Water Code section 35304(d), any person amenable to these Bylaws who shall violate the same shall be subject to levy of suitable penalties to be levied and assessed by the Board of Directors, not to exceed \$200 for any one offense.

The Board of Directors of the Estrella-El Pomar-Creston Water District by the undersigned majority of the Directors thereof, and the undersigned Secretary of the Estrella-El Pomar-Creston Water District, DO HERBY CERTIFY that the foregoing amended Bylaws of the Estrella-El Pomar-Creston Water District was duly adopted at a meeting duly and regularly held on the 13th

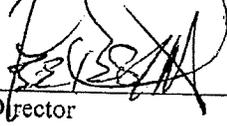
day of December, 2017, and that the foregoing Bylaws of Estrella-El Pomar-Creston Water District are subject to the approval of the Board of Supervisors of the County of San Luis Obispo, and these original Bylaws of Estrella-El Pomar-Creston Water District are now in full force and effect.

Dated: Dec. 13<sup>th</sup>, 2017

  
\_\_\_\_\_  
, Director

  
\_\_\_\_\_  
, Director

  
\_\_\_\_\_  
, Director

  
\_\_\_\_\_  
, Director

  
\_\_\_\_\_  
, Director

  
\_\_\_\_\_  
, Secretary

October 17, 2017 – Estrella-El Pomar-  
 Creston Water District Special Election  
 Official Election Results  
 October 25, 2017, 5:00 p.m.

---

Number of Landowner Voters: 205  
 Total Number of Acreage: 37,144  
 Total Ballots Cast: 174  
 Turnout: 84.88%

**Measure C-17 – Estrella-El Pomar-Creston Water District**

	<b>RAW COUNT</b>	<b>ACREAGE</b>	<b>PERCENTAGE</b>
<b>YES</b>	<b>168</b>	<b>33,822</b>	<b>97.13%</b>
<b>NO</b>	<b>6</b>	<b>999</b>	<b>2.87%</b>

**Candidates (Vote for Five)**

	<b>RAW COUNT</b>	<b>ACREAGE</b>	<b>PERCENTAGE</b>
Lee Nesbitt	<b>122</b>	<b>29,419</b>	<b>18.77%</b>
Al Webster	<b>152</b>	<b>31,588</b>	<b>20.16%</b>
Jerry Reaugh	<b>152</b>	<b>32,470</b>	<b>20.72%</b>
Hilary Shirey Graves	<b>136</b>	<b>30,382</b>	<b>19.39%</b>
Dana M. Merrill	<b>159</b>	<b>32,848</b>	<b>20.96%</b>

**E- Letter from Shandon-San Juan Water District**

November 1, 2018

LAFCO Commissioners  
David Church, LAFCO Executive Officer

I am writing in support of the Estrella-El Pomar-Creston Water District, EPCWD. I strongly support the continuing viability and usefulness of the EPCWD to their area of service as well as to the community at large. I am the President of the Board of the Shandon-San Juan Water District and GSA, SSJWD/SSJ GSA. The SSJWD/GSA is working very diligently with SLO County, Heritage Ranch CSD, City of Paso Robles and San Miguel CSD in the Paso Robles Groundwater Basin to create a single Groundwater Sustainability Plan, GSP, that will ensure a sustainable groundwater resource that will allow the continued beneficial use by all those who rely upon groundwater to work, live and thrive. I have observed the EPC Board and their members working hard to attain this goal as well. Because our Basin recharges annually from precipitation over the basin and to the watershed that surrounds it, it is critical that our GSP guides water extraction proportional to that annual recharge to preserve the groundwater resource at healthy and attainable levels. While we will pursue every reasonable outside source of water along with stormwater capture projects and Purple Pipe (tertiary treated waste water), it is likely that reductions in Ag irrigation will be required to reach our sustainability goals. To be successful in this endeavor it is critical to have the full cooperation and involvement of the irrigated Ag community. It will be extremely counterproductive to exclude them. Without willing cooperation from agricultural irrigators in reducing irrigation, costs to reduce groundwater extractions will soar. These will become costs that will burden all tax payers in the County. EPC represents a very important group of these irrigated Ag growers over the most critically challenged portions of the basin. It will serve all the Citizens over the basin and across the County to have an active and involved EPCWD.

The Board of the Shandon-San Juan Water District so strongly believes in this outlook that we have organized a series of Joint Meetings of our Board and the EPCWD Board. The two Boards created and then signed a formal Partnership Agreement between the two Districts. Working under this agreement the two Districts jointly hired and funded the local Hydrogeologic expert firm GSI to assist not only the District's understanding of the basin, but to assist the efforts of the Paso Robles Basin Cooperative Committee GSA Staffs and their consultant, Montgomery and Associates. This assistance has proven to be very useful in advancing the GSP.

Your LAFCO website has all the EPC Hearing material along with useful links regarding SGMA and the Paso Basin. It is fantastic that the LAFCO staff has gone to the effort to supply your Commission and the Public with extensive unbiased material upon which to base the Commission's decisions. It serves our County and our County's citizens well to have those materials available as we move forward. Below I have included some suggested links that might be appropriate to add.

The Paso Basin Cooperative Committee has a website <http://pasogcp.com/> where the latest GSP Chapters are posted and where any interested person can submit comments to any or all of the GSAs regarding the GSP.

The SSJWD GSP webpage <https://www.ssjwd.org/copy-of-gsa-formation> also has a great deal of Paso Basin GSP information available and is another portal for public comments.

Thank you very much,



Willy Cunha

# **Attachment F**

2019 LAFCO Resolution  
2019-02 - Establishing New  
Conditions of Approval

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

Date: February 21, 2019

**PRESENT: COMMISSIONERS LYNN COMPTON, TOM MURRAY, DEBBIE  
ARNOLD, ED WAAGE, ROBERTA FONZI, MARSHALL OCHLYSKI,  
ROBERT ENNS, ALTERNATES HEATHER JENSEN, STEVE  
GREGORY**

**ABSENT: ALTERNATE COMMISSIONERS ED EBY, JOHN PESCHONG**

**RESOLUTION NO. 2019-02**

**RESOLUTION REPLACING CONDITION NUMBER 11 WITH REGARD TO THE FORMATION  
OF THE ESTRELLA-EL POMAR-CRESTON WATER DISTRICT AND FINDING THAT THE  
ESTRELLA-EL POMAR-CRESTON WATER DISTRICT HAS COMPLIED WITH ALL OF THE  
CONDITIONS OF APPROVAL**

The following resolution is now offered:

**WHEREAS**, the Cortese-Knox-Hertzberg Act of 2000, Government Code Section 56100 provides that LAFCOs shall have sole and exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts. All changes of organization and reorganizations shall be initiated, conducted, and completed in accordance with the Cortese-Knox-Hertzberg Act; and

**WHEREAS**, the formation of the Estrella-El Pomar-Creston Water District, a Water District as defined in the California Water Code, Section 34000 et seq., was conditionally approved by the Local Agency Formation Commission of San Luis Obispo County, California on April 6, 2017 with a Certificate of Completion being filed on December 8, 2017; and

**WHEREAS**, the Commission received documentation and a staff report at its November 15, 2018 meeting on the subject of condition compliance; and

**WHEREAS**, the Commission considered the condition compliance report at its meeting on November 15, 2018 and directed staff to return with additional information including the possibility of revised condition #11; and

**WHEREAS**, the Commission finds that Condition #11 as adopted in Resolution 2017-02 on April 6, 2017 shall be replaced with the following language (hereafter "Replacement Language"):

1. The EPCWD shall be a district as allowed under the California Water District Law Code (Water Code §§ 34000 et seq.) and as determined by and subject to LAFCO's approval (Resolution 2017-02).
2. The LAFCO approval does not grant to EPCWD any additional power or authority beyond the law.
3. The EPCWD shall not become a Groundwater Sustainability Agency (GSA) as provided for in the Sustainable Groundwater Management Act ( "SGMA", Water Code §§ 10720 et seq.) prior to the approval by the State Department of Water Resources ("DWR") of the Groundwater Sustainability Plan ("GSP") or January 31, 2022, whichever is earlier.
4. The EPCWD shall not become a party to the Memorandum of Agreement ("MOA") entered into by the GSAs within the Paso Robles Groundwater Basin in September 2017 prior to the approval by the DWR of the GSP or January 31, 2022, whichever is earlier.
5. The EPCWD shall not become a member of the Paso Basin Cooperative Committee established under the current MOA.
6. The District shall comply with SGMA and the subsequent GSP as implemented by the existing GSA with authority in its service 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 EPCWD was approved by the San Luis Obispo Local Agency Formation Commission on April 6, 2017 with 11 Conditions of Approval as listed in LAFCO Resolution No. 2017-02.
2. That the Certificate of Completion which includes Resolution No. 2017-02 for the formation of the EPCWD was filed with the San Luis Obispo County Clerk-Recorder on December 8, 2017.
3. That this Resolution, including the Replacement Language for Condition #11, is hereby approved by the San Luis Obispo Local Agency Formation Commission.
4. That the San Luis Obispo Local Agency Formation Commission finds that the EPCWD has complied with all Conditions of Approval set forth in LAFCO Resolution No. 2017-02 and shall henceforth function as a California Water District under the California Water Code and the laws of the State of California, and as conditionally approved by LAFCO subject to the Board of the EPCWD approving by resolution the Replacement Language of Condition #11 within 60 days of adoption of this Resolution by LAFCO. If the Board of the EPCWD does not approve such a resolution within said 60 days, then this finding of compliance with the Conditions of Approval is automatically rescinded without further action by LAFCO and the two year extension adopted by the Commission at the November 15, 2018 condition compliance meeting shall remain in effect.

- 5. That the District's Sphere of Influence and a Municipal Service Review will be prepared/updated by LAFCO every five years, or as needed, pursuant to the Cortese-Knox-Hertzberg Act.
- 6. That the Executive Officer of this Commission is authorized and directed to mail copies of this Resolution in the manner provided by law.

**AYES: COMMISSIONERS TOM MURRAY, ED WAAGE, MARSHALL OCHLYSKI, ROBERT ENNS**

**NAYS: COMMISSIONERS LYNN COMPTON, DEBBIE ARNOLD, ROBERTA FONZI**

**ABSTAINING: NONE**

*Lynn Compton*

---

Lynn Compton, Chair                      Date  
Local Agency Formation Commission

**ATTEST:**

*David Church*                      *2-27-19*  


---

David Church                                      Date  
LAFCO Executive Officer

**APPROVED AS TO FORM AND LEGAL EFFECT:**

*Brian Pierik*                      *2-26-19*  


---

Brian Pierik                                      Date  
LAFCO Legal Counsel

# Attachment G

EPCWD Resolution Accepting  
New Conditions of Approval

**BEFORE THE BOARD OF DIRECTORS OF THE  
ESTRELLA-EL POMAR-CRESTON WATER DISTRICT**

IN THE MATTER OF:

RESOLUTION NO. 2019-001

**RESOLUTION ACCEPTING THE CONDITION NUMBER 11 “REPLACEMENT LANGUAGE” SET FORTH IN RESOLUTION NO. 2019-02 OF THE SAN LUIS OBISPO COUNTY LOCAL AGENCY FORMATION COMMISSION, COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA**

**WHEREAS**, pursuant to the San Luis Obispo County Local Agency Formation Commission (LAFCO) Resolution No. 2017-02 dated April 6, 2017, and that certain *Certificate of Completion* dated December 8, 2017, and recorded in the Official Records of San Luis Obispo County on December 8, 2017, as Document Number 2017056123, the LAFCO conditionally approved the formation of the Estrella-El Pomar-Creston Water District (“District”);

**WHEREAS**, the conditions of formation contained in Resolution No. 2017-02 included “Condition Number 11”, concerning the time period within which the District was to become a Groundwater Sustainability Agency (“GSA”) or a GSA participant under the Sustainable Groundwater Management Act; and

**WHEREAS**, on February 21, 2019, the LAFCO adopted Resolution No. 2019-02 (i) replacing the terms of Condition Number 11 with the “Replacement Language” contained therein, (ii) finding that the District has complied with all Conditions of Approval set forth in Resolution No. 2017-02, including Condition Number 11 (as amended), and (iii) providing that said finding would be automatically rescinded if the District Board did not approve the Replacement Language by resolution within sixty (60) days of LAFCO’s adoption of Resolution No. 2019-02.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Estrella-El Pomar-Creston Water District that:

1. The District hereby approves the Replacement Language of Condition Number 11 as defined by Resolution No. 2019-002, a copy of which is attached hereto as Exhibit “A” and incorporated herein.
2. The Board hereby authorizes District staff to undertake such actions, and to deliver any and all documents, agreements and certificates, as are necessary and appropriate to carry out, give effect to and comply with the terms of this Resolution, which actions are hereby ratified, confirmed and approved

AYES: Gerry Beough, Hilary Alvarez, Lee Heobett, Herb Rowland

NAYS: Ø

ABSTAINING:   ϕ  

      3/20/19  
Dana Merrill, President                      Date

# EXHIBIT A

## IN THE LOCAL AGENCY FORMATION COMMISSION

### COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA

Date: February 21, 2019

**PRESENT:** COMMISSIONERS LYNN COMPTON, TOM MURRAY, DEBBIE ARNOLD, ED WAAGE, ROBERTA FONZI, MARSHALL OCHLYSKI, ROBERT ENNS, ALTERNATES HEATHER JENSEN, STEVE GREGORY

**ABSENT:** ALTERNATE COMMISSIONERS ED EBY, JOHN PESCHONG

#### RESOLUTION NO. 2019-02

#### RESOLUTION REPLACING CONDITION NUMBER 11 WITH REGARD TO THE FORMATION OF THE ESTRELLA-EL POMAR-CRESTON WATER DISTRICT AND FINDING THAT THE ESTRELLA-EL POMAR-CRESTON WATER DISTRICT HAS COMPLIED WITH ALL OF THE CONDITIONS OF APPROVAL

The following resolution is now offered:

**WHEREAS**, the Cortese-Knox-Hertzberg Act of 2000, Government Code Section 56100 provides that LAFCOs shall have sole and exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts. All changes of organization and reorganizations shall be initiated, conducted, and completed in accordance with the Cortese-Knox-Hertzberg Act; and

**WHEREAS**, the formation of the Estrella-El Pomar-Creston Water District, a Water District as defined in the California Water Code, Section 34000 et seq., was conditionally approved by the Local Agency Formation Commission of San Luis Obispo County, California on April 6, 2017 with a Certificate of Completion being filed on December 8, 2017; and

**WHEREAS**, the Commission received documentation and a staff report at its November 15, 2018 meeting on the subject of condition compliance; and

**WHEREAS**, the Commission considered the condition compliance report at its meeting on November 15, 2018 and directed staff to return with additional information including the possibility of revised condition #11; and

**WHEREAS**, the Commission finds that Condition #11 as adopted in Resolution 2017-02 on April 6, 2017 shall be replaced with the following language (hereafter "Replacement Language"):

1. The EPCWD shall be a district as allowed under the California Water District Law Code (Water Code §§ 34000 et seq.) and as determined by and subject to LAFCO's approval (Resolution 2017-02).
2. The LAFCO approval does not grant to EPCWD any additional power or authority beyond the law.
3. The EPCWD shall not become a Groundwater Sustainability Agency (GSA) as provided for in the Sustainable Groundwater Management Act ("SGMA", Water Code §§ 10720 et seq.) prior to the approval by the State Department of Water Resources ("DWR") of the Groundwater Sustainability Plan ("GSP") or January 31, 2022, whichever is earlier.
4. The EPCWD shall not become a party to the Memorandum of Agreement ("MOA") entered into by the GSAs within the Paso Robles Groundwater Basin in September 2017 prior to the approval by the DWR of the GSP or January 31, 2022, whichever is earlier.
5. The EPCWD shall not become a member of the Paso Basin Cooperative Committee established under the current MOA.
6. The District shall comply with SGMA and the subsequent GSP as implemented by the existing GSA with authority in its service 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 EPCWD was approved by the San Luis Obispo Local Agency Formation Commission on April 6, 2017 with 11 Conditions of Approval as listed in LAFCO Resolution No. 2017-02.
2. That the Certificate of Completion which includes Resolution No. 2017-02 for the formation of the EPCWD was filed with the San Luis Obispo County Clerk-Recorder on December 8, 2017.
3. That this Resolution, including the Replacement Language for Condition #11, is hereby approved by the San Luis Obispo Local Agency Formation Commission.
4. That the San Luis Obispo Local Agency Formation Commission finds that the EPCWD has complied with all Conditions of Approval set forth in LAFCO Resolution No. 2017-02 and shall henceforth function as a California Water District under the California Water Code and the laws of the State of California, and as conditionally approved by LAFCO subject to the Board of the EPCWD approving by resolution the Replacement Language of Condition #11 within 60 days of adoption of this Resolution by LAFCO. If the Board of the EPCWD does not approve such a resolution within said 60 days, then this finding of compliance with the Conditions of Approval is automatically rescinded without further action by LAFCO and the two year extension adopted by the Commission at the November 15, 2018 condition compliance meeting shall remain in effect.

- 5. That the District's Sphere of Influence and a Municipal Service Review will be prepared/updated by LAFCO every five years, or as needed, pursuant to the Cortese-Knox-Hertzberg Act.
- 6. That the Executive Officer of this Commission is authorized and directed to mail copies of this Resolution in the manner provided by law.

**AYES: COMMISSIONERS TOM MURRAY, ED WAAGE, MARSHALL OCHLYSKI, ROBERT ENNS**

**NAYS: COMMISSIONERS LYNN COMPTON, DEBBIE ARNOLD, ROBERTA FONZI**

**ABSTAINING: NONE**

*Lynn Compton*

---

Lynn Compton, Chair                      Date  
Local Agency Formation Commission

**ATTEST:**

*David Church*                      2-27-19  


---

David Church                      Date  
LAFCO Executive Officer

**APPROVED AS TO FORM AND LEGAL EFFECT:**

*Brian Pierik*                      2-26-19  


---

Brian Pierik                      Date  
LAFCO Legal Counsel

# Attachment H

2020 Memorandum of  
Agreement as Amended

L. 04/19

**AMENDMENT NO. 1  
TO MEMORANDUM OF AGREEMENT REGARDING  
PREPARATION OF A GROUNDWATER SUSTAINABILITY PLAN  
FOR THE PASO ROBLES GROUNDWATER BASIN**

This Amendment No. 1 to Memorandum of Agreement Regarding Preparation of a Groundwater Sustainability Plan for the Paso Robles Groundwater Basin ("Amendment") is entered into by and between the City of El Paso de Robles, the San Miguel Community Services District, the County of San Luis Obispo and the Shandon-San Juan Water District (collectively, "Parties").

**WHEREAS**, on or about September 20, 2017, the Parties and the Heritage Ranch Community Services District ("HRCSD") entered into a Memorandum of Agreement Regarding Preparation of a Groundwater Sustainability Plan for the Paso Robles Groundwater Basin ("MOA"), a copy of which is attached hereto as Attachment 1 and incorporated herein by this reference, for purposes of establishing a framework for preparing a single groundwater sustainability plan for the Paso Robles Area Subbasin ("GSP") and for continued cooperation among the Parties; and

**WHEREAS**, the HRCSD provided written notice of its withdrawal from the MOA pursuant to Section 9.1 on or around January 18, 2019 and its withdrawal became effective shortly thereafter; and

**WHEREAS**, the Parties desire to continue cooperating on the GSP pursuant to the framework established by the MOA on an interim basis regardless of the date of any approval of the GSP by the California Department of Water Resources.

**NOW, THEREFORE**, the PARTIES agree with the above recitals, and hereby further agree as follows:

1. Section 1 (Purpose) of the MOA shall hereafter be and read as follows:

The purpose of this MOA is to establish a committee to develop a single GSP that will be considered by each individual Party and subsequently submitted to DWR for approval. This MOA may also serve as the basis for continued cooperation among the Parties in the management of the Basin during the period between adoption of the GSP by each Party and development of a long-term governance structure for implementation of the GSP.

WHEN FULLY EXECUTED PLEASE RETURN TO  
COUNTY ADMINISTRATIVE OFFICE  
ATTN: CLERK OF THE BOARD  
1055 Monterey Street Ste. D430  
San Luis Obispo, CA 93408 Item No. 33

2. Section 2 (Term) of the MOA shall hereafter be and read as follows:

This MOA shall become effective on the date that the last of the five (5) Parties signs ("Effective Date") and shall remain in effect until terminated in accordance with Section 9.2 below.

3. Section 4.9 of the MOA shall hereafter be and read as follows:

The creation of the Cooperative Committee shall not be construed as a delegation of any powers or authorities, and all powers and authorities of each individual Party, including, without limitation, the power to implement the GSP within its jurisdictional boundaries, shall reside with that Party.

4. Section 12.2 of the MOA is hereby deleted in its entirety.

5. Except as expressly modified by this Amendment, all terms and provisions of the MOA shall remain in full force and effect.

6. This Amendment shall be effective as of the date that it has been signed by all Parties.

**IN WITNESS THEREOF**, the Parties hereto have executed this Amendment on the dates shown below.

CITY OF EL PASO DE ROBLES

SHANDON SAN JUAN WATER DISTRICT

By: \_\_\_\_\_  
Tom Frutchey

By: \_\_\_\_\_  
Willy Cunha

Its: City Manager

Its: President, Board of Directors

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM AND  
LEGAL EFFECT:

APPROVED AS TO FORM AND  
LEGAL EFFECT:

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

2. Section 2 (Term) of the MOA shall hereafter be and read as follows:

This MOA shall become effective on the date that the last of the five (5) Parties signs ("Effective Date") and shall remain in effect until terminated in accordance with Section 9.2 below.

3. Section 4.9 of the MOA shall hereafter be and read as follows:

The creation of the Cooperative Committee shall not be construed as a delegation of any powers or authorities, and all powers and authorities of each individual Party, including, without limitation, the power to implement the GSP within its jurisdictional boundaries, shall reside with that Party.

4. Section 12.2 of the MOA is hereby deleted in its entirety.

5. Except as expressly modified by this Amendment, all terms and provisions of the MOA shall remain in full force and effect.

6. This Amendment shall be effective as of the date that it has been signed by all Parties.

**IN WITNESS THEREOF**, the Parties hereto have executed this Amendment on the dates shown below.

CITY OF EL PASO DE ROBLES

By: T. HONK FRUTCHERY  
Tom Frutchey

Its: City Manager

Date: 1-8-20

APPROVED AS TO FORM AND  
LEGAL EFFECT:

By: K. J. Hood  
Its: Interim City Attorney  
Date: 1/7/2020

SHANDON SAN JUAN WATER DISTRICT

By: \_\_\_\_\_  
Willy Cunha

Its: President, Board of Directors

Date: \_\_\_\_\_

APPROVED AS TO FORM AND  
LEGAL EFFECT:

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

2. Section 2 (Term) of the MOA shall hereafter be and read as follows:

This MOA shall become effective on the date that the last of the five (5) Parties signs ("Effective Date") and shall remain in effect until terminated in accordance with Section 9.2 below.

3. Section 4.9 of the MOA shall hereafter be and read as follows:

The creation of the Cooperative Committee shall not be construed as a delegation of any powers or authorities, and all powers and authorities of each individual Party, including, without limitation, the power to implement the GSP within its jurisdictional boundaries, shall reside with that Party.

4. Section 12.2 of the MOA is hereby deleted in its entirety.

5. Except as expressly modified by this Amendment, all terms and provisions of the MOA shall remain in full force and effect.

6. This Amendment shall be effective as of the date that it has been signed by all Parties.

IN WITNESS THEREOF, the Parties hereto have executed this Amendment on the dates shown below.

CITY OF EL PASO DE ROBLES

SHANDON SAN JUAN WATER DISTRICT

By: \_\_\_\_\_  
Tom Frutchey

By: Willy Cunha  
Willy Cunha

Its: City Manager

Its: President, Board of Directors

Date: \_\_\_\_\_

Date: November 21, 2019

APPROVED AS TO FORM AND  
LEGAL EFFECT:

APPROVED AS TO FORM AND  
LEGAL EFFECT:

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

COUNTY OF SAN LUIS OBISPO

By: \_\_\_\_\_  
Debbie Arnold

Its: Chairperson, Board of Supervisors

Date: \_\_\_\_\_

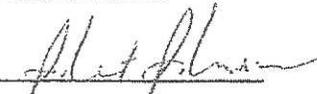
APPROVED AS TO FORM AND  
LEGAL EFFECT:

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

SAN MIGUEL COMMUNITY  
SERVICES DISTRICT

By:   
Rob Roberson

Its: General Manager

Date: 3/3/2020

APPROVED AS TO FORM AND  
LEGAL EFFECT:

By: 

Its: Douglas White

Date: 3-13-20

COUNTY OF SAN LUIS OBISPO

By: Debbie Arnold  
Debbie Arnold

Its: Chairperson, Board of Supervisors

Date: December 17, 2019

APPROVED AS TO FORM AND  
LEGAL EFFECT:

By: [Signature]

Its: Deputy County Counsel

Date: 12/3/19

SAN MIGUEL COMMUNITY  
SERVICES DISTRICT

By: \_\_\_\_\_  
Rob Roberson

Its: General Manager

Date: \_\_\_\_\_

APPROVED AS TO FORM AND  
LEGAL EFFECT:

By: \_\_\_\_\_

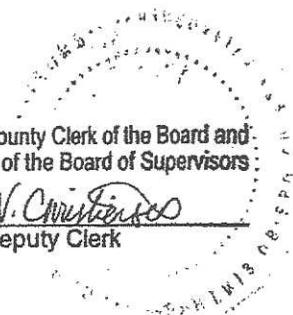
Its: \_\_\_\_\_

Date: \_\_\_\_\_

L:\Water Resources\2019\_CC\Adopt Paso Basin GSP Amendment No.1 to MOA\Amendment No. 1 MOU GSP  
PRGWB.docxAR.mj

ATTEST:  
Wade Horton, County Clerk of the Board and  
Ex-Officio Clerk of the Board of Supervisors

By: [Signature]  
Deputy Clerk



The undersigned Deputy Clerk of the Board of Supervisors  
certifies that, pursuant to Section 25103 of the  
Government Code, delivery of this document has been  
made on December 27, 2019

**WADE HORTON**  
County Clerk of the Board and Ex-Officio Clerk  
of the Board of Supervisors

By: [Signature]  
Deputy Clerk

**MEMORANDUM OF AGREEMENT REGARDING  
PREPARATION OF A GROUNDWATER SUSTAINABILITY PLAN  
FOR THE PASO ROBLES GROUNDWATER BASIN**

This Memorandum of Agreement regarding Preparation of a Groundwater Sustainability Plan for the Paso Robles Groundwater Basin (“MOA”) is entered into by and between the City of El Paso de Robles (“City”), the San Miguel Community Services District (“SMCSD”), the Heritage Ranch Community Services District (“HRCSD”), the County of San Luis Obispo (“County”) and the Shandon-San Juan Water District (“SSJWD”) (each referred to individually as a “Party” and collectively as the “Parties”) for purposes of preparing a groundwater sustainability plan for the Paso Robles Area Subbasin.

**Recitals**

**WHEREAS**, on September 16, 2014, Governor Jerry Brown signed into law Senate Bills 1168 and 1319 and Assembly Bill 1739, known collectively as the Sustainable Groundwater Management Act (Water Code §§ 10720 *et seq.*) (“SGMA”), which became effective on January 1, 2015 and which have been and may continue to be amended from time to time; and

**WHEREAS**, SGMA requires the establishment of a groundwater sustainability agency (“GSA”) or agencies for all basins designated as medium or high priority by the California Department of Water Resources (“DWR”) on or before June 30, 2017; and

**WHEREAS**, SGMA further requires the adoption of a groundwater sustainability plan (“GSP”) or coordinated GSPs for all basins designated by DWR as high or medium priority and subject to critical conditions of overdraft on or before January 31, 2020; and

**WHEREAS**, DWR has designated the Paso Robles Area Subbasin (Basin No. 3-004.06) (“Basin”) as a high priority basin subject to critical conditions of overdraft; and

**WHEREAS**, each of the Parties has decided to become the GSA within its respective service area overlying the Basin and has informed DWR of its decision and intent to undertake sustainable groundwater management therein; and

**WHEREAS**, each of the Parties desires to collectively develop and implement a single GSP to sustainably manage the portions of the Basin underlying their combined service areas (*i.e.* all portions of the Basin located within the County of San Luis Obispo); and

**WHEREAS**, the Parties share the common goal of cost effective, sustainable groundwater management that considers the interests and concerns of all beneficial uses and users of groundwater within the Basin; and

**WHEREAS**, on April 6, 2017, the San Luis Obispo Local Agency Formation Commission conditionally approved the formation of the Estrella-El Pomar-Creston Water District (“EPCWD”), subject to, among other things, a successful vote on the formation pursuant to Water Code Section 34500, for purposes of serving as a GSA within its service area; and

**WHEREAS**, the EPCWD, if formed, will not be formed until after the June 30, 2017 deadline, and the County included the potential service area of the EPCWD within the Paso Basin – County of San Luis Obispo Groundwater Sustainability Agency that the County formed on May 16, 2017 by Resolution 2017-134; and

**WHEREAS**, the Parties acknowledge the cooperative efforts of the working group, including representatives of each Party and the applicant and several petitioners desiring to form the EPCWD, that commenced meeting in August 2016 and that culminated in this MOA; and

**WHEREAS**, this MOA provides for the future addition of EPCWD as a Party to this MOA provided that certain conditions are satisfied, including, but not limited to, a successful vote on the formation of the EPCWD pursuant to Water Code Section 34500 and the County Board of Supervisors decides to withdraw from serving as the GSA for the EPCWD service area; and

**WHEREAS**, the active involvement and cooperation of all users of groundwater within the Basin is highly valued by the Parties and their continued willing cooperation in SGMA implementation is deemed critical for successful sustainable management of the Basin.

**NOW, THEREFORE**, it is mutually understood and agreed as follows:

**Section 1  
Purpose**

The purpose of this MOA is to establish a committee to develop a single GSP that will be considered for adoption by each individual Party and subsequently submitted to DWR for approval. This MOA may also serve as the basis for continued cooperation among the Parties in the management of the Basin during the period between adoption of the GSP by each Party and approval of the GSP by DWR. As more specifically set forth in Section 12.2 below, this MOA shall automatically terminate upon DWR’s approval of the GSP for the Basin.

**Section 2  
Term**

This MOA shall become effective on the date that the last of the five (5) Parties signs (“Effective Date”) and shall remain in effect until terminated in accordance with Section 9.2 or Section 12.2 below.

### **Section 3 EPCWD**

If and only if the EPCWD is formed and its Board of Directors decides to become the GSA within its service area and the County Board of Supervisors decides to withdraw from serving as the GSA within said area, the EPCWD may become a Party to this Agreement by signing the Addition of Party to Memorandum of Agreement regarding Preparation of a Groundwater Sustainability Plan for the Paso Robles Groundwater Basin in the form attached hereto as Exhibit A (“Addition”) provided that the County Board of Supervisors has accepted the Addition as part of its decision to withdraw.

### **Section 4 Paso Basin Cooperative Committee**

4.1 The Parties hereby establish the Paso Basin Cooperative Committee (“Cooperative Committee”) which shall be composed of a member and alternate member from each of the five (5) Parties.

4.2 The governing body of each Party shall promptly appoint a member and alternate member to the Cooperative Committee. Each Cooperative Committee member and alternate member shall serve at the pleasure of the appointing Party, and may be removed from the Cooperative Committee by the appointing Party at any time. Each Cooperative Committee member’s compensation, if any, for his or her service on the Cooperative Committee shall be the responsibility of the appointing Party.

4.3 If and only if the EPCWD becomes a Party to this MOA in accordance with Section 3 of this MOA, the Cooperative Committee shall also include a member and alternate member from the EPCWD appointed by the EPCWD.

4.4 The Cooperative Committee shall conduct activities related to GSP development and SGMA implementation at the pleasure and under the guidance of the Parties, including, but not limited to:

- A. Development of a GSP that achieves the goals and objectives outlined in SGMA;
- B. Review and participation in the selection of consultants related to Cooperative Committee efforts, as more specifically set forth in Section 6 below;
- C. Development of recommended annual budgets and additional funding needs for consideration and approval of the Parties and development of a record of expenditures, in accordance with and subject to Section 5 below. Consistent with Section 7 below, it is expected that each of the Parties will contribute in-kind staff support; therefore, recommended annual budgets

shall generally not include the staff or overhead costs of any Party associated with participation in this MOA;

- D. Development of a plan that describes the anticipated tasks to be performed under this MOA and a schedule for performing said tasks;
- E. Implementation of the actions and/or policies undertaken pursuant to this MOA and resolution of any issues related to these actions and/or policies;
- F. Development of measures that may be implemented in the event insufficient or unsatisfactory progress is being made in development of the GSP;
- G. Development of a stakeholder participation plan that includes public outreach and education programs and workshops as appropriate and that involves the interested stakeholders in developing and implementing the GSP (e.g. workshops at key milestones); if determined necessary by the Cooperative Committee and supported by the Parties, the Cooperative Committee may lead implementation of the stakeholder participation plan or other stakeholder engagement activities;
- H. Establishment from time to time of one or more standing or *ad hoc* committees to assist in carrying out the purposes and objectives of the Cooperative Committee as may be necessary;
- I. Recommendation that each individual Party adopt the GSP developed under this MOA;
- J. Resolution of differences among the Parties;
- K. Coordination with neighboring GSAs in the Salinas Valley Groundwater Basin and with neighboring GSPs as may be required and/or to ensure no adverse effects.

4.5 The Cooperative Committee shall meet at least quarterly to carry out the activities described above. The Cooperative Committee shall prepare and maintain minutes of its meetings, and all meetings of the Cooperative Committee shall be conducted in accordance with the Ralph M. Brown Act (Government Code §§ 54950 *et seq.*). A majority of the members of the Cooperative Committee shall constitute a quorum for purposes of transacting business, except that less than a quorum may vote to adjourn the meeting. Attendance at all Cooperative Committee meetings may be augmented to include Parties' staff or consultants to ensure that the appropriate expertise is available.

4.6 Subject to Section 4.7 below, on all matters considered by the Cooperative Committee, the vote of each member shall be weighted in accordance with the following percentages:

City Member	15%
SMCSD Member	3%
HRCSD Member	1%

SSJWD Member	20%
County Member	61%

4.7 If and only if the EPCWD becomes a Party to this MOA in accordance with Section 3 of this MOA, the voting percentages set forth in Section 4.6 shall be modified as follows:

City Member	15%
SMCSD Member	3%
HRCSD Member	1%
SSJWD Member	20%
County Member	32%
EPCWD Member	29%

4.8 Any action or recommendation considered by the Cooperative Committee shall require the affirmative vote of 67 percent based on the percentages set forth in Section 4.6 or 4.7 above, as applicable. Notwithstanding the foregoing, the following shall require the affirmative vote of 100 percent based on the percentages set forth in Section 4.6 or 4.7 above, as applicable: (A) a recommendation that each of the Parties adopt the GSP or adopt any amendment thereto prepared in response to comments from DWR and (B) a recommendation that the Parties amend this MOA. For purposes of determining whether the requisite voting threshold has been met, the voting percentage of each member must be included in the calculation with the following limited exception: in the event that a member recuses himself or herself (A) said member's voting percentage shall be allocated *pro rata* to the other members for purposes of determining whether the 67 percent threshold has been met and (B) said members' affirmative vote shall not be required to reach the 100 percent threshold (i.e. all members who have not recused themselves must vote in the affirmative). Without limiting the foregoing, an absence by any member(s) shall not result in any *pro rata* distribution for purposes of determining whether the 67 percent threshold has been met or result in elimination of the requirement that said member vote in the affirmative for purposes of determining whether the 100 percent threshold has been met.

4.9 The creation of the Cooperative Committee shall not be construed as a delegation of any powers or authorities, and all powers and authorities of each individual Party shall reside with that Party.

### Section 5 Funding

5.1 The Fiscal Year of the Cooperative Committee shall be July 1 through June 30.

5.2 For Fiscal Years 2017 – 2018, 2018 – 2019 and 2019 – 2020, the Cooperative Committee shall develop a recommended budget for consideration by each Party. Subject to each Party's approval of the budget for the relevant Fiscal Year, each Party shall be responsible

for funding a portion of said budgeted costs in accordance with the percentages set forth in Section 4.6 or Section 4.7 above, as applicable. Neither the Cooperative Committee nor any Party on behalf of the Cooperative Committee shall make any financial expenditures or incur any financial obligations or liabilities pursuant to this MOA for Fiscal Years 2017 – 2018, 2018 – 2019 or 2019 – 2020 prior to approval of the budget for the relevant Fiscal Year by each Party.

5.3 For Fiscal Year 2020 – 2021 and following, the Cooperative Committee shall develop a recommended budget and recommended contribution percentages for consideration by each Party. Subject to each Party's approval of the budget and its contribution percentage, each Party shall be responsible for funding a portion of said budgeted costs in accordance with the percentages approved by each Party. Neither the Cooperative Committee nor any Party on behalf of the Cooperative Committee shall make any financial expenditures or incur any financial obligations or liabilities pursuant to this MOA for Fiscal Year 2020 – 2021 and following prior to approval of the budget and contribution percentages for the relevant Fiscal Year by each Party.

5.4 It is anticipated that the vast majority of budgeted costs will involve costs for consultant services. Consequently, most contributions shall be paid to the City in the manner described in Section 6.6 below. For budgeted costs that do not involve consultant services (if any), the Cooperative Committee shall determine the manner in which such contributions shall be paid consistent with Section 5.2 and Section 5.3 above.

5.5 The Cooperative Committee shall make recommendations related to any additional non-budgeted funding needs, but shall have no authority to require any Party to contribute funds over and above those included in the budgets approved by each Party.

5.6 On an annual basis, the Cooperative Committee and/or contracting agent shall provide the Parties with a record of expenditures from the previous Fiscal Year related to this MOA.

## **Section 6 Engagement of Consultants**

6.1 It is anticipated that the Cooperative Committee will desire to retain the services of one or more consultants in conducting the activities identified in Section 4.4 above, including, but not necessarily limited to, its development of the GSP.

6.2 The City agrees to act as the contracting agent on behalf of the Cooperative Committee and shall follow its own procurement policies in the engagement of such consultant(s) subject to Section 6.3 below.

6.3 The City agrees that the Parties and the Cooperative Committee shall be included in the selection of any consultant retained by the City on behalf of the Cooperative Committee.

More specifically, staff representatives from each of the Parties shall be given an opportunity to review and approve all requests for proposals prior to their release and to participate in the various stages of the selection process, including, but not limited to, review of proposals and participation on interview panels. In addition, the City shall not issue a notice to proceed to any selected consultant until the Cooperative Committee has confirmed the consultant and related contract.

6.4 The Cooperative Committee may request that the City terminate a consultant contract entered into on behalf of the Cooperative Committee subject to and in accordance with the terms specified in the contract.

6.5 All consultant contracts entered into by the City on behalf of the Cooperative Committee shall include the following: (A) a provision that the consultant shall not commence work until a notice to proceed is issued and acknowledgement that a notice to proceed will not be issued until the Cooperative Committee confirms the consultant and contract; (B) a provision requiring that the consultant name each Party, its employees, officers and agents as an additional insured; and (C) an expected spend plan estimating the amount of the not to exceed contract amount that the consultant expects to invoice the City each month.

6.6 Upon receipt of each invoice from a consultant retained on behalf of the Cooperative Committee, the City shall calculate each Party's payment obligation based on the percentages set forth in Section 4.6 or Section 4.7, as applicable, or on the percentages approved by each Party as set forth in Section 5.3, depending on the Fiscal Year. The City shall submit an invoice to each Party showing the foregoing calculation, and each Party shall remit payment to the City within thirty (30) days.

## **Section 7 Roles and Responsibilities of the Parties**

In addition to performance of the roles and responsibilities set forth above related to, among other things, appointment of members and alternate members to the Cooperative Committee, consideration of annual budgets and cost contributions and participation in the selection of consultants, the Parties shall:

- A. Work to jointly to meet the objectives of this MOA through, among other things, coordination of all activities related to fulfillment of said objectives;
- B. Internally or jointly designate a staff person(s) to provide expertise and existing information in a timely manner and to participate in the development of the GSP and/or related technical studies and/or other materials or actions being considered by the Cooperative Committee;
- C. Upon recommendation of the Cooperative Committee, consider adoption of the GSP and, as defined in the GSP once approved, implement the GSP within its respective GSA service area. Notwithstanding the foregoing, nothing contained

in this MOA shall be construed as obligating any Party to adopt the GSP developed under this MOA, or as preventing any Party from adopting the GSP developed under this MOA in the event that the Cooperative Committee fails to recommend approval or another Party (or Parties) elects not to adopt the GSP developed under this MOA;

- D. Bring any dispute over any of the activities discussed in this MOA to the Cooperative Committee in order to provide the Cooperative Committee with an opportunity to resolve the dispute.

### **Section 8**

#### **Interagency Communication and Providing Proper Notice**

8.1 In order to provide for consistent and effective communication among the Parties, each Party agrees to designate a representative as its central point of contact on all matters relating to this MOA and the GSP. Additional representatives from the community or staff may be appointed to serve as points of contact on specific actions or issues.

8.2 All notices, statements or payments related to implementing the objectives of this MOA shall be deemed to have been duly given if given in writing and delivered electronically, personally or mailed by first-class, registered, or certified mail to the Parties at the addresses set forth in Exhibit B. Notwithstanding any other provision of this MOA, the Parties may update Exhibit B from time to time without formally amending this MOA.

### **Section 9**

#### **Withdrawal and Termination**

9.1 Any Party may unilaterally withdraw from this MOA without causing or requiring termination of this MOA. Withdrawal shall become effective upon thirty (30) days written notice to the remaining Parties' designated addresses as listed in Exhibit B. Nothing contained in this Section 9 shall be construed as prohibiting a Party that has withdrawn from this MOA from developing its own GSP for its service area within the Basin. A Party that has withdrawn from this MOA shall remain obligated to pay its percentage cost share of expenses and obligations as outlined in the current budget incurred, accrued or encumbered up to the date the Party provided notice of withdrawal, including, but not limited to, its cost share obligation under any existing consultant contract for which the City has issued a notice to proceed. If a Party withdraws, the Cooperative Committee shall reassess the contributions of each remaining Party to fund the current budget and determine if the Cooperative Committee needs to request the contribution of additional funding from the governing board of each Party.

9.2 This MOA may be terminated upon unanimous written consent of all current Parties.

## **Section 10 Amendments**

This MOA may be amended only by unanimous written consent of all current Parties. Approval from a Party is valid only after that Party's governing body approves the amendment at a public meeting. Neither individual Cooperative Committee members nor individual members of the Parties' governing boards have the authority, express or implied, to amend, modify, waive or in any way alter this MOA or the terms and conditions hereof.

## **Section 11 Indemnification**

No Party, nor any officer or employee of a Party, shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by another Party under or in connection with this MOA. The Parties further agree, pursuant to Government Code Section 895.4, that each Party shall fully indemnify and hold harmless each other Party and its agents, officers, employees and contractors from and against all claims, damages, losses, judgments, liabilities, expenses and other costs, including litigation costs and attorney fees, arising out of, resulting from, or in connection with any work delegated to or action taken or omitted to be taken by such Party under this MOA.

## **Section 12 Miscellaneous**

12.1 Execution in Counterparts. This MOA may be executed in counterparts.

12.2 Automatic Termination of MOA. This MOA shall automatically terminate upon DWR's approval of the adopted GSP. Depending on the content of the GSP, the Parties may decide to enter into a new agreement to coordinate GSP implementation.

12.3 Choice of Law. This MOA is made in the State of California, under the Constitution and laws of said State and is to be so construed.

12.4 Severability. If any provision of this MOA is determined to be invalid or unenforceable, the remaining provisions shall remain in force and unaffected to the fullest extent permitted by law and regulation.

12.5 Entire Agreement. This MOA constitutes the sole, entire, integrated and exclusive agreement between the Parties regarding the contents herein. Any other contracts, agreements, terms, understandings, promises, representations not expressly set forth or referenced in this writing are null and void and of no force and effect.

12.6 Construction and Interpretation. The Parties agree and acknowledge that this MOA has been developed through negotiation, and that each Party has had a full and fair

opportunity to revise the terms of this MOA. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this MOA.

IN WITNESS WHEREOF, the Parties have executed this MOA on the dates shown below.

CITY OF EL PASO DE ROBLES

SHANDON SAN JUAN WATER DISTRICT

By: \_\_\_\_\_  
Tom Frutchey

By: \_\_\_\_\_  
Willy Cunha

Its: City Manager

Its: President, Board of Directors

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM AND LEGAL EFFECT:

APPROVED AS TO FORM AND LEGAL EFFECT:

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

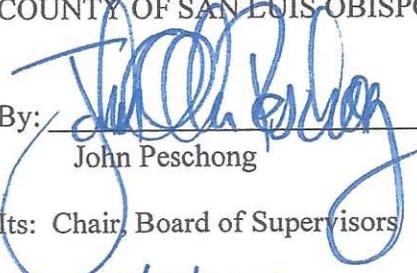
Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

COUNTY OF SAN LUIS OBISPO

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

By:   
John Peschong

By: \_\_\_\_\_  
Scott Duffield

Its: Chair, Board of Supervisors

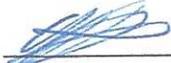
Its: General Manager

Date: 8/22/2017

Date: \_\_\_\_\_

APPROVED AS TO FORM AND LEGAL EFFECT:

APPROVED AS TO FORM AND LEGAL EFFECT:

By: 

By: \_\_\_\_\_

Its: 

Its: \_\_\_\_\_

Date: 2/10/2017

Date: \_\_\_\_\_

ATTEST:  
Tommy Gong, County Clerk-Recorder and  
Ex-Officio Clerk of the Board of Supervisors

By:   
Deputy Clerk

opportunity to revise the terms of this MOA. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this MOA.

IN WITNESS WHEREOF, the Parties have executed this MOA on the dates shown below.

CITY OF EL PASO DE ROBLES

SHANDON SAN JUAN WATER DISTRICT

By: THOMAS FRUTCHEY  
Tom Frutchey *TF*

By: \_\_\_\_\_  
Willy Cunha

Its: City Manager

Its: President, Board of Directors

Date: 9-20-17

Date: \_\_\_\_\_

APPROVED AS TO FORM AND LEGAL EFFECT:

APPROVED AS TO FORM AND LEGAL EFFECT:

By: Jim P. Garp

By: \_\_\_\_\_

Its: City Attorney

Its: \_\_\_\_\_

Date: 9/20/17

Date: \_\_\_\_\_

COUNTY OF SAN LUIS OBISPO

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

By: \_\_\_\_\_  
John Peschong

By: \_\_\_\_\_  
Scott Duffield

Its: Chair, Board of Supervisors

Its: General Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM AND LEGAL EFFECT:

APPROVED AS TO FORM AND LEGAL EFFECT:

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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IN WITNESS WHEREOF, the Parties have executed this MOA on the dates shown below.

CITY OF EL PASO DE ROBLES

SHANDON SAN JUAN WATER DISTRICT

By: \_\_\_\_\_  
Tom Frutchet

By: Willy Cunha  
Willy Cunha

Its: City Manager

Its: President, Board of Directors

Date: \_\_\_\_\_

Date: 7-26-2017

APPROVED AS TO FORM AND LEGAL EFFECT:

APPROVED AS TO FORM AND LEGAL EFFECT:

By: \_\_\_\_\_

By: Scott Duffield of Young Woodbridge, LLP  
Its: District Counsel

Its: \_\_\_\_\_

Date: 7/26/17

Date: \_\_\_\_\_

COUNTY OF SAN LUIS OBISPO

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

By: \_\_\_\_\_  
John Peschong

By: \_\_\_\_\_  
Scott Duffield

Its: Chair, Board of Supervisors

Its: General Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM AND LEGAL EFFECT:

APPROVED AS TO FORM AND LEGAL EFFECT:

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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IN WITNESS WHEREOF, the Parties have executed this MOA on the dates shown below.

CITY OF EL PASO DE ROBLES

SHANDON SAN JUAN WATER DISTRICT

By: \_\_\_\_\_  
Tom Frutchey

By: \_\_\_\_\_  
Willy Cunha

Its: City Manager

Its: President, Board of Directors

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM AND LEGAL EFFECT:

APPROVED AS TO FORM AND LEGAL EFFECT:

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

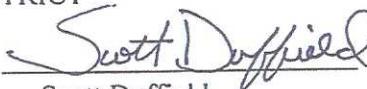
Date: \_\_\_\_\_

Date: \_\_\_\_\_

COUNTY OF SAN LUIS OBISPO

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

By: \_\_\_\_\_  
John Peschong

By:   
Scott Duffield

Its: Chair, Board of Supervisors

Its: General Manager

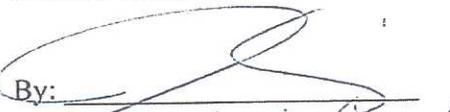
Date: \_\_\_\_\_

Date: 07/31/2017

APPROVED AS TO FORM AND LEGAL EFFECT:

APPROVED AS TO FORM AND LEGAL EFFECT:

By: \_\_\_\_\_

By: 

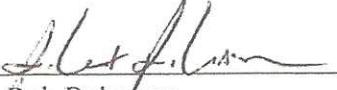
Its: \_\_\_\_\_

Its: District Counsel

Date: \_\_\_\_\_

Date: 7/26/17

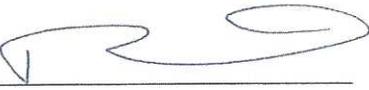
SAN MIGUEL COMMUNITY  
SERVICES DISTRICT

By:   
Rob Roberson

Its: Interim General Manager

Date: 8/29/2017

APPROVED AS TO FORM AND  
LEGAL EFFECT:

By: 

Its: Douglas White

Date: 9/6/17

**EXHIBIT A**

**Addition of Party to Memorandum of Agreement regarding Preparation of a Groundwater Sustainability Plan for the Paso Robles Groundwater Basin**

WHEREAS, certain local agencies that each decided to become the groundwater sustainability agency within their respective service areas overlying the Paso Robles Area Subbasin (Basin No. 3-004.06) have entered into an agreement entitled "Memorandum of Agreement regarding Preparation of a Groundwater Sustainability Plan for the Paso Robles Groundwater Basin" ("Agreement"); and

WHEREAS, the Estrella-El Pomar-Creston Water District ("EPCWD") could not be an original signatory to the Agreement, because it had not yet been formed; and

WHEREAS, Section 3 of the Agreement sets forth the process by which the EPCWD can become a party to the Agreement provided that certain conditions are met; and

WHEREAS, the EPCWD has received and reviewed a copy of the Agreement; and

WHEREAS, on May 10, 2023, the EPCWD Board of Directors held a public hearing and by Resolution 23-0020 decided to become the groundwater sustainability agency within its service area and a signatory to the Agreement; and

WHEREAS, on \_\_\_\_\_, the County of San Luis Obispo Board of Supervisors held a public hearing and by Resolution \_\_\_\_\_ decided to withdraw from serving as the groundwater sustainability agency within the EPCWD's service area and to accept the signature below.

NOW, THEREFORE, acknowledging that the recitals above are correct and are part of this agreement, the EPCWD, upon acceptance by signature below by the County of San Luis Obispo Board of Supervisors, shall become a party to the Agreement effective immediately. The EPCWD shall bear the benefits and enjoy the burdens of the Agreement as though the EPCWD had originally executed said Agreement as it now exists or may be amended in the future, and for so long as the Agreement remains in effect or for so long as the EPCWD is a party to the Agreement.

**ACCEPTED AND APPROVED BY THE ESTRELLA-EL POMAR-CRESTON WATER DISTRICT BOARD OF DIRECTORS:**

By: 

Date: 5-10-23

Its: PRESIDENT

**APPROVED AS TO FORM AND LEGAL EFFECT:**

By: 

Date: 5/12/2023

Its: Counsel

Address for purposes of Exhibit B to the Agreement:

Estrella-El Pomar-Creston Water District

P.O. Box 1499

PASO ROBLES, CA 93447

Attention: DISTRICT ADMINISTRATOR

**ACCEPTED AND APPROVED BY  
THE COUNTY OF SAN LUIS OBISPO  
BOARD OF SUPERVISORS IN ACCORDANCE WITH  
THE AGREEMENT:**

By: \_\_\_\_\_

Date: \_\_\_\_\_

Its: \_\_\_\_\_

**APPROVED AS TO FORM AND LEGAL EFFECT:**

By: \_\_\_\_\_

Date: \_\_\_\_\_

Its: \_\_\_\_\_

# **Attachment I**

2023 Exhibit A of the 2020  
Memorandum of Agreement  
Executed by EPCWD

**Addition of Party to Memorandum of Agreement regarding Preparation of a Groundwater Sustainability Plan for the Paso Robles Groundwater Basin**

**WHEREAS**, certain local agencies that each decided to become the groundwater sustainability agency within their respective service areas overlying the Paso Robles Area Subbasin (Basin No. 3-004.06) have entered into an agreement entitled "Memorandum of Agreement regarding Preparation of a Groundwater Sustainability Plan for the Paso Robles Groundwater Basin" ("Agreement"); and

**WHEREAS**, the Estrella-El Pomar-Creston Water District ("EPCWD") could not be an original signatory to the Agreement, because it had not yet been formed; and

**WHEREAS**, Section 3 of the Agreement sets forth the process by which the EPCWD can become a party to the Agreement provided that certain conditions are met; and

**WHEREAS**, the EPCWD has received and reviewed a copy of the Agreement; and

**WHEREAS**, on May 10, 2023, the EPCWD Board of Directors held a public hearing and by Resolution 23-0020 decided to become the groundwater sustainability agency within its service area and a signatory to the Agreement; and

**WHEREAS**, on \_\_\_\_\_, the County of San Luis Obispo Board of Supervisors held a public hearing and by Resolution \_\_\_\_\_ decided to withdraw from serving as the groundwater sustainability agency within the EPCWD's service area and to accept the signature below.

**NOW, THEREFORE**, acknowledging that the recitals above are correct and are part of this agreement, the EPCWD, upon acceptance by signature below by the County of San Luis Obispo Board of Supervisors, shall become a party to the Agreement effective immediately. The EPCWD shall bear the benefits and enjoy the burdens of the Agreement as though the EPCWD had originally executed said Agreement as it now exists or may be amended in the future, and for so long as the Agreement remains in effect or for so long as the EPCWD is a party to the Agreement.

**ACCEPTED AND APPROVED BY THE ESTRELLA-EL POMAR-CRESTON WATER DISTRICT BOARD OF DIRECTORS:**

By: 

Date: 5-10-23

Its: PRESIDENT

# **Attachment J**

Board of Supervisors  
Resolution 2023-142  
Withdrawing as GSA and  
Accepting Exhibit A of the 2020  
Memorandum of Agreement

# IN THE BOARD OF SUPERVISORS

County of San Luis Obispo, State of California

Tuesday, June 6, 2023

**PRESENT:** Supervisors Bruce S. Gibson, Dawn Ortiz-Legg, Jimmy Paulding, Debbie Arnold  
and Chairperson John Peschong

**ABSENT:** None

## **RESOLUTION NO. 2023-142**

**RESOLUTION WITHDRAWING FROM SERVING AS THE GROUNDWATER SUSTAINABILITY AGENCY (GSA) WITHIN THE ESTRELLA-EL POMAR-CRESTON WATER DISTRICT (EPCWD) SERVICE AREA THROUGH MODIFICATION OF THE BOUNDARIES OF THE "PASO BASIN – COUNTY OF SAN LUIS OBISPO GROUNDWATER SUSTAINABILITY AGENCY" AND ACCEPTANCE AND APPROVAL OF THE ADDITION OF PARTY TO MEMORANDUM OF AGREEMENT REGARDING PREPARATION OF A GROUNDWATER SUSTAINABILITY PLAN FOR THE PASO ROBLES GROUNDWATER BASIN SIGNED BY THE EPCWD; AUTHORIZING THE DIRECTOR OF GROUNDWATER SUSTAINABILITY TO TAKE ACTIONS TO EFFECTUATE THE GSA BOUNDARY MODIFICATION; AND FINDING THAT THE PROJECT IS EXEMPT FROM SECTION 21000 *ET SEQ.* OF THE CALIFORNIA PUBLIC RESOURCES CODE (CEQA)**

The following Resolution is hereby offered and read:

**WHEREAS**, on May 16, 2017, the County Board of Supervisors (Board) held a public hearing and adopted Resolution 2017-134 (Formation Resolution) forming the Paso Basin – County of San Luis Obispo GSA and acknowledging the possibility of the formation of a new eligible local agency (i.e. the Estrella-El Pomar-Creston Water District (EPCWD)) within the boundaries of the GSA after the GSA formation deadline under the Sustainable Groundwater Management Act (SGMA), as well as the ability of the Board through future action to subsequently withdraw from serving as the GSA within that agency's service area; and

**WHEREAS**, pursuant to the authorization contained within Section 3 of the Formation Resolution and the requirements of Water Code Section 10723.8, County staff submitted a notification (Notice) to the State Department of Water Resources (DWR) of the Board's decision to become the GSA which included, among other things, a copy of the Formation Resolution; and

**WHEREAS**, also pursuant to the requirements of Water Code Section 10723.8, DWR posted the Notice on its internet website; and

**WHEREAS**, on November 19, 2019, the Board held a public hearing and adopted Resolution 2019-320 modifying the service area boundaries of the Paso Basin – County of San Luis Obispo GSA to align with the revised DWR boundary for the Paso Robles Groundwater Basin (Paso Basin) and the revised Shandon-San Juan Water District boundary; and

**WHEREAS**, the GSAs that formed prior to the statutory deadline within the Paso Basin executed a Memorandum of Agreement regarding Preparation of a Groundwater Sustainability Plan for the Paso Robles Groundwater Basin (MOA) for purposes of establishing the process by which the GSAs would collaboratively prepare a groundwater sustainability plan; and

**WHEREAS**, each GSA adopted the Paso Robles Subbasin Groundwater Sustainability Plan (GSP) developed under the MOA in or around January 2020 and an update thereto in or around July 2022 (collectively, GSP); and

**WHEREAS**, in or around January 2020, the GSAs also entered into Amendment No. 1 to the MOA noting that the Heritage Ranch Community Services District had withdrawn from the MOA and stating that the MOA may also serve as the basis for continued cooperation among the GSAs in the management of the Paso Basin during the period between adoption of the GSP and development of a long-term governance structure for implementation of the GSP; and

**WHEREAS**, a copy of the MOA as amended is attached hereto as Exhibit A and incorporated herein by this reference; and

**WHEREAS**, the MOA permits the EPCWD to become a party to the MOA if and only if its Board of Directors decides to become the GSA within its service area and the EPCWD signs the Addition of Party to Memorandum of Agreement regarding Preparation of a Groundwater Sustainability Plan for the Paso Robles Groundwater Basin attached to the MOA as Exhibit A (Addition) and the Board decides to withdraw from serving as the GSA within said area and accepts and approves the Addition; and

**WHEREAS**, on December 8, 2017, the San Luis Obispo Local Agency Formation Commission (LAFCO) filed a certificate of completion for the formation of the EPCWD; and

**WHEREAS**, on January 4, 2018, the EPCWD Board of Directors held a public hearing during which it decided to become the GSA over the portions of the Paso Basin within its service area, accepted and approved the Addition and requested that the County withdraw from serving as the GSA within the EPCWD service area; and

**WHEREAS**, on March 6, 2018, the Board passed a motion declining to withdraw from serving as the GSA within the EPCWD service area; and

**WHEREAS**, on February 8, 2023, the EPCWD Board of Directors voted unanimously to again request that the County withdraw from serving as the GSA within the EPCWD service area, and on May 10, 2023 held another public hearing during which it again decided to become the GSA over the portions of the Paso Basin within its service area, accepted and approved the Addition (a signed copy of which is attached hereto

as Exhibit B and incorporated herein by this reference) and authorized the President of its Board of Directors to designate appointees or staff to participate in the implementation of the GSP; and

**WHEREAS**, based on the actions taken by the EPCWD Board of Directors on May 10, 2023, it is anticipated that the EPCWD Board of Directors will formally adopt the GSP after becoming a GSA and holding a future public hearing pursuant to Water Code Section 10728.4; and

**WHEREAS**, withdrawal from the EPCWD's service area and acceptance and approval of the Addition is consistent with the County's SGMA Strategy and Resolution 2017-134; and

**WHEREAS**, in order to preserve its status as an exclusive GSA within the Paso Basin, the County likely needs to determine that the actions contemplated herein do not constitute a material change to the information contained within the posted Notice; and

**WHEREAS**, the County of San Luis Obispo published a notice of public hearing consistent with the requirements contained within Water Code Section 10723(b); and

**WHEREAS**, the Board conducted such a public hearing on June 6, 2023.

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED** by the Board of Supervisors of the County of San Luis Obispo, State of California, that:

Section 1: The foregoing recitals are true and correct and are incorporated herein by reference.

Section 2: The Board hereby decides to withdraw from serving as the groundwater sustainability agency within the service area of the EPCWD as it exists as of the date of this Resolution through modification of the boundaries of the "Paso Basin - County of San Luis Obispo Groundwater Sustainability Agency" established by the Board of Supervisors on May 16, 2017 by Resolution 2017-134 and on November 19, 2019 by Resolution 2019-320 as depicted in the map attached hereto as Exhibit C and incorporated herein by this reference and by accepting and approving the Addition.

Section 3: The Board hereby authorizes the Chairperson to sign the Addition.

Section 4: The Director of Groundwater Sustainability or his/her designee is hereby authorized and directed to submit the notice of adoption of this Resolution and of the Board's determination that said action does not constitute a material change to the information contained within the Notice for the reasons set forth in the recitals to this Resolution, in addition to all other information required by SGMA to DWR as necessary to effectuate the withdrawal and GSA boundary modification described herein.

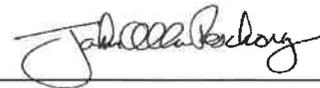
Section 5: The Board finds that the adoption of this Resolution is exempt from the requirements of the California Environmental Quality Act (Public Resources Code 21000 §§ *et seq.*) (CEQA) pursuant to Section 15061(b)(3) of the CEQA Guidelines.

Section 6: The Environmental Coordinator of the County of San Luis Obispo is hereby directed to file a Notice of Exemption in accordance with the provisions of CEQA.

Upon motion of Supervisor Gibson, seconded by Supervisor Ortiz-Legg, and on the following roll call vote, to wit:

- AYES: Supervisors Ortiz-Legg, Gibson and Paulding
- NOES: Supervisor Arnold and Chairperson Peschong
- ABSENT: None
- ABSTAINING: None

the foregoing Resolution is hereby adopted on the 6<sup>th</sup> day of June, 2023.



\_\_\_\_\_  
John Peschong  
Chairperson of the Board of Supervisors

ATTEST:

JOHN NILON  
Interim Ex-Officio Clerk of the Board of Supervisors

By: Sandy Currens  
Deputy Clerk

[SEAL]

APPROVED AS TO FORM AND LEGAL EFFECT:

RITA L. NEAL  
County Counsel

By: /s/ Erica Stuckey  
Deputy County Counsel

Dated: May 22, 2023

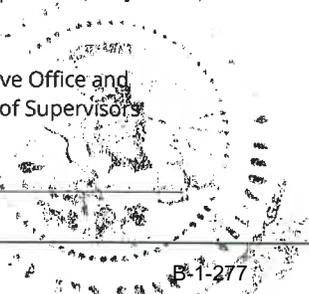
STATE OF CALIFORNIA )      **ss.**  
COUNTY OF SAN LUIS OBISPO)

I, **JOHN NILON**, Ex-Officio Clerk of the Board of Supervisors thereof, do hereby certify the foregoing to be a full, true and correct copy of an order entered in the minutes of said Board of Supervisors, and now remaining of record in my office.

Witness, my hand and seal of said Board of Supervisors on June 15, 2023.

**JOHN NILON**  
Interim County Administrative Office and  
Ex-Officio Clerk of the Board of Supervisors

By: Sandy Currens  
Deputy Clerk



## EXHIBIT A

### AMENDMENT NO. 1 TO MEMORANDUM OF AGREEMENT REGARDING PREPARATION OF A GROUNDWATER SUSTAINABILITY PLAN FOR THE PASO ROBLES GROUNDWATER BASIN

This Amendment No. 1 to Memorandum of Agreement Regarding Preparation of a Groundwater Sustainability Plan for the Paso Robles Groundwater Basin ("Amendment") is entered into by and between the City of El Paso de Robles, the San Miguel Community Services District, the County of San Luis Obispo and the Shandon-San Juan Water District (collectively, "Parties").

**WHEREAS**, on or about September 20, 2017, the Parties and the Heritage Ranch Community Services District ("HRCSD") entered into a Memorandum of Agreement Regarding Preparation of a Groundwater Sustainability Plan for the Paso Robles Groundwater Basin ("MOA"), a copy of which is attached hereto as Attachment 1 and incorporated herein by this reference, for purposes of establishing a framework for preparing a single groundwater sustainability plan for the Paso Robles Area Subbasin ("GSP") and for continued cooperation among the Parties; and

**WHEREAS**, the HRCSD provided written notice of its withdrawal from the MOA pursuant to Section 9.1 on or around January 18, 2019 and its withdrawal became effective shortly thereafter; and

**WHEREAS**, the Parties desire to continue cooperating on the GSP pursuant to the framework established by the MOA on an interim basis regardless of the date of any approval of the GSP by the California Department of Water Resources.

**NOW, THEREFORE**, the PARTIES agree with the above recitals, and hereby further agree as follows:

1. Section 1 (Purpose) of the MOA shall hereafter be and read as follows:

The purpose of this MOA is to establish a committee to develop a single GSP that will be considered by each individual Party and subsequently submitted to DWR for approval. This MOA may also serve as the basis for continued cooperation among the Parties in the management of the Basin during the period between adoption of the GSP by each Party and development of a long-term governance structure for implementation of the GSP.

WHEN FULLY EXECUTED PLEASE RETURN TO  
COUNTY ADMINISTRATIVE OFFICE  
ATTN: CLERK OF THE BOARD  
1055 Monterey Street Ste. D430  
San Luis Obispo, CA 93408 Item No. 33

2. Section 2 (Term) of the MOA shall hereafter be and read as follows:

This MOA shall become effective on the date that the last of the five (5) Parties signs ("Effective Date") and shall remain in effect until terminated in accordance with Section 9.2 below.

3. Section 4.9 of the MOA shall hereafter be and read as follows:

The creation of the Cooperative Committee shall not be construed as a delegation of any powers or authorities, and all powers and authorities of each individual Party, including, without limitation, the power to implement the GSP within its jurisdictional boundaries, shall reside with that Party.

4. Section 12.2 of the MOA is hereby deleted in its entirety.

5. Except as expressly modified by this Amendment, all terms and provisions of the MOA shall remain in full force and effect.

6. This Amendment shall be effective as of the date that it has been signed by all Parties.

**IN WITNESS THEREOF**, the Parties hereto have executed this Amendment on the dates shown below.

CITY OF EL PASO DE ROBLES

SHANDON SAN JUAN WATER DISTRICT

By: \_\_\_\_\_  
Tom Frutchey

By: \_\_\_\_\_  
Willy Cunha

Its: City Manager

Its: President, Board of Directors

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM AND  
LEGAL EFFECT:

APPROVED AS TO FORM AND  
LEGAL EFFECT:

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

2. Section 2 (Term) of the MOA shall hereafter be and read as follows:

This MOA shall become effective on the date that the last of the five (5) Parties signs ("Effective Date") and shall remain in effect until terminated in accordance with Section 9.2 below.

3. Section 4.9 of the MOA shall hereafter be and read as follows:

The creation of the Cooperative Committee shall not be construed as a delegation of any powers or authorities, and all powers and authorities of each individual Party, including, without limitation, the power to implement the GSP within its jurisdictional boundaries, shall reside with that Party.

4. Section 12.2 of the MOA is hereby deleted in its entirety.

5. Except as expressly modified by this Amendment, all terms and provisions of the MOA shall remain in full force and effect.

6. This Amendment shall be effective as of the date that it has been signed by all Parties.

IN WITNESS THEREOF, the Parties hereto have executed this Amendment on the dates shown below.

CITY OF EL PASO DE ROBLES

By: THOM FRUTCHY  
Tom Frutchey

Its: City Manager

Date: 1-8-20

APPROVED AS TO FORM AND  
LEGAL EFFECT:

By: K. J. Hood  
Its: Interior City Attorney  
Date: 1/7/2020

SHANDON SAN JUAN WATER DISTRICT

By: \_\_\_\_\_  
Willy Cunha

Its: President, Board of Directors

Date: \_\_\_\_\_

APPROVED AS TO FORM AND  
LEGAL EFFECT:

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

2. Section 2 (Term) of the MOA shall hereafter be and read as follows:

This MOA shall become effective on the date that the last of the five (5) Parties signs ("Effective Date") and shall remain in effect until terminated in accordance with Section 9.2 below.

3. Section 4.9 of the MOA shall hereafter be and read as follows:

The creation of the Cooperative Committee shall not be construed as a delegation of any powers or authorities, and all powers and authorities of each individual Party, including, without limitation, the power to implement the GSP within its jurisdictional boundaries, shall reside with that Party.

4. Section 12.2 of the MOA is hereby deleted in its entirety.

5. Except as expressly modified by this Amendment, all terms and provisions of the MOA shall remain in full force and effect.

6. This Amendment shall be effective as of the date that it has been signed by all Parties.

IN WITNESS THEREOF, the Parties hereto have executed this Amendment on the dates shown below.

CITY OF EL PASO DE ROBLES

SHANDON, SAN JUAN WATER DISTRICT

By: \_\_\_\_\_  
Tom Frutchey

By: Willy Cunha  
Willy Cunha

Its: City Manager

Its: President, Board of Directors

Date: \_\_\_\_\_

Date: November 21, 2019

APPROVED AS TO FORM AND LEGAL EFFECT:

APPROVED AS TO FORM AND LEGAL EFFECT:

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

COUNTY OF SAN LUIS OBISPO

By: \_\_\_\_\_  
Debbie Arnold

Its: Chairperson, Board of Supervisors

Date: \_\_\_\_\_

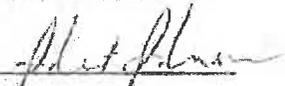
APPROVED AS TO FORM AND  
LEGAL EFFECT:

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

SAN MIGUEL COMMUNITY  
SERVICES DISTRICT

By:   
Rob Roberson

Its: General Manager

Date: 3/3/2020

APPROVED AS TO FORM AND  
LEGAL EFFECT:

By: 

Its: Douglas White

Date: 3-13-20

COUNTY OF SAN LUIS OBISPO

By: Debbie Arnold  
Debbie Arnold

Its: Chairperson, Board of Supervisors

Date: December 17, 2019

APPROVED AS TO FORM AND  
LEGAL EFFECT:

By: \_\_\_\_\_

Its: Debbie Arnold

Date: 12/13/19

SAN MIGUEL COMMUNITY  
SERVICES DISTRICT

By: \_\_\_\_\_  
Rob Roberson

Its: General Manager

Date: \_\_\_\_\_

APPROVED AS TO FORM AND  
LEGAL EFFECT:

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

L:\Water Resources\2019\_CCA\Adopt Paso Basin GSP Amendment No.1 to MOA\Amendment No. 1 MOU GSP  
PRGWB.docxAR.mj

ATTEST:  
Wade Horton, County Clerk of the Board and  
Ex-Officio Clerk of the Board of Supervisors:  
By: Kiana N. Christensen  
Deputy Clerk

The undersigned Deputy Clerk of the Board of Supervisors  
certifies that, pursuant to Section 25103 of the  
Government Code, delivery of this document has been  
made on December 27, 2019

**WADE HORTON**  
County Clerk of the Board and Ex-Officio Clerk  
of the Board of Supervisors  
By: Kiana N. Christensen  
Deputy Clerk

## Attachment 1

### MEMORANDUM OF AGREEMENT REGARDING PREPARATION OF A GROUNDWATER SUSTAINABILITY PLAN FOR THE PASE ROBLES GROUNDWATER BASIN

This Memorandum of Agreement regarding Preparation of a Groundwater Sustainability Plan for the Paso Robles Groundwater Basin ("MOA") is entered into by and between the City of El Paso de Robles ("City"), the San Miguel Community Services District ("SMCSD"), the Heritage Ranch Community Services District ("HRCSD"), the County of San Luis Obispo ("County") and the Shandon-San Juan Water District ("SSJWD") (each referred to individually as a "Party" and collectively as the "Parties") for purposes of preparing a groundwater sustainability plan for the Paso Robles Area Subbasin.

#### Recitals

**WHEREAS**, on September 16, 2014, Governor Jerry Brown signed into law Senate Bills 1168 and 1319 and Assembly Bill 1739, known collectively as the Sustainable Groundwater Management Act (Water Code §§ 10720 *et seq.*) ("SGMA"), which became effective on January 1, 2015 and which have been and may continue to be amended from time to time; and

**WHEREAS**, SGMA requires the establishment of a groundwater sustainability agency ("GSA") or agencies for all basins designated as medium or high priority by the California Department of Water Resources ("DWR") on or before June 30, 2017; and

**WHEREAS**, SGMA further requires the adoption of a groundwater sustainability plan ("GSP") or coordinated GSPs for all basins designated by DWR as high or medium priority and subject to critical conditions of overdraft on or before January 31, 2020; and

**WHEREAS**, DWR has designated the Paso Robles Area Subbasin (Basin No. 3-004.06) ("Basin") as a high priority basin subject to critical conditions of overdraft; and

**WHEREAS**, each of the Parties has decided to become the GSA within its respective service area overlying the Basin and has informed DWR of its decision and intent to undertake sustainable groundwater management therein; and

**WHEREAS**, each of the Parties desires to collectively develop and implement a single GSP to sustainably manage the portions of the Basin underlying their combined service areas (*i.e.* all portions of the Basin located within the County of San Luis Obispo); and

**WHEREAS**, the Parties share the common goal of cost effective, sustainable groundwater management that considers the interests and concerns of all beneficial uses and users of groundwater within the Basin; and

**WHEREAS**, on April 6, 2017, the San Luis Obispo Local Agency Formation Commission conditionally approved the formation of the Estrella-El Pomar-Creston Water District (“EPCWD”), subject to, among other things, a successful vote on the formation pursuant to Water Code Section 34500, for purposes of serving as a GSA within its service area; and

**WHEREAS**, the EPCWD, if formed, will not be formed until after the June 30, 2017 deadline, and the County included the potential service area of the EPCWD within the Paso Basin – County of San Luis Obispo Groundwater Sustainability Agency that the County formed on May 16, 2017 by Resolution 2017-134; and

**WHEREAS**, the Parties acknowledge the cooperative efforts of the working group, including representatives of each Party and the applicant and several petitioners desiring to form the EPCWD, that commenced meeting in August 2016 and that culminated in this MOA; and

**WHEREAS**, this MOA provides for the future addition of EPCWD as a Party to this MOA provided that certain conditions are satisfied, including, but not limited to, a successful vote on the formation of the EPCWD pursuant to Water Code Section 34500 and the County Board of Supervisors decides to withdraw from serving as the GSA for the EPCWD service area; and

**WHEREAS**, the active involvement and cooperation of all users of groundwater within the Basin is highly valued by the Parties and their continued willing cooperation in SGMA implementation is deemed critical for successful sustainable management of the Basin.

**NOW, THEREFORE**, it is mutually understood and agreed as follows:

**Section 1  
Purpose**

The purpose of this MOA is to establish a committee to develop a single GSP that will be considered for adoption by each individual Party and subsequently submitted to DWR for approval. This MOA may also serve as the basis for continued cooperation among the Parties in the management of the Basin during the period between adoption of the GSP by each Party and approval of the GSP by DWR. As more specifically set forth in Section 12.2 below, this MOA shall automatically terminate upon DWR’s approval of the GSP for the Basin.

**Section 2  
Term**

This MOA shall become effective on the date that the last of the five (5) Parties signs (“Effective Date”) and shall remain in effect until terminated in accordance with Section 9.2 or Section 12.2 below.

**Section 3**  
**EPCWD**

If and only if the EPCWD is formed and its Board of Directors decides to become the GSA within its service area and the County Board of Supervisors decides to withdraw from serving as the GSA within said area, the EPCWD may become a Party to this Agreement by signing the Addition of Party to Memorandum of Agreement regarding Preparation of a Groundwater Sustainability Plan for the Paso Robles Groundwater Basin in the form attached hereto as Exhibit A ("Addition") provided that the County Board of Supervisors has accepted the Addition as part of its decision to withdraw.

**Section 4**  
**Paso Basin Cooperative Committee**

4.1 The Parties hereby establish the Paso Basin Cooperative Committee ("Cooperative Committee") which shall be composed of a member and alternate member from each of the five (5) Parties.

4.2 The governing body of each Party shall promptly appoint a member and alternate member to the Cooperative Committee. Each Cooperative Committee member and alternate member shall serve at the pleasure of the appointing Party, and may be removed from the Cooperative Committee by the appointing Party at any time. Each Cooperative Committee member's compensation, if any, for his or her service on the Cooperative Committee shall be the responsibility of the appointing Party.

4.3 If and only if the EPCWD becomes a Party to this MOA in accordance with Section 3 of this MOA, the Cooperative Committee shall also include a member and alternate member from the EPCWD appointed by the EPCWD.

4.4 The Cooperative Committee shall conduct activities related to GSP development and SGMA implementation at the pleasure and under the guidance of the Parties, including, but not limited to:

- A. Development of a GSP that achieves the goals and objectives outlined in SGMA;
- B. Review and participation in the selection of consultants related to Cooperative Committee efforts, as more specifically set forth in Section 6 below;
- C. Development of recommended annual budgets and additional funding needs for consideration and approval of the Parties and development of a record of expenditures, in accordance with and subject to Section 5 below. Consistent with Section 7 below, it is expected that each of the Parties will contribute in-kind staff support; therefore, recommended annual budgets

- shall generally not include the staff or overhead costs of any Party associated with participation in this MOA;
- D. Development of a plan that describes the anticipated tasks to be performed under this MOA and a schedule for performing said tasks;
  - E. Implementation of the actions and/or policies undertaken pursuant to this MOA and resolution of any issues related to these actions and/or policies;
  - F. Development of measures that may be implemented in the event insufficient or unsatisfactory progress is being made in development of the GSP;
  - G. Development of a stakeholder participation plan that includes public outreach and education programs and workshops as appropriate and that involves the interested stakeholders in developing and implementing the GSP (e.g. workshops at key milestones); if determined necessary by the Cooperative Committee and supported by the Parties, the Cooperative Committee may lead implementation of the stakeholder participation plan or other stakeholder engagement activities;
  - H. Establishment from time to time of one or more standing or *ad hoc* committees to assist in carrying out the purposes and objectives of the Cooperative Committee as may be necessary;
  - I. Recommendation that each individual Party adopt the GSP developed under this MOA;
  - J. Resolution of differences among the Parties;
  - K. Coordination with neighboring GSAs in the Salinas Valley Groundwater Basin and with neighboring GSPs as may be required and/or to ensure no adverse effects.

4.5 The Cooperative Committee shall meet at least quarterly to carry out the activities described above. The Cooperative Committee shall prepare and maintain minutes of its meetings, and all meetings of the Cooperative Committee shall be conducted in accordance with the Ralph M. Brown Act (Government Code §§ 54950 *et seq.*). A majority of the members of the Cooperative Committee shall constitute a quorum for purposes of transacting business, except that less than a quorum may vote to adjourn the meeting. Attendance at all Cooperative Committee meetings may be augmented to include Parties' staff or consultants to ensure that the appropriate expertise is available.

4.6 Subject to Section 4.7 below, on all matters considered by the Cooperative Committee, the vote of each member shall be weighted in accordance with the following percentages:

City Member	15%
SMCSD Member	3%
HRCSD Member	1%

SSJWD Member	20%
County Member	61%

4.7 If and only if the EPCWD becomes a Party to this MOA in accordance with Section 3 of this MOA, the voting percentages set forth in Section 4.6 shall be modified as follows:

City Member	15%
SMCSD Member	3%
HRCSD Member	1%
SSJWD Member	20%
County Member	32%
EPCWD Member	29%

4.8 Any action or recommendation considered by the Cooperative Committee shall require the affirmative vote of 67 percent based on the percentages set forth in Section 4.6 or 4.7 above, as applicable. Notwithstanding the foregoing, the following shall require the affirmative vote of 100 percent based on the percentages set forth in Section 4.6 or 4.7 above, as applicable: (A) a recommendation that each of the Parties adopt the GSP or adopt any amendment thereto prepared in response to comments from DWR and (B) a recommendation that the Parties amend this MOA. For purposes of determining whether the requisite voting threshold has been met, the voting percentage of each member must be included in the calculation with the following limited exception: in the event that a member recuses himself or herself (A) said member's voting percentage shall be allocated *pro rata* to the other members for purposes of determining whether the 67 percent threshold has been met and (B) said members' affirmative vote shall not be required to reach the 100 percent threshold (i.e. all members who have not recused themselves must vote in the affirmative). Without limiting the foregoing, an absence by any member(s) shall not result in any *pro rata* distribution for purposes of determining whether the 67 percent threshold has been met or result in elimination of the requirement that said member vote in the affirmative for purposes of determining whether the 100 percent threshold has been met.

4.9 The creation of the Cooperative Committee shall not be construed as a delegation of any powers or authorities, and all powers and authorities of each individual Party shall reside with that Party.

## Section 5 Funding

5.1 The Fiscal Year of the Cooperative Committee shall be July 1 through June 30.

5.2 For Fiscal Years 2017 – 2018, 2018 – 2019 and 2019 – 2020, the Cooperative Committee shall develop a recommended budget for consideration by each Party. Subject to each Party's approval of the budget for the relevant Fiscal Year, each Party shall be responsible

for funding a portion of said budgeted costs in accordance with the percentages set forth in Section 4.6 or Section 4.7 above, as applicable. Neither the Cooperative Committee nor any Party on behalf of the Cooperative Committee shall make any financial expenditures or incur any financial obligations or liabilities pursuant to this MOA for Fiscal Years 2017 – 2018, 2018 – 2019 or 2019 – 2020 prior to approval of the budget for the relevant Fiscal Year by each Party.

5.3 For Fiscal Year 2020 – 2021 and following, the Cooperative Committee shall develop a recommended budget and recommended contribution percentages for consideration by each Party. Subject to each Party's approval of the budget and its contribution percentage, each Party shall be responsible for funding a portion of said budgeted costs in accordance with the percentages approved by each Party. Neither the Cooperative Committee nor any Party on behalf of the Cooperative Committee shall make any financial expenditures or incur any financial obligations or liabilities pursuant to this MOA for Fiscal Year 2020 – 2021 and following prior to approval of the budget and contribution percentages for the relevant Fiscal Year by each Party.

5.4 It is anticipated that the vast majority of budgeted costs will involve costs for consultant services. Consequently, most contributions shall be paid to the City in the manner described in Section 6.6 below. For budgeted costs that do not involve consultant services (if any), the Cooperative Committee shall determine the manner in which such contributions shall be paid consistent with Section 5.2 and Section 5.3 above.

5.5 The Cooperative Committee shall make recommendations related to any additional non-budgeted funding needs, but shall have no authority to require any Party to contribute funds over and above those included in the budgets approved by each Party.

5.6 On an annual basis, the Cooperative Committee and/or contracting agent shall provide the Parties with a record of expenditures from the previous Fiscal Year related to this MOA.

## **Section 6**

### **Engagement of Consultants**

6.1 It is anticipated that the Cooperative Committee will desire to retain the services of one or more consultants in conducting the activities identified in Section 4.4 above, including, but not necessarily limited to, its development of the GSP.

6.2 The City agrees to act as the contracting agent on behalf of the Cooperative Committee and shall follow its own procurement policies in the engagement of such consultant(s) subject to Section 6.3 below.

6.3 The City agrees that the Parties and the Cooperative Committee shall be included in the selection of any consultant retained by the City on behalf of the Cooperative Committee.

More specifically, staff representatives from each of the Parties shall be given an opportunity to review and approve all requests for proposals prior to their release and to participate in the various stages of the selection process, including, but not limited to, review of proposals and participation on interview panels. In addition, the City shall not issue a notice to proceed to any selected consultant until the Cooperative Committee has confirmed the consultant and related contract.

6.4 The Cooperative Committee may request that the City terminate a consultant contract entered into on behalf of the Cooperative Committee subject to and in accordance with the terms specified in the contract.

6.5 All consultant contracts entered into by the City on behalf of the Cooperative Committee shall include the following: (A) a provision that the consultant shall not commence work until a notice to proceed is issued and acknowledgement that a notice to proceed will not be issued until the Cooperative Committee confirms the consultant and contract; (B) a provision requiring that the consultant name each Party, its employees, officers and agents as an additional insured; and (C) an expected spend plan estimating the amount of the not to exceed contract amount that the consultant expects to invoice the City each month.

6.6 Upon receipt of each invoice from a consultant retained on behalf of the Cooperative Committee, the City shall calculate each Party's payment obligation based on the percentages set forth in Section 4.6 or Section 4.7, as applicable, or on the percentages approved by each Party as set forth in Section 5.3, depending on the Fiscal Year. The City shall submit an invoice to each Party showing the foregoing calculation, and each Party shall remit payment to the City within thirty (30) days.

## **Section 7**

### **Roles and Responsibilities of the Parties**

In addition to performance of the roles and responsibilities set forth above related to, among other things, appointment of members and alternate members to the Cooperative Committee, consideration of annual budgets and cost contributions and participation in the selection of consultants, the Parties shall:

- A. Work to jointly to meet the objectives of this MOA through, among other things, coordination of all activities related to fulfillment of said objectives;
- B. Internally or jointly designate a staff person(s) to provide expertise and existing information in a timely manner and to participate in the development of the GSP and/or related technical studies and/or other materials or actions being considered by the Cooperative Committee;
- C. Upon recommendation of the Cooperative Committee, consider adoption of the GSP and, as defined in the GSP once approved, implement the GSP within its respective GSA service area. Notwithstanding the foregoing, nothing contained

in this MOA shall be construed as obligating any Party to adopt the GSP developed under this MOA, or as preventing any Party from adopting the GSP developed under this MOA in the event that the Cooperative Committee fails to recommend approval or another Party (or Parties) elects not to adopt the GSP developed under this MOA;

- D. Bring any dispute over any of the activities discussed in this MOA to the Cooperative Committee in order to provide the Cooperative Committee with an opportunity to resolve the dispute.

### **Section 8**

#### **Interagency Communication and Providing Proper Notice**

8.1 In order to provide for consistent and effective communication among the Parties, each Party agrees to designate a representative as its central point of contact on all matters relating to this MOA and the GSP. Additional representatives from the community or staff may be appointed to serve as points of contact on specific actions or issues.

8.2 All notices, statements or payments related to implementing the objectives of this MOA shall be deemed to have been duly given if given in writing and delivered electronically, personally or mailed by first-class, registered, or certified mail to the Parties at the addresses set forth in Exhibit B. Notwithstanding any other provision of this MOA, the Parties may update Exhibit B from time to time without formally amending this MOA.

### **Section 9**

#### **Withdrawal and Termination**

9.1 Any Party may unilaterally withdraw from this MOA without causing or requiring termination of this MOA. Withdrawal shall become effective upon thirty (30) days written notice to the remaining Parties' designated addresses as listed in Exhibit B. Nothing contained in this Section 9 shall be construed as prohibiting a Party that has withdrawn from this MOA from developing its own GSP for its service area within the Basin. A Party that has withdrawn from this MOA shall remain obligated to pay its percentage cost share of expenses and obligations as outlined in the current budget incurred, accrued or encumbered up to the date the Party provided notice of withdrawal, including, but not limited to, its cost share obligation under any existing consultant contract for which the City has issued a notice to proceed. If a Party withdraws, the Cooperative Committee shall reassess the contributions of each remaining Party to fund the current budget and determine if the Cooperative Committee needs to request the contribution of additional funding from the governing board of each Party.

9.2 This MOA may be terminated upon unanimous written consent of all current Parties.

**Section 10  
Amendments**

This MOA may be amended only by unanimous written consent of all current Parties. Approval from a Party is valid only after that Party's governing body approves the amendment at a public meeting. Neither individual Cooperative Committee members nor individual members of the Parties' governing boards have the authority, express or implied, to amend, modify, waive or in any way alter this MOA or the terms and conditions hereof.

**Section 11  
Indemnification**

No Party, nor any officer or employee of a Party, shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by another Party under or in connection with this MOA. The Parties further agree, pursuant to Government Code Section 895.4, that each Party shall fully indemnify and hold harmless each other Party and its agents, officers, employees and contractors from and against all claims, damages, losses, judgments, liabilities, expenses and other costs, including litigation costs and attorney fees, arising out of, resulting from, or in connection with any work delegated to or action taken or omitted to be taken by such Party under this MOA.

**Section 12  
Miscellaneous**

- 12.1 Execution in Counterparts. This MOA may be executed in counterparts.
- 12.2 Automatic Termination of MOA. This MOA shall automatically terminate upon DWR's approval of the adopted GSP. Depending on the content of the GSP, the Parties may decide to enter into a new agreement to coordinate GSP implementation.
- 12.3 Choice of Law. This MOA is made in the State of California, under the Constitution and laws of said State and is to be so construed.
- 12.4 Severability. If any provision of this MOA is determined to be invalid or unenforceable, the remaining provisions shall remain in force and unaffected to the fullest extent permitted by law and regulation.
- 12.5 Entire Agreement. This MOA constitutes the sole, entire, integrated and exclusive agreement between the Parties regarding the contents herein. Any other contracts, agreements, terms, understandings, promises, representations not expressly set forth or referenced in this writing are null and void and of no force and effect.
- 12.6 Construction and Interpretation. The Parties agree and acknowledge that this MOA has been developed through negotiation, and that each Party has had a full and fair

opportunity to revise the terms of this MOA. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this MOA.

IN WITNESS WHEREOF, the Parties have executed this MOA on the dates shown below.

CITY OF EL PASO DE ROBLES

SHANDON SAN JUAN WATER DISTRICT

By: \_\_\_\_\_  
Tom Frutchey

By: \_\_\_\_\_  
Willy Cunha

Its: City Manager

Its: President, Board of Directors

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM AND LEGAL EFFECT:

APPROVED AS TO FORM AND LEGAL EFFECT:

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

COUNTY OF SAN LUIS OBISPO

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

By: \_\_\_\_\_  
John Peschong

By: \_\_\_\_\_  
Scott Duffield

Its: Chair, Board of Supervisors

Its: General Manager

Date: 8/22/2017

Date: \_\_\_\_\_

APPROVED AS TO FORM AND LEGAL EFFECT:

APPROVED AS TO FORM AND LEGAL EFFECT:

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: 2/10/2017

Date: \_\_\_\_\_

ATTEST:

Tommy Gong, County Clerk-Recorder and Ex-Officio Clerk of the Board of Supervisors

By: \_\_\_\_\_  
Deputy Clerk

opportunity to revise the terms of this MOA. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this MOA.

IN WITNESS WHEREOF, the Parties have executed this MOA on the dates shown below.

CITY OF EL PASO DE ROBLES

SHANDON SAN JUAN WATER DISTRICT

By: THOMAS FRUTCHY  
Tom Frutchey *TF*

By: \_\_\_\_\_  
Willy Cunha

Its: City Manager

Its: President, Board of Directors

Date: 9-20-17

Date: \_\_\_\_\_

APPROVED AS TO FORM AND LEGAL EFFECT:

APPROVED AS TO FORM AND LEGAL EFFECT:

By: J. P. Yap

By: \_\_\_\_\_

Its: City Attorney

Its: \_\_\_\_\_

Date: 9/20/17

Date: \_\_\_\_\_

COUNTY OF SAN LUIS OBISPO

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

By: \_\_\_\_\_  
John Peschong

By: \_\_\_\_\_  
Scott Duffield

Its: Chair, Board of Supervisors

Its: General Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM AND LEGAL EFFECT:

APPROVED AS TO FORM AND LEGAL EFFECT:

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

opportunity to revise the terms of this MOA. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this MOA.

IN WITNESS WHEREOF, the Parties have executed this MOA on the dates shown below.

CITY OF EL PASO DE ROBLES

SHANDON SAN JUAN WATER DISTRICT

By: \_\_\_\_\_  
Tom Frutchey

By: Willy Cunha  
Willy Cunha

Its: City Manager

Its: President, Board of Directors

Date: \_\_\_\_\_

Date: 7-26-2017

APPROVED AS TO FORM AND  
LEGAL EFFECT:

APPROVED AS TO FORM AND  
LEGAL EFFECT:

By: \_\_\_\_\_

By: Young Woodbridge, LLP  
Its: District Council

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: 7/26/17

COUNTY OF SAN LUIS OBISPO

HERITAGE RANCH COMMUNITY SERVICES  
DISTRICT

By: \_\_\_\_\_  
John Peschong

By: \_\_\_\_\_  
Scott Duffield

Its: Chair, Board of Supervisors

Its: General Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM AND  
LEGAL EFFECT:

APPROVED AS TO FORM AND  
LEGAL EFFECT:

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

opportunity to revise the terms of this MOA. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this MOA.

IN WITNESS WHEREOF, the Parties have executed this MOA on the dates shown below.

CITY OF EL PASO DE ROBLES

SHANDON SAN JUAN WATER DISTRICT

By: \_\_\_\_\_  
Tom Frutchey

By: \_\_\_\_\_  
Willy Cunha

Its: City Manager

Its: President, Board of Directors

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM AND  
LEGAL EFFECT:

APPROVED AS TO FORM AND  
LEGAL EFFECT:

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

COUNTY OF SAN LUIS OBISPO

HERITAGE RANCH COMMUNITY SERVICES  
DISTRICT

By: \_\_\_\_\_  
John Peschong

By:   
Scott Duffield

Its: Chair, Board of Supervisors

Its: General Manager

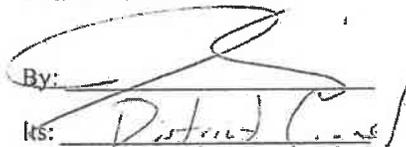
Date: \_\_\_\_\_

Date: 07/31/2017

APPROVED AS TO FORM AND  
LEGAL EFFECT:

APPROVED AS TO FORM AND  
LEGAL EFFECT:

By: \_\_\_\_\_

By: 

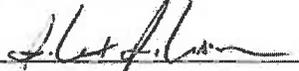
Its: \_\_\_\_\_

Its: District Council

Date: \_\_\_\_\_

Date: 7/26/17

SAN MIGUEL COMMUNITY  
SERVICES DISTRICT

By:   
Rob Roberson

Its: Interim General Manager

Date: 8/29/2017

APPROVED AS TO FORM AND  
LEGAL EFFECT:

By: 

Its: Douglas White

Date: 9/6/17

**EXHIBIT B**

**Addition of Party to Memorandum of Agreement regarding Preparation of a Groundwater Sustainability Plan for the Paso Robles Groundwater Basin**

WHEREAS, certain local agencies that each decided to become the groundwater sustainability agency within their respective service areas overlying the Paso Robles Area Subbasin (Basin No. 3-004.06) have entered into an agreement entitled "Memorandum of Agreement regarding Preparation of a Groundwater Sustainability Plan for the Paso Robles Groundwater Basin" ("Agreement"); and

WHEREAS, the Estrella-El Pomar-Creston Water District ("EPCWD") could not be an original signatory to the Agreement, because it had not yet been formed; and

WHEREAS, Section 3 of the Agreement sets forth the process by which the EPCWD can become a party to the Agreement provided that certain conditions are met; and

WHEREAS, the EPCWD has received and reviewed a copy of the Agreement; and

WHEREAS, on May 18, 2023, the EPCWD Board of Directors held a public hearing and by Resolution 23-0020 decided to become the groundwater sustainability agency within its service area and a signatory to the Agreement; and

WHEREAS, on June 6, 2023, the County of San Luis Obispo Board of Supervisors held a public hearing and by Resolution 2023-142 decided to withdraw from serving as the groundwater sustainability agency within the EPCWD's service area and to accept the signature below.

NOW, THEREFORE, acknowledging that the recitals above are correct and are part of this agreement, the EPCWD, upon acceptance by signature below by the County of San Luis Obispo Board of Supervisors, shall become a party to the Agreement effective immediately. The EPCWD shall bear the benefits and enjoy the burdens of the Agreement as though the EPCWD had originally executed said Agreement as it now exists or may be amended in the future, and for so long as the Agreement remains in effect or for so long as the EPCWD is a party to the Agreement.

ACCEPTED AND APPROVED BY THE ESTRELLA-EL POMAR-CRESTON WATER DISTRICT BOARD OF DIRECTORS:

By: 

Date: 5-10-23

Its: PRESIDENT

APPROVED AS TO FORM AND LEGAL EFFECT:

By: [Signature]

Date: 5/12/2023

Its: Counsel

Address for purposes of Exhibit B to the Agreement:

Estrella-El Pomer-Creston Water District  
P.O. Box 1494  
PASADENA CA 92447  
Attention: DISTRICT ADMINISTRATOR

ACCEPTED AND APPROVED BY  
THE COUNTY OF SAN LUIS OBISPO  
BOARD OF SUPERVISORS IN ACCORDANCE WITH  
THE AGREEMENT:

By: [Signature]

Date: 6/12/2023

Its: Chairperson, Board of Supervisors  
County of San Luis Obispo, State of California

APPROVED AS TO FORM AND LEGAL EFFECT:

By: [Signature]

Date: May 22, 2023

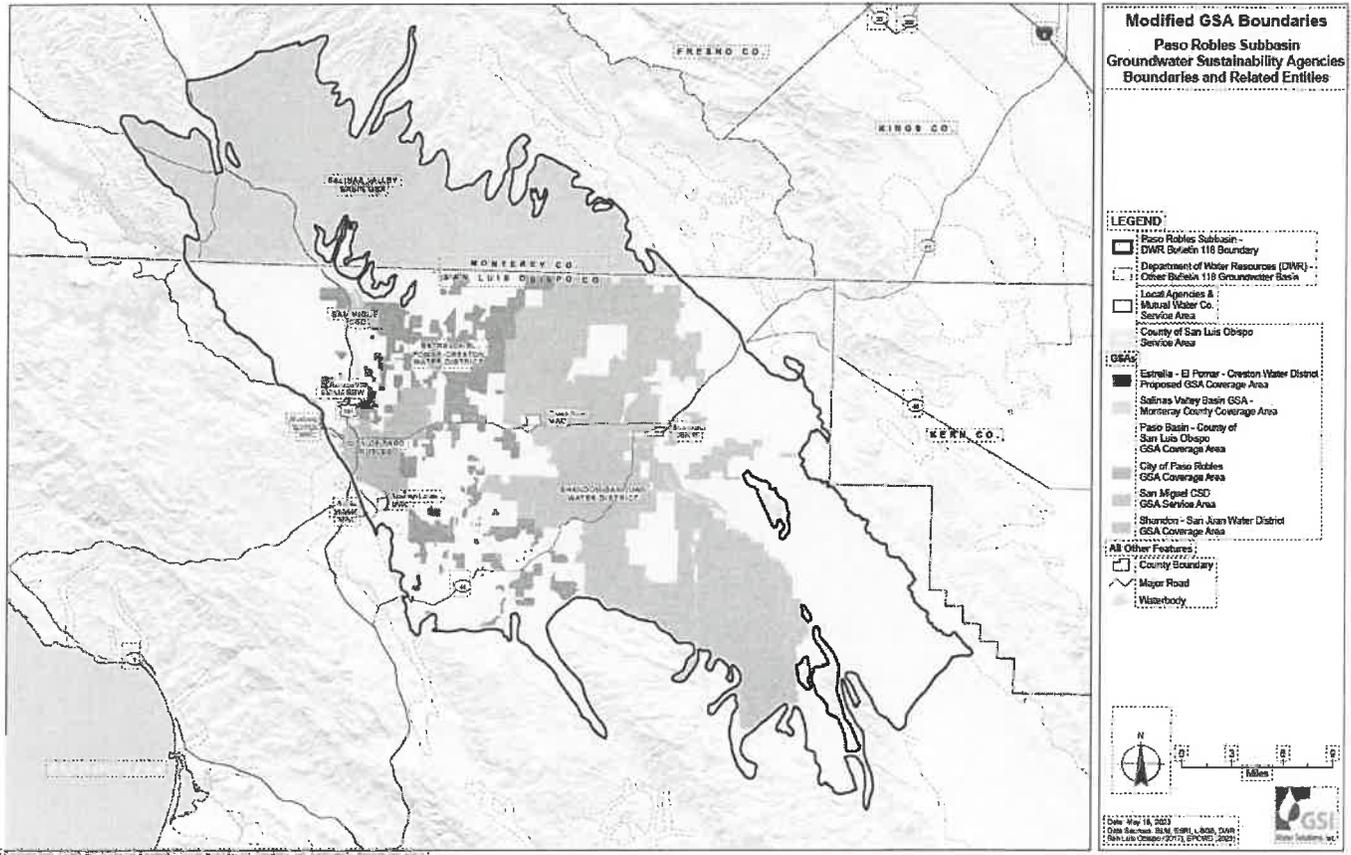
Its: Deputy County Counsel

ATTEST: John Nilon,  
Interim County Administrative Officer and  
Ex-Officio Clerk of the Board of Supervisors

By: Sandy Currens  
Deputy Clerk



# EXHIBIT C





# San Luis Obispo Local Agency Formation Commission

**TO: MEMBERS OF THE COMMISSION**

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

**DATE: OCTOBER 19, 2023**

**SUBJECT: LAFCO FILE NO. 2-S-22 | MUNICIPAL SERVICE REVIEW AND  
SPHERE OF INFLUENCE STUDY FOR SAN MIGUEL COMMUNITY  
SERVICES DISTRICT**

## **RECOMMENDATION**

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**Action 1:** Motion finding the Municipal Service Review & Sphere of Influence Study prepared for the San Miguel Community Services District (LAFCO File No. 2-S-22) to be exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Categorical Exemption section 15306 and CEQA General Rule Exemption 15061(b)(3).

**Action 2:** Motion to adopt resolution (Attachment A) approving the San Miguel Community Services District Municipal Service Review and Sphere of Influence Study (LAFCO File No. 2-S-22) found in Attachment B, reaffirming the District's existing sphere of influence, and establishing that the active services provided by the District are water, wastewater, street lighting, fire, and solid waste.

## **DISCUSSION**

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### **Background**

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

#### COMMISSIONERS

Chair  
DEBBIE ARNOLD  
County Member

Vice Chair  
MARSHALL OCHYLSKI  
Special District Member

JIMMY PAULDING  
County Member

ROBERT ENNS  
Special District Member

ED WAAGE  
City Member

STEVE GREGORY  
City Member

HEATHER JENSEN  
Public Member

#### ALTERNATES

DAWN ORTIZ-LEGG  
County Member

ED EBY  
Special District Member

CHARLES BOURBEAU  
City Member

David Watson  
Public Member

#### STAFF

ROB FITZROY  
Executive Officer

IMELDA MARQUEZ-VAWTER  
Analyst

MORGAN BING  
Clerk Analyst

BRIAN A. PIERIK  
Legal Counsel

Miguel Community Services District (SMCSD) has been prepared consistent with the Fiscal Year 2023-2024 Work Plan and established timeline.

### **Executive Summary**

CKH requires LAFCOs to review and update, as necessary, each agency's SOI every five years, pursuant to Government Code § 56425. Prior to, or in conjunction with an agency's SOI study, LAFCO is required to conduct an MSR for each agency pursuant to Government Code § 56430. When updating an MSR, state law requires that the Commission adopt written MSR determinations for each of the following seven criteria:

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

The seven criteria, MSR determinations, described above were prepared and included into this staff report as Exhibit B of Attachment A and in the MSR & SOI Study (Attachment B). In summary, SMCSD has an estimated population of 3,172, with an estimated build-out population of 6,829. SMCSD is authorized to provide water, wastewater, street lighting, fire, and solid waste services. SMCSD has the capability and capacity to adequately meet existing demands for water, wastewater, street lighting, fire, and solid waste. SMCSD can meet future demands for the previously mentioned services with some limitations on water, wastewater, and fire as was documented in detail in the MSR & SOI Study. SMCSD appears to have adequate annual revenue and fund balance to provide the services that it currently provides. Overall, SMCSD is accountable, transparent, and functions well as a district.

As part of the SOI study, the Commission is required to consider the following five criteria and make appropriate determinations in relationship to each:

1. *The present and planned land uses in the area, including agricultural and open-space lands.*
2. *The present and probable need for public facilities and services in the area.*
3. *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*
4. *The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.*

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

The five criteria, SOI determinations, described above were prepared and included into this staff report as Exhibit B of Attachment A and in the MSR & SOI Study (Attachment B). The SMCSD SOI is coterminous with the District's service area boundary and the SOI is expected to remain unchanged, with no expansions or reductions for SMCSD. Land uses within SMCSD's existing SOI are predominantly residential, agricultural, and open space. Other land uses include commercial, industrial, public facilities, and recreational. There is a present need and anticipated continued need for the services being provided by the SMCSD in the existing SOI area. SMCSD has capability and capacity to adequately meet existing service demand and some level of increased future service demand within the existing SOI area.

#### **Agency Coordination / Public Comments**

Staff coordinated with SMCSD throughout the preparation of this MSR. Input from SMCSD was provided via meetings, questionnaires, email correspondence, and during review of the administrative review draft. A notice of Public Hearing was published in the newspaper (The Tribune) on September 28, 2023, 21-days in advance of the hearing. The draft MSR was published on the SLO LAFCO and SMCSD's websites. All public comments received prior to the hearing date will be distributed to each Commissioner and become part of the official record of the Commission hearing. No written comments had been received at the publishing of the regular meeting agenda on October 12, 2023.

#### **ENVIRONMENTAL REVIEW**

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LAFCO is the Lead Agency for the proposed MSR and SOI Study. The purpose of the environmental review process is to provide information about the environmental effects of the actions and decisions made by LAFCO and to comply with the California Environmental Quality Act (CEQA).

MSRs are categorically exempt under Class 6, Section 15306, which states: "*Class 6 consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded.*" MSRs collect data for the purpose of evaluating municipal services provided by the agencies. There are no land use changes or environmental impacts created by such studies.

Furthermore, this MSR & SOI Study qualifies for a general rule exemption under Section 15061(b)(3), which states: "*The activity is covered by the commonsense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the*

*environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA."*  
There is no possibility that this MSR and SOI study may have a significant effect on the environment because there are no land use changes associated with the documents. If the Commission approves and adopts the MSR and SOI study, staff will file the Notice of Exemption (Exhibit A of Attachment A) as required by CEQA, Regulation section 15062.

---

**Attachment A:** Draft LAFCO Resolution No. 2023-\_\_\_\_\_ Resolution Approving the San Miguel Community Services District Municipal Service Review and Sphere of Influence Study

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

Exhibit B: Written Determinations

Exhibit C: SMCSD Boundary Map

**Attachment B:** SMCSD Municipal Service Review and Sphere of Influence Study

# Attachment A

Draft LAFCO Resolution No.  
2023-\_\_

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

Thursday, October 19, 2023

**RESOLUTION NO. 2023-XX**

**RESOLUTION APPROVING THE SAN MIGUEL COMMUNITY SERVICES DISTRICT MUNICIPAL  
SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY**

The following resolution is now offered and read:

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

**WHEREAS**, the Commission conducted a municipal service review to evaluate availability and performance of governmental services provided by San Miguel Community Services District, hereinafter referred to as the “District”, pursuant to California Government Code § 56430, hereby incorporated by reference as contained in LAFCO File No. 2-S-22 San Miguel Community Services District Municipal Service Review and Sphere of Influence Study included as Attachment B of the October 19, 2023, LAFCO Staff Report; and

**WHEREAS**, the Commission conducted a sphere of influence study for the District pursuant to California Government Code § 56425, hereby incorporated by reference as contained in LAFCO File No. 2-S-22 San Miguel Community Services District Municipal Service Review and Sphere of Influence Study included as Attachment B of the October 19, 2023, LAFCO Staff Report; and

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

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

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

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

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

**WHEREAS**, the Commission heard and fully considered all the evidence presented at a public hearing held on the municipal service review and sphere of influence study on October 19, 2023; and

**WHEREAS**, the Commission considered all of the municipal service review and sphere of influence factors required under California Government Code § 56430 (a) and 56425 (e) and adopts as its written statements of determinations therein, the determinations set in the Public Review Draft of the municipal service review and sphere study titled “Municipal Service Review and Sphere of Influence Study for San Miguel Community Services District”, with said determinations being included in Exhibit B of this resolution; and

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

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

1. That the recitals set forth hereinabove are true, correct, and valid.
2. The municipal service review and sphere study titled “Municipal Service Review and Sphere of Influence Study for San Miguel Community Services District”, includes the related statements of determination, and is determined to be exempt from CEQA pursuant to § 15061(b)(3) and § 15306 of the CEQA Guidelines.
3. That the Notice of Exemption prepared for this proposal is complete and adequate, having been prepared in accordance with the provisions of the CEQA and is hereby determined to be sufficient for the Commission’s actions and is incorporated by reference as Exhibit A of this resolution.
4. That the Executive Officer of this Commission is authorized and directed to mail copies of this resolution in the manner provided by law.
5. Pursuant to Government Code § 56430(a), the Commission makes the written statement of determinations for municipal service reviews, included in Exhibit B of this resolution.
6. Pursuant to Government Code § 56425(e), the Commission makes the written statement of determinations for the sphere of influence, included in Exhibit B of this resolution.

7. That the Sphere of Influence for the district be adopted pursuant to the map in Exhibit C of this Resolution.
8. In adopting this sphere of influence for the district, pursuant to Government Code § 56425(i), the Commission establishes that the only function or service provided by the district within its jurisdictional boundaries is water, wastewater, street lighting, fire, and solid waste.
9. Water, wastewater, street lighting, fire, and solid waste are considered general terms used to identify the authorized powers of the district and that the powers are further described in Government Code § 61100.
10. Pursuant to Government Code § 56050.5, all other services, facilities, functions, or powers authorized by the Community Services District principal act that are not being exercised are, by operation of law, determined to be latent services or powers.

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

AYES:

NAYS:

ABSENT:

ABSTAIN:

The foregoing resolution is hereby adopted.

---

Debbie Arnold  
LAFCO Chair

Date

**ATTEST:**



# Notice of Exemption

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

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

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

**Project Title:** LAFCO File No. 2-S-22 | San Miguel Community Services District Municipal Service Review and Sphere of Influence Study

**Project Location:** San Miguel Community Services District (SMCSD) is located in northern San Luis Obispo County, north of the City of Paso Robles.

**Description of Nature, Purpose, & Beneficiaries of Project:** The Local Agency Formation Commission (LAFCO) has prepared a Sphere of Influence (SOI) Study and Municipal Service Review (MSR) for the San Miguel Community Services District pursuant to Government Code § 56425 and § 56430. The SOI is a 20-year growth boundary that includes areas that may be served by the District in the future. State law requires the MSR to be completed either prior to or concurrent with, the SOI study. The MSR evaluates the public services provided by the District and is used as the basis for any changes to the SOI. The Commission took action to reaffirm the district’s SOI as depicted in Exhibit C of Attachment A of the LAFCO October 19, 2023, staff report found on the LAFCO website at <https://slo.lafco.ca.gov/>, and establishing that the active services provided by the district are water, wastewater, street lighting, fire, and solid waste, and deeming all remaining powers not already mentioned as latent pursuant to government code § 56425 (i).

**Name of Public Agency Approving Project:** The San Luis Obispo County LAFCO conducted a noticed public hearing on October 19, 2023, at 9:00 a.m. in the Board of Supervisors Chambers in San Luis Obispo at the County Government Center. Additional information is available on the LAFCO website at <https://slo.lafco.ca.gov/>.

**Exemption Status: (check one)**

- |                                                                              |                                                                                          |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Ministerial (Sec. 21080(b)(1); 15268);              | <input checked="" type="checkbox"/> Categorical Exemption: State type and section number |
| <input type="checkbox"/> Declared Emergency (Sec. 21080(b)(3); 15269(a));    | <input type="checkbox"/> Statutory Exemptions: State code number                         |
| <input type="checkbox"/> Emergency Project (Sec. 21080(b)(4); 15269 (b)(c)); | <input type="checkbox"/> Other: The activity is not a project subject to CEQA.           |

**Reasons Why Project is Exempt:** It has been determined with certainty that the MSR is categorically exempt under Class 6, Section 15306 and the MSR & SOI qualifies for a general rule exemption under Section 15061(b)(3). There is no possibility that this MSR and SOI update may have a significant effect on the environment because there are no land use changes associated with the documents; therefore, the SMCSD MSR & SOI Study is found to be exempt from CEQA pursuant to section 15061(b)(3) and section 15306 of the State Guidelines. LAFCO will file this Notice of Exemption upon approval of the MSR and SOI Study.

\_\_\_\_\_  
 Rob Fitzroy, Executive Officer

\_\_\_\_\_  
 Date

---

## **Service Review Determinations per Government Code Section 56430 for the San Miguel Community Services District**

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

- a. Currently, the estimated population of SMCS D is 3,172. With an estimated build-out population of 6,829, SMCS D is currently 46% built out and could reach full build out by 2080.

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

- a. The estimated 2021 Median Household Income for San Miguel CDP is \$66,496 which is 78% of the estimated MHI for California. Therefore, SMCS D qualifies as a DUC.
- b. The District may wish to consider conducting a community survey, that could, in part, more accurately determine the MHI and characteristics of the community. This information may be helpful with regard to eligibility for grant funding and other planning efforts.

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

- a. **Water** | SMCS D is authorized to provide water service as it is described in government code section 61100 (a). The SMCS D derives its water supply from three water supply wells. The average combined annual production from the three wells is 303 AFY. The combined production capacity when all three existing wells are in service is adequate to meet the existing and future demands of SMCS D. The three water supply wells show water quality concerns, and the SMCS D continues to monitor the water quality in its supply wells, with specific attention paid to arsenic levels in the SLT Well and radioactive constituents in the ground water supplied by Well No. 3 and 4. There are two potable water storage facilities within the SMCS D water system, providing a total of 700,000

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gallons of storage. This volume is adequate to meet both existing and future development scenarios for operational storage, but it is not adequate to meet fire or emergency storage requirements. SMCSD is currently proposing water rate increases which would support operating and maintenance needs and provide adequate funding for capital improvement projects that would support safe and reliable water service. LAFCO determines that SMCSD has capability and capacity to adequately meet existing water demand and some level of increased future water demand as capital improvement projects are completed.

- b. **Wastewater** | SMCSD is authorized to provide wastewater service as it is described in government code section 61100 (a). Only the main area of SMCSD is currently served by sanitary sewer collection infrastructure with parcels on the east side of the Salinas River currently served by on-site wastewater treatment systems. The existing Wastewater Treatment Facility is nearing treatment capacity, and the SMCSD is currently in the process of planning and designing the expansion and renovation of the District's WWTF with the goal of meeting all existing and anticipated regulatory requirements and the needs of the District's customers over the next 30-years. SMCSD's Water and Wastewater Master Plan identifies planned improvements for the WWTF as well as potential funding opportunities for the project. LAFCO determines that SMCSD is nearing the treatment capacity of the existing WWTF and that the existing WWTF requires an expansion and upgrade to meet existing and future wastewater demand.
- c. **Street Lighting** | SMCSD is authorized to provide street lighting service as it is described in government code section 61100 (a). SMCSD provides street lighting services to the SMCSD through a contract with the Pacific Gas and Electric Company. The SMCSD also provides landscaping service to a limited area of the District. LAFCO determines that SMCSD has capability and capacity to adequately provide street lighting service.

- 
- a. **Fire Protection** | SMCSD is authorized to provide fire protection service as it is described in government code section 61100 (a). San Miguel Fire is an All-Risk Department servicing District residents in addition to providing Automatic Aid to the adjacent County's unrepresented areas. The Fire Department currently has a full-time Fire Chief and relies on Paid Call Firefighters (PCFs) for staffing. The Fire Department is currently beyond workspace capacity due to limited office space, increased staff, and utilizing a floor plan that was not designed to support the functions currently performed within the space. In 2022, the department responded to 339 calls, 89 of which were for service outside of SMCSD's boundaries. SMCSD can cover 95% of the District in 7-minute response time, and 100% of the District in less than 8-minutes, which is within the County's recommended "Urban Service Level". It is believed that incident activity exceeding 500 calls per year may cause a negative impact on PCF response. To better serve underserved communities outside of SMCSD while collecting funding for service, District staff have expressed interest in exploring the idea of a formation of a new San Miguel Fire District. Further analysis is necessary to determine feasibility. LAFCO determines that SMCSD has capability and capacity to adequately provide fire protection service, however as population grows and utilization rates increase, additional staffing and improvements to capital facilities and equipment may be necessary to improve the delivery of services to the District.
- b. **Solid Waste** | SMCSD is authorized to provide solid waste service as it is described in government code section 61100 (a). SMCSD is the solid waste authority and has a Franchise Agreement with San Miguel Garbage Company to provide solid waste services. LAFCO determines that SMCSD has capability and capacity to adequately provide solid waste services.
- 4. Financial ability of agencies to provide services**
- a. SMCSD appears to have adequate annual revenue and fund balance to provide the services that it currently provides. At the end of fiscal year 2020-2021, the SMCSD had approximately \$11.961 million in cash and long-term investments.

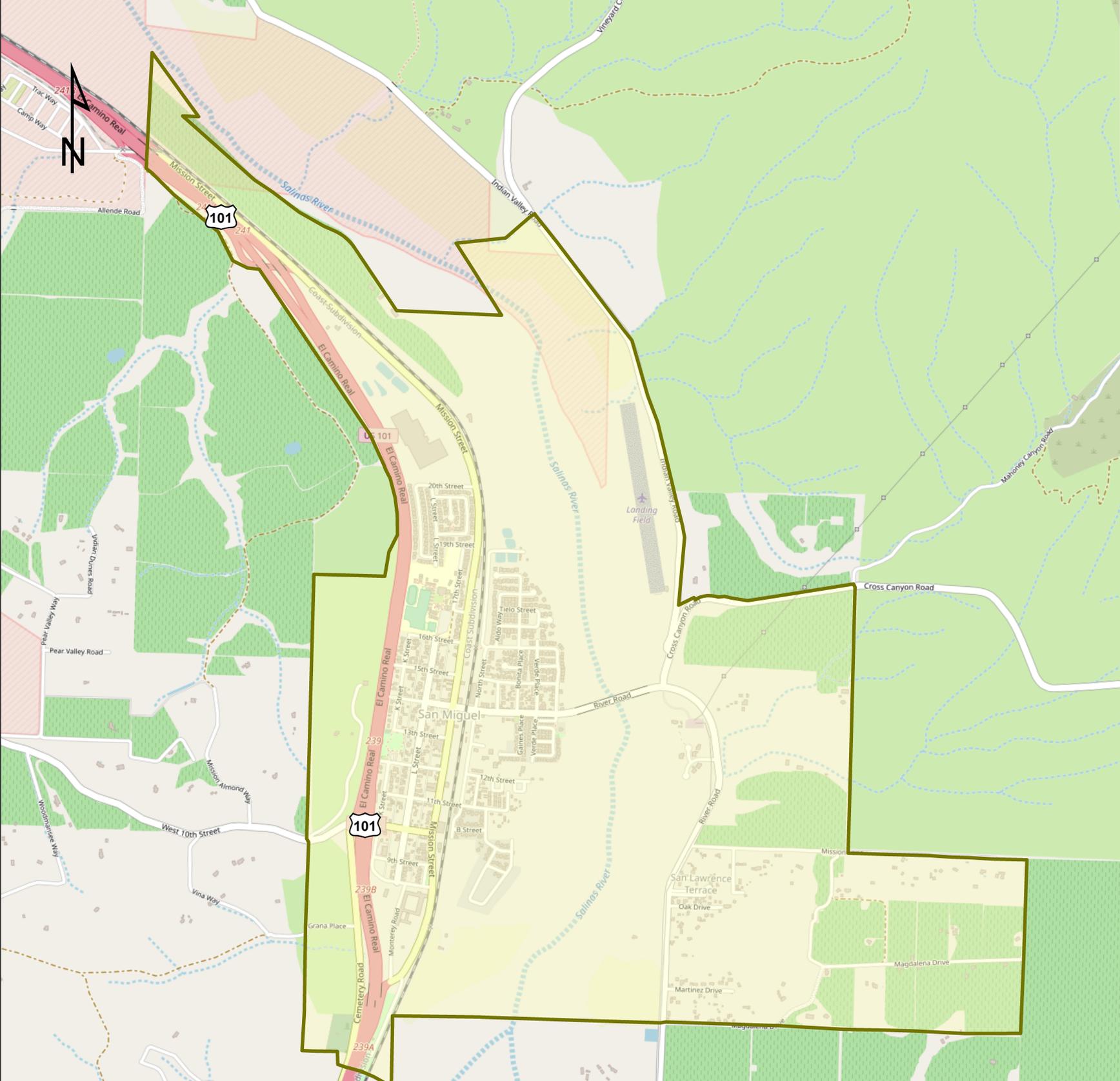
- b. SMCSD’s net position has increased over the last 5-year audited period ending at \$9.778 million in FY 2020-2021 with a 5-year average of \$7.416 million. SMCSD is financially stable despite increasing costs and limited revenues. Franchise fees, water, and wastewater rates were last revised in 2022. SMCSD completed a new water rate study and is proposing to gradually phase in water rate increases over the next 5 years to support operating and maintenance needs and to provide funding for capital improvements. LAFCO determines that SMCSD is financially stable.
- 5. Status of and, opportunities for, shared facilities**
- a. The development of areas within the SMCSD service boundary may lead to shared infrastructure with the County; (i.e. roads and streets are a County function), Sheriff services, and parks and recreational facilities. The potential to create shared relationships for providing some services is suggested and may be appropriate when providing certain services.
  - b. At present, the distinction between District and County services with the service boundary is clear. Opportunities for increased coordination may include additional automatic aid and use of a County water tender from County Fire.
- 6. Accountability for community service needs, including governmental structure and operational efficiencies**
- a. SMCSD is governed by a five-member Board of Directors that are elected to four-year terms. Regularly scheduled monthly Board meetings are held and all meetings are open to the public and are publicly posted a minimum of 72 hours prior to the meeting in accordance with the Brown Act.
  - b. SMCSD maintains an up-to-date website which contains District information, documents, and updates.
  - c. SMCSD considers current staffing levels inadequate to provide services within the District’s service area, with anticipated need for additional wastewater treatment facility operators and firefighters within the District.

- d. The District has demonstrated accountability and transparency in its disclosure of information and cooperation during the process of this MSR. The District responded to the questionnaires and cooperated with document requests.
  - e. LAFCO determines that SMCSD is accountable and transparent.
- 7. Any other matter related to effective or efficient service delivery**
- a. There are no other matters related to the efficiency of services.

**Sphere of Influence Determinations per Government Code Section 56425 for the San Miguel Community Services District**

- 1. Present and planned land uses in the area, including agricultural and open-space lands.**
  - a. The SMCSD SOI is coterminous with the District’s service area boundary. The SOI is expected to remain unchanged, with no expansions or reductions for SMCSD.
  - b. Land uses within the District’s SOI are predominantly residential, agricultural, and open space. Other land uses include commercial, industrial, public facilities, and recreational.
  - c. SMCSD is currently 46% built-out, with a projected build out date of 2080. Therefore, the current District boundaries are sufficient to accommodate growth at this time.
- 2. Present and probable need for public facilities and services in the area.**
  - a. The SMCSD’s SOI is coterminous with the District’s service area boundary. The SOI is expected to remain unchanged, with no expansions or reductions for SMCSD. The current District boundaries are sufficient to accommodate growth at this time.
- 3. Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**
  - a. There is a present need and anticipated continued need for the service being provided by the SMCSD in the area.

- 
- b. The SMCSD SOI is coterminous with the District’s service area boundary. The SOI is expected to remain unchanged, with no expansions or reductions for SMCSD. The current District boundaries are sufficient to accommodate growth at this time.
- 4. Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.**
- a. The SMCSD SOI is coterminous with the District’s service area boundary. The SOI is expected to remain unchanged, with no expansions or reductions for SMCSD. The current District boundaries are sufficient to accommodate growth at this time.
- 5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere.**
- a. The SMCSD SOI is coterminous with the District’s service area boundary. The SOI is expected to remain unchanged, with no expansions or reductions for SMCSD.
- b. Unincorporated territory surrounding the District may qualify as disadvantaged. Should future annexations or services extensions be proposed, special consideration will be given to any DUCs affected by the annexation consistent with GC §56375(8)(A) and LAFCO policy

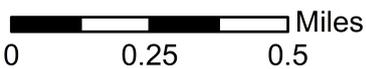


# San Miguel Community Services District

## LAFCO Boundaries

- Sphere of Influence  
(Same as Service Area)
- Service Area

**Latest SOI Approval: Oct 2023**



Prepared By SLOLAFCO  
Name: San Miguel CSD  
Date: 9/7/2023

# **Attachment B**

## SMCSD Municipal Service Review and Sphere of Influence Study



**Public Review Draft**

**San Miguel Community Services District**

**Municipal Service Review  
and Sphere of Influence Study**

**Prepared by**  
*the San Luis Obispo Local Agency Formation Commission*

**Adopted \_\_\_\_\_, 2023**

## Acknowledgments

San Luis Obispo LAFCO gratefully acknowledges the time and effort of officials and staff with the San Miguel Community Services District in assisting in the preparation of this report and includes – but not limited to – the following:

Kelly Dodds, General Manager

Scott Young, Fire Chief

Tamara Parent, Board Clerk & Accounts Manager

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## ABOUT LAFCO

### Authority and Objectives

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

### Regulatory Responsibilities

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

## Planning Responsibilities

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

## **Sphere of Influence (SOI)**

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

- 1) The present and planned land uses in the area, including agricultural and open-space lands.
- 2) The present and probable need for public facilities and services in the area.
- 3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- 4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
- 5) For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

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

### **Municipal Service Reviews (MSR)**

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

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

### **LAFCO Decision-Making**

LAFCO decisions are legislative in nature and therefore are not subject to an outside appeal process; only courts can overturn LAFCO decisions. LAFCOs also have broad powers with respect to conditioning

regulatory and planning approvals so long as not establishing any terms that directly effects land use density or intensity, property development, or subdivision requirements.

LAFCOs are generally governed by a board comprising of county supervisors, city councilmembers, independent special district members, and representatives of the general public and an alternate member for each category. SLO LAFCO is governed by a 7-member board comprising of two county supervisors, two city council members, two independent special district members, one representative of the general public and an alternate member for each category. All members serve four-year terms and must exercise their independent judgment on behalf of the interests of residents, landowners, and the public as a whole. LAFCO members are subject to standard disclosure requirements and must file annual statements of economic interests. All LAFCOs are independent of local government with their own staff. All LAFCOs, nevertheless, must appoint their own Executive Officers to manage agency activities and provide written recommendations on all regulatory and planning actions before the Commission. In addition, all LAFCOs must also appoint their own legal counsel.

## SLO LAFCO

### **Regular Commissioners**

Chair Debbie Arnold	County Member
Vice Chair Marshall Ochylski	Special District Member
Jimmy Paulding	County Member
Robert Enns	Special District Member
Steve Gregory	City Member
Ed Waage	City Member
Heather Jensen	Public Member

### **Alternate Commissioners**

Charles Bourbeau	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

### Contact Information

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

## DISTRICT MSR & SPHERE STUDY

### Overview

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

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

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

## At A Glance

Table 1: District Profile

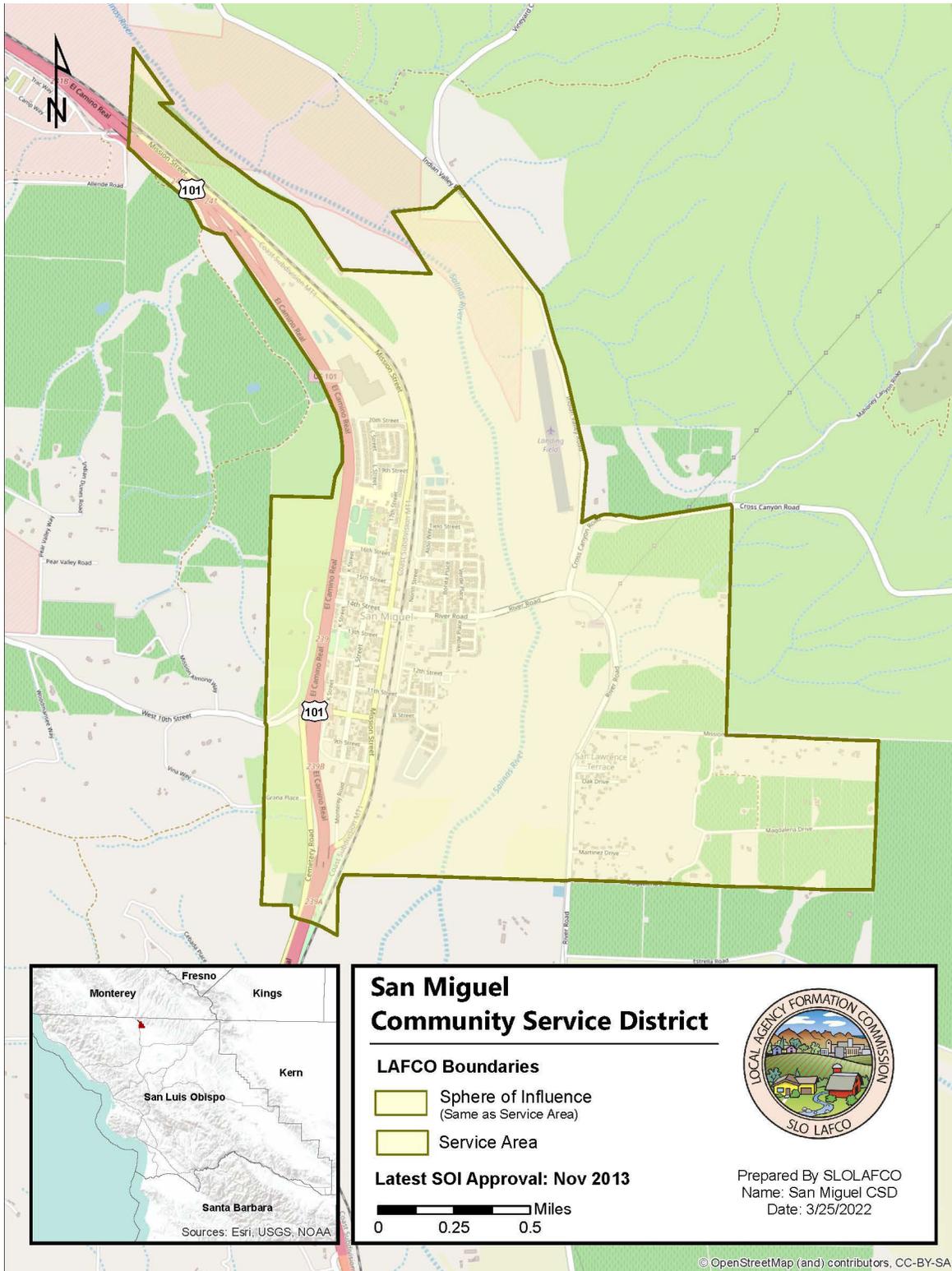
Agency Name	San Miguel Community Services District
Formation	February 1, 2000
Legal Authority	Government Code §61000- 61850
Office Location	1765 Bonita Place, San Miguel, CA 93451
Website	<a href="https://www.sanmiguelcsd.org/">https://www.sanmiguelcsd.org/</a>
General Manager	Kelly Dodds
Employees	8
Public Meetings	Meeting times shall begin at 6:00 PM, every 4 <sup>th</sup> Thursday of each month, unless otherwise noted.
Board of Directors	Five members elected to four-year terms
Active Powers	Water, Wastewater, Street Lighting, Fire Protection, Solid Waste
District Service Area (size)	5.8 square miles
Population Estimate	3,172 <sup>1</sup>
Revenues	\$2,837,400 <sup>2</sup>

<sup>1</sup> US Census, 2020 Decennial Census, San Miguel CDP.

<sup>2</sup> San Miguel Community Services District Operating Budget FY 2022-2023

## Boundary Map

Figure 1: San Miguel Community Services District Boundary Map



## Sphere of Influence

### Current & Proposed SOI

SMCSD’s existing sphere of influence is coterminous to the District’s service area boundary. The SMCSD does not wish to make any SOI adjustments at this time; therefore no areas specifically requested by the District are being studied for possible inclusion into the District.

### Accountability

SMCSD is an independent special district governed by a five-member Board of Directors that are elected to four-year terms. Board members are authorized to receive up to \$100.00 per day of service, limited to six days per month. The Board holds meetings every 4<sup>th</sup> Thursday of each month at 6:00 PM at the San Miguel Senior Center at 601 12<sup>th</sup> Street, San Miguel, CA 93451. November and December meeting schedules are adjusted so as not to conflict with the Thanksgiving and Christmas holidays. Agendas are posted on the agenda board at the San Miguel Post Office and at the Fire Department, on the SMCSD website, and other social media outlets. Additionally, full agenda packages are sent via email to a maintained email list. Every agenda for a regular meeting provides an opportunity for members of the public to directly address the board.

Table 2: San Miguel CSD Board of Directors

Board Member	Title	Term Expiration
Rod Smiley	President	December 2022 – December 2026
Raynette Gregory	Vice President	December 2020 – December 2024
Anthony Kalvans	Director	December 2020 – December 2024
Owen Davis	Director	December 2022 – December 2026
Berkely Baker	Director	June 2023 – June 2024

The District currently employs 8 full-time staff and 12 paid call employees. SMCSD considers current staffing levels inadequate to provide services within the District’s service area, with anticipated need for additional wastewater treatment facility operators and firefighters within the District. The District

reports that all Form 700 financial disclosures are current and that the District maintains active memberships with several supportive associations including the California Special Districts Association (CSDA), Special Districts Risk Management Authority (SDRMA), National Fire Protection Association (NFPA), International Code Council (ICC), California State Firefighters' Association (CSFA), Fire Chiefs Association of San Luis Obispo County, CalWARN, Rural Community Assistance Corp (RCAC), American Water Works Association (AWWA), California Rural Water Association (CRWA), and American Backflow Prevention Association (ABPA).

SMCSD maintains an up-to-date website in compliance with Senate Bill 929 which contains contact information for the District, the current agenda, financial transaction reports, compensation reports, and an SB 272 Enterprise System catalog. Approved minutes and audio/visual recordings are available for public access.

### Population Profile

According to 2020 US Census data, the San Miguel Census Designated Place (CDP), which largely represents SMCSD, had a population of 3,172<sup>3</sup>. Total housing units were estimated to be 967. The estimated build-out population within San Miguel is 6,829 with an approximate build-out year of 2080<sup>4</sup>. Following these projections, SMCSD is currently about 46 percent built-out.

Table 3 shows the historical, current, and projected populations for the District. Historical and current populations are calculated for the service area based on US Census data and data developed by the County, and projected populations are calculated from the San Luis Obispo Council of Governments (SLOCOG) data.

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<sup>3</sup> US Census, 2020 Decennial Census, San Miguel CDP.

<sup>4</sup> San Luis Obispo Council of Governments, 2050 Regional Growth Forecast for San Luis Obispo County, Figure 11, Buildout Estimates for Communities and Villages in the Unincorporated Planning Area by Planning Area (2010).

Table 3: San Miguel Community Services District Population<sup>5</sup>

Year	Population	% Change
1990	1,123	-
2000	1,420	26%
2010	2,336	65%
2020	3,172	36%
2030	3,039	-4%
2040	3,420	13%
2050	3,476	2%

### Disadvantaged Unincorporated Communities

In 2011, SB 244 (Chapter 513, Statutes of 2011) made changes to the CKH Act related to “disadvantaged unincorporated communities,” including the addition of SOI determination number five listed above in the Planning Responsibilities Section. Disadvantaged unincorporated communities, or “DUCs,” are inhabited territories (containing 12 or more registered voters) where the annual median household income (MHI) is less than 80 percent of the statewide annual median household income.

CKH Act Section 56375(a)(8)(A) prohibits LAFCO from approving a city annexation of more than 10 acres if a DUC is contiguous to the annexation territory but not included in the proposal, unless an application to annex the DUC has been filed with LAFCO. The legislative intent is to prohibit selective annexations by cities of tax-generating land uses while leaving out underserved, inhabited areas with infrastructure deficiencies and lack of access to reliable potable water and wastewater services.

The estimated 2021 MHI for San Miguel CDP is \$66,496<sup>6</sup>. This is 78% of the estimated California MHI of \$84,907<sup>7</sup>, therefore the District is considered a DUC. While the community of San Miguel qualifies as a disadvantage community, San Miguel does not have a Sphere of Influence outside of its service

<sup>5</sup> US Census Data, San Miguel Community Plan, and San Luis Obispo Council of Governments 2050 Regional Growth Forecast.

<sup>6</sup> American Community Survey 5-Year Estimates, 2021.

<sup>7</sup> American Community Survey, 1 Year Estimates, 2021.

area; therefore the necessity to evaluate the present and probable need for public facilities and services adjacent or contiguous to the sphere of influence is not called for. Should future annexations or service extensions be proposed for the SMCSO, special consideration will be given to any potential DUCs affected by the annexation consistent with GC §56375(8)(A).

### **Social or Economic Communities of Interest in the Area**

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

### **Present and Planned Land Use**

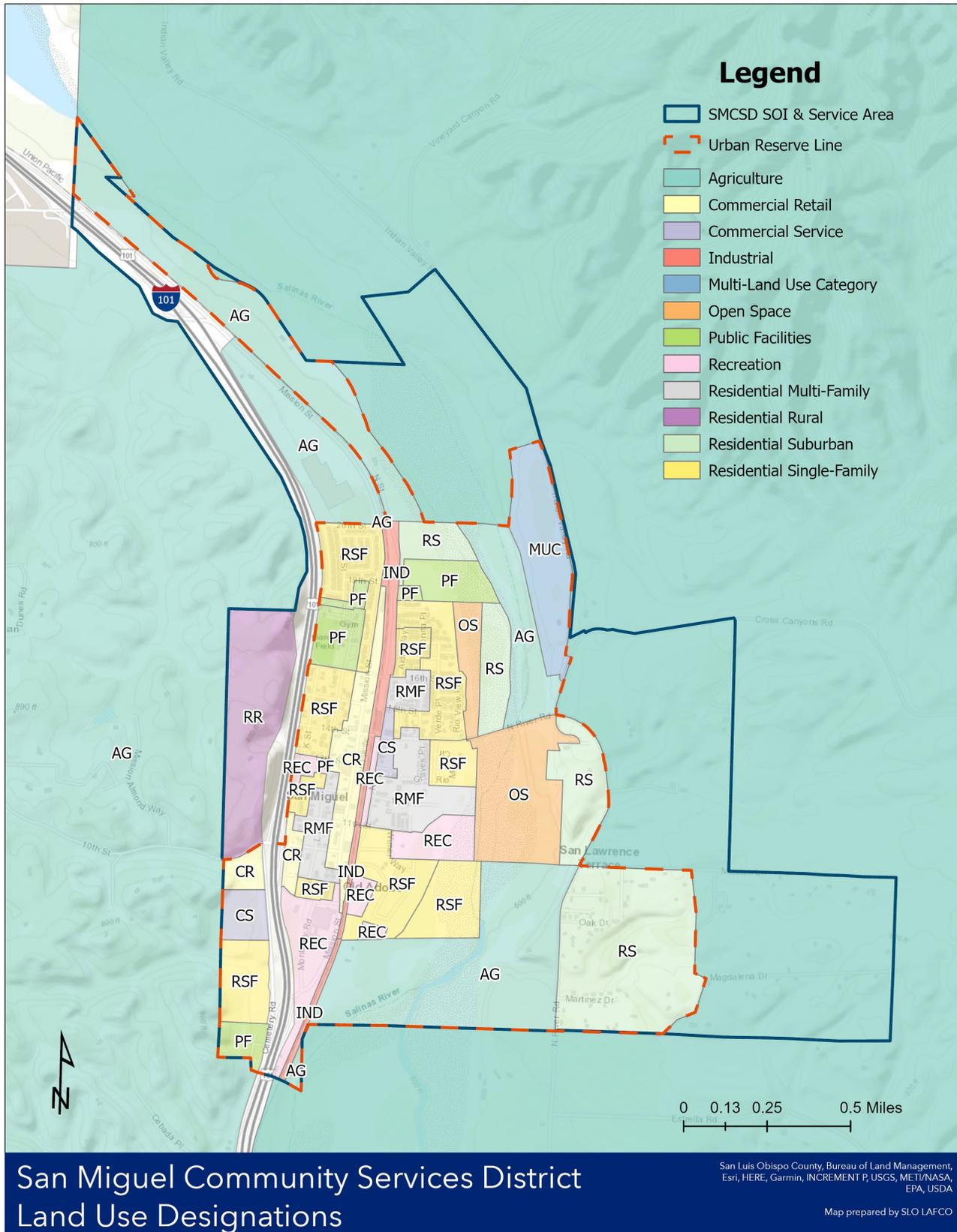
Land use within the District is subject to the San Miguel Community Plan which is part of and consistent with the County of San Luis Obispo's General Plan. Table 4 summarizes the different land use types within San Miguel Urban Reserve Line and the approximate acreage for each land use type. The County's Land Use Element establishes Urban Reserve Lines (URL), which are boundaries separating urban and non-urban areas, and defines the proper levels of service needed for each. Any change to a URL requires an amendment to the Land Use Element. In addition, any proposed expansion of an URL is required to be within the Sphere of Influence of the community and any separate service districts. URL amendment proposals are processed by the County.

Table 4: San Miguel Urban Reserve Line Land Use Category Acreage

Land Use Category	Acreage
Residential Multi Family	67.45
Residential Single Family	186.11
Residential Suburban	95.13
Commercial Retail	26.19
Commercial Service	34.17
Industrial	18.79
Agriculture	102.73
Open Space	81.49
Public Facilities	26.4
Recreation	32.78
<b>Total</b>	<b>671.24</b>

The map on the following page shows the Land Use Categories (zoning) for the community of San Miguel as established by the San Miguel Community Plan.

Figure 2: San Miguel Community Services District Land Use Designations



## Services & Capacity

### Authorized Services

In January of 2006, Senate Bill (SB) 135 took effect and revised state laws governing community services districts (CSD). SB 135 consolidated the provisions for CSDs into a list of 31 services and facilities and changed the definition of latent powers. The previous CSD Principal Act from 1955 required voter approval of latent powers and predated the statewide creation of LAFCO in 1963. With SB 135, all powers authorized for CSDs, but not being exercised, became latent powers, regardless of the initial formation petition. SB 135 redefined latent powers as those services and facilities authorized by the new CSD Principal Act that a CSD did not provide before January 1, 2006, as determined by LAFCO. Therefore, SB 135 effectively grandfathered in all services and facilities that CSDs provided before January 1, 2006.

Following such legislative changes, SLO LAFCO passed resolution No. 2006-03 to clearly document which powers were being exercised by Districts in SLO County and deemed all other powers, not mentioned in the resolution, as latent. According to LAFCO resolution no. 2006-03, SMCSO's active powers were determined to be as follows: 1) Water, 2) Sewer, 3) Street Lighting, 4) Fire Protection, and 5) Solid Waste.

Government Code § 56425 (i) provides that “[w]hen adopting, amending, or updating a sphere of influence for a special district, the commission shall establish the nature, location, and extent of any functions or classes of services provided by existing districts.” Government Code § 56050.5 defines a latent service or power as “those services, facilities, functions, or powers authorized by the principal act under which the district is formed, but that are not being exercised, as determined by the commission pursuant to subdivision (i) of Section 56425.” Therefore, once the Commission has established what services are being provided pursuant to § 56425 (i), all other services, functions, and powers become “latent services or powers” by operation of law.

The last time the Commission adopted a SOI and MSR Update for SMCSD was November 2013. In that update, the Commission determined that SMCSD was authorized to provide the following services:

1. Water
2. Wastewater
3. Street Lighting
4. Fire
5. Solid Waste

This “Services and Capacity” section analyzes present and long-term infrastructure demands and resource capabilities of the local agency. LAFCO reviews and evaluates 1) the resources and services that are currently available, and 2) the ability of the CSD to expand such resources and services in line with increasing demands. An adequate supply of services should be documented to support areas in the sphere, envisioned for eventual annexation and service by a jurisdiction. In this case, the SMCSD SOI is coterminous with the District’s service area boundary and no changes to the SOI are proposed.

## Water

SMCSD is authorized to provide water service as it is described in government code section 61100 (a). In addition, pursuant to California Water Code section 10723.8 of the Sustainable Groundwater Management Act (SGMA) of 2014, SMCSD is considered a Groundwater Sustainability Agency (GSA) for a portion of the Paso Robles Groundwater Sub-basin (PR Basin). SMCSD’s role as a GSA allows the District to further continue their efforts in eliminating overdraft in the SMCSD’s portion of the PR Basin while protecting water quality and ensuring future water supply sustainability in the San Miguel area in cooperation with the County of San Luis Obispo and other water supply agencies in the PR Basin. For purposes of this MSR, LAFCO staff will only review SMCSD ability to provide water service as it is described in government code section 61100 (a). For more information on SMCSD’s role as a GSA, please visit the County of San Luis Obispo’s Groundwater Sustainability webpage.

**Existing Water Supply**

The SMCSD currently derives its water supply from three water supply wells. These wells are designated as follows:

- Well No. 3, which is located off 12th Street
- Well No. 4, which is located off Bonita Place
- San Lawrence Terrace (SLT) Well, which is located off Martinez Drive

Each of these wells produces groundwater from the Paso Robles Formation which is a significant water bearing unit within the PR Basin. There is evidence that the groundwater levels in the SMCSD area have been declining over recent years, although it is noted that a rise in groundwater levels occurred between 2015-2019, which corresponds to a period of increased rainfall.

An analysis was performed of the historic pumping records for each of the SMCSD water supply wells to estimate the current probable annual production yield. Utilizing the monthly pumping records for the period between January 2017 and December 2019, the average historical annual production for each of the wells was determined and summarized in the table below. The average combined annual production from the three wells is 303-acre feet per year (AFY). Based on well production capacities provided by District staff, the total combined pumping capacity is 1,270 gallons per minute (1.83 MGD). Under the assumption that all wells are pumping for 12 hours per day, 365 days per year, the maximum combined production capacity is 1,024 AFY.

Table 5: SMCSD Average Historical Annual Production<sup>8</sup>

Well	Capacity	Historical Production	Maximum Production
	GPM	AFY	AFY
Well No. 3	450	108	363
Well No. 4	500	192	403
SLT Well	350	3	258
<b>TOTAL</b>	1,270 (1.83 MGD)	303	1,024

<sup>8</sup> San Miguel Community Services District, Water & Wastewater Masterplan Update, September 2020.

**Water Treatment Facility**

The only water treatment that the SMCSD performs is disinfection at each of the three well sites. The SMCSD injects liquid sodium hypochlorite solution into the supply prior to discharge into the water distribution system. The three water supply wells show water quality concerns, and the SMCSD continues to monitor the water quality in its supply wells, with specific attention paid to arsenic levels in the SLT Well and radioactive constituents in the ground water supplied by Well No. 3 and 4. The concentration of arsenic is elevated and periodically exceeds the existing EPA Safe Drinking Water Standard. The SMCSD Water and Wastewater Masterplan recommends installation of an arsenic treatment facility at the SLT Well and identifies estimated project costs and potential funding opportunities for this project.

**Water Storage**

There are two potable water storage facilities within the SMCSD water system, providing a total of 700,000 gallons of storage. The San Miguel tank is located on a hill on the west side of Highway 101. This welded steel tank was constructed in 2008 and has a storage capacity of 650,000 gallons. The SLT tank is located on a hill on the east side of the Salinas River; this welded steel tank has a storage capacity of 50,000 gallons. This volume is adequate to meet both existing and future development scenarios for operational storage, but it is not adequate to meet fire or emergency storage requirements.

Operational storage is the amount of water needed to equalize the daily supply and demand. Table 6 below summarizes the estimated operational storage requirements for the SMCSD water system.

Table 6: Operational Storage Requirements

Scenario	Existing Conditions	2035 Build-out	2050 Build-out
<b>Average Daily Demand (GAL)</b>	67,500	130,000	160,000
<b>Summer Average Daily Demand (GAL)</b>	95,000	180,000	222,500

Fire storage is the volume of water needed to control an anticipated fire in a building or group of buildings. Based on assessment of fire demand scenarios, there is insufficient storage to support a fire suppression scenario where the existing grain mill is involved in a significant event. The designated fire flow requirement for this facility is 4,500 GPM for four hours and the corresponding fire storage requirement is 1.08 million gallons. Assuming the system storage is at maximum capacity at the start of this event, then the water supply for fire suppression would be completely depleted in approximately 3 hours. Additionally, the current storage volume is not adequate for meeting the emergency storage requirement for either the 2035 or 2050 build-out scenarios.

Emergency storage is intended to provide for conditions such as extended power outages, pump failures, and similar problems. With the minimum water supply, an emergency storage volume of 50 gallons per capita per day (gpcd) for three days is accepted as a reasonable value. Table 7 summarizes the estimated emergency storage requirements for the SMCSD water system.

Table 7: Emergency Storage Requirements

Scenario	Existing Conditions	3-Year Build-out	Long Term Build-out
50 gpcd x 3 days	423,150	799,650	986,100

The SMCSD 2022-2027 Strategic Plan identifies plans to design and build a new SLT water storage tank and pump station to address evidence of age and localized corrosion and increase storage capacity. In addition, the site of the 650,000 gallon San Miguel tank has space reserved for an additional 650,000 gallon storage tank to be constructed. As the population of San Miguel increases, it is recommended that the SMCSD proceed with investigations and preliminary design study to increase operational, fire, and emergency storage capacity.

**Existing Water Demand**

Based on a review of data from the past several years, it was determined that the water demand conditions increased significantly in late 2016, due to completion of several new residential housing developments, then showed no significant changes through June 2020. In 2018, the SMCSD

implemented a rate increase. Water usage has flattened since that time, which is believed to be related to the higher cost of water to the customer.

In September 2023, SMCS D was providing service to 924 water connections. For the purposes of estimating existing demands on the water distribution system, daily flow data from the period of July 2017 through June 2020 was used. In 2020, the combined production capacity of all three wells was approximately 1270 GPM (1.83 MGD). The combined capacity exceeds average daily demand (ADD) by approximately 1.56 MGD, therefore under existing conditions, there is sufficient water production to meet water demands. The table below depicts water demand for existing conditions.

Table 8: Water Demand for Existing Conditions

Water Demand Scenario	Flow (MGAL/Day)
Average Daily Demand	0.27
Summer Average Daily Demand	0.38
Maximum Daily Demand	0.55
Peak Hour Demand	0.96
<b>Production Capacity<sup>9</sup></b>	<b>1.83</b>
<b>Estimated Population Served</b>	<b>2,821</b>
<b>Estimated Number of Water Meter Connections</b>	<b>924</b>

### Future Water Demand

An analysis was performed to estimate the future water demands on the SMCS D water system using two water demand scenarios including high growth probability conditions (2035) and medium growth probability conditions (through 2050)<sup>10</sup>. As previously stated, in 2020 the combined production capacity of all three wells was approximately 1.83 MGD. Under medium probability development (2050) ADD conditions, the combined capacity exceeds demand by approximately 1.2 MGD. Additional capacity may be necessary to meet peak hour demand for future demand. Furthermore, the disruption of service to any of these wells could result in the inability of the District to meet future customer water

<sup>9</sup> San Miguel Community Services District, Water & Wastewater Masterplan Update, September 2020.

<sup>10</sup> San Miguel Community Services District, Water & Wastewater Masterplan Update, September 2020.

requirements. District’s Water and Wastewater Master Plan identifies recommended water system capital improvements required to meet future conditions and anticipated growth within the CSD boundary. The SMCSD is currently proposing a water rate increase based off a recently updated water rate study. The proposed water rate increases would support operating and maintenance needs and provide adequate funding for capital improvements that will support safe and reliable service. The following table shows the projected water demand for each respective scenario.

Table 9: Future Water Demand

Water Demand Scenario	Flow (MGAL/Day)	
	2035	2050
<b>Build-out Year</b>		
Average Daily Demand	0.52	0.64
Summer Average Daily Demand	0.72	0.89
Maximum Daily Demand	1.04	1.28
Peak Hour Demand	1.82	2.24
<b>Production Capacity</b>	1.83 MGD	
<b>Estimated Population Served</b>	5,331	6,574
<b>Estimated Number of Water Meter Connections</b>	1,647	2,002

## Wastewater

### Wastewater Treatment Facility

SMCSD is authorized to provide wastewater service as it is described in government code section 61100 (b). Only the main area of the San Miguel community (i.e. the portion of the SMCSD service area that is located on the west side of the Salinas River) is currently served by sanitary sewer collection infrastructure. The parcels within the SMCSD service area, which are located on the east side of the Salinas River, are currently served by on-site wastewater treatment systems (OWTS). In the main zone (i.e. west side of the Salinas River), there are currently six OWTS and in the SLT area there are a total of 65 OWTS. There are provisions to accommodate a carrier pipe for a new sanitary sewer in the River Road bridge crossing of the Salinas River, should the need arise in the future. As for the six OWTS systems in the main zone, it is planned that these will be served by the existing sanitary sewer collection system in the future.

The existing wastewater treatment facility (WWTF) underwent a significant upgrade in the late 1990s, and again in 2000, bringing its current and permitted capacity to 200,000 GPD (0.2 MGD). The current WWTF comprises four partially mixed aerated lagoons in series (though the first two lagoons are piped to also operate in parallel) and three percolation ponds. The SMCSD is nearing the treatment capacity of the existing WWTF. The SMCSD currently treats an average of approximately 150,000 GPD (0.15 MGD), with occasional daily flow volumes which exceed the treatment capacity of the WWTF. The SMCSD acknowledges that the existing WWTF is reaching capacity and requires an expansion and upgrade.

In June 2018, the Central Coast Regional Water Quality Control Board (CCRWQCB) issued a letter to SMCSD in which they informed the District that they should immediately proceed with the planning and engineering of the expansion of the existing WWTF. In addition, the SMCSD Board of Directors understands the expansion of the WWTF must also be in compliance with the requirements of SGMA. The SMCSD is currently in the process of planning and designing the expansion and renovation of the District's WWTF with the goal of meeting all existing and anticipated regulatory requirements and the needs of the District's customers over the next 30-years. According to the 2022-2027 Strategic Plan funding applications are anticipated for completion by late 2023 with construction anticipated to be completed by early 2024.

### ***Existing Wastewater Capacity***

As of 2023, the District provided wastewater collection and disposal services to approximately 803 sewer connections<sup>11</sup>. The existing average daily flow was estimated at 0.15 MGD. Table 10 below summarizes the existing wastewater flow design parameters for the existing conditions.

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<sup>11</sup> San Miguel Community Services District, Water & Wastewater Masterplan Update, September 2020.

Table 10: Existing Wastewater Flow

Wastewater Flow Scenario	Flow (MGAL/Day)
Average Daily Flow (ADF)	0.150
Maximum Day Dry Weather Flow (MDDWF)	0.188
Maximum Day Wet Weather Flow (MDWWF)	0.225
Peak Hour Wet Weather Flow	0.525
Estimated Population Served	2,621
Estimated Number of Sewer Connections	803

### Future Wastewater Capacity

The 2020 SMCSO Water and Wastewater Masterplan Update utilized data from various sources to estimate existing and future WWTF flow conditions for 2025, 2035, 2040, and 2050. A summary of the future WWTF flow projections is provided here.

Table 11: Projected Flow

Flow Condition	Peaking Factor	Existing Flow (MGD)	2025	2035	2040	2050
Average Daily Flow	--	0.150	0.258	0.346	0.372	0.427
Maximum Day Dry Weather Flow	1.25	0.188	0.323	0.433	0.465	0.534
Maximum Day Wet Weather Flow	1.5	0.225	0.387	0.520	0.558	0.641
Peak Hour Wet Weather Flow	3.5	0.525	0.903	1.213	1.301	1.495
Estimated Population Served	--	2,620	3,970	5,330	5,720	6,570
Estimated Number of Sewer Connections	--	803	1,170	1,480	1,600	1,840
Annual Discharge AC-FT	--	170	290	390	420	480
Annual Discharge AC-FT	--	210	330	430	460	520

### Street Lighting

SMCSO is authorized to provide street lighting service as it is described in government code section 61100 (g). SMCSO provides street lighting service to the District through a contract with the Pacific Gas and Electric Company (PG&E). With the exception of decorative streetlights along Mission Street, PG&E

installs, maintains, and operates all streetlights in the District, all of which are funded through property tax. The District is interested in establishing a master plan for the lighting department and are currently working towards installation of additional streetlights in high traffic and high crime areas.

As part of their street lighting power, SMCSD is authorized to acquire, construct, maintain, and improve landscaping on public property, public rights-of-way, and public easements. Currently, the District manages landscaping on a three-block section of Mission Street in downtown San Miguel, and for the gateway signs on each end of Highway 101. The SMCSD Board has expressed interest in expanding landscaped areas in the future.

### **Fire Protection**

SMCSD is authorized to provide fire service as it is described in government code section 61100 (d). The San Miguel Fire Department was established on December 24, 1888, and functioned as a Fire Protection District for approximately 113 years utilizing a variety of locations throughout the community as a fire station. In 2000, SMCSD was formed by a reorganization that combined the volunteer San Miguel Fire Protection District, San Miguel Sanitary District, County Waterworks District #1, and San Miguel Lighting District.

San Miguel Fire is an All-Risk Department servicing District residents in addition to providing Automatic Aid to the adjacent County's unrepresented areas, the County as a whole, Camp Roberts, Paso Robles, and other municipalities throughout the County of San Luis Obispo. The San Miguel Fire Department also participates in the Governor's Office of Emergency Services (OES) Master Mutual Aid Agreement throughout the State.

### **Staffing & Personnel**

The fire department currently has a full-time Fire Chief and relies on Paid Call Firefighters (PCFs) for staffing. There are no firefighters currently on duty at the fire station on a regular basis. SMCSD is dependent on community members volunteering for PCF positions. Although the District has been effective at recruiting community members to date, this model may become unsustainable in the

future due to increases in response demand and changes in training requirements. According to SMCSD staff, it is believed that incident activity exceeding 500 calls per year may cause a negative impact on PCF response<sup>12</sup>.

The Department is currently planning on enhancing its staffing patterns by utilizing PCFs to fill part-time Company Officer staffing positions and ultimately move to full-time staffing by adding up to 3 Captains, 3 Engineers, and 3 Firefighters into full-time positions. SMCSD's 2022-2027 Strategic Plan outlines plans to enhance fire department staffing in order to respond to new housing development and future demand.

### ***Capital Facilities & Equipment***

In 1999, the San Miguel Fire Department began construction on a new fire station located at 1150 Mission Street using grant funding. The project was completed in 2000 and upon completion of the new fire station, the newly formed CSD and its staff moved into the station utilizing most of the available office space originally planned for fire department use<sup>13</sup>. In 2023, CSD Administrative staff were relocated to a temporary office building at 1765 Bonita Place, which allowed for a reconfiguration of the station. The Fire Station as configured lacks the ability to provide housing accommodations for Department members necessary to provide onsite 24-hour Firefighter coverage beyond the provided Duty Officer coverage, as well as lacks proper equipment storage, records storage, plan room, and medical supply storage as necessary.

The San Miguel Fire Department currently maintains one Type 1, one Type 3, and one Type 6 engine, in addition to two command vehicles, and one utility vehicle. The 2019 Pierce Type 3 Fire Engine has a 10-year lease to own financial agreement. SMCSD's 2022-2027 Strategic Plan outlines several objectives to meet the growing demands of the department including installation and use of temporary housing unit/Sheriff's Beatstation, planning and completion of a new apparatus bay, and a remodel of

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<sup>12</sup> Special Districts Fire Protection Study for County of San Luis Obispo, November 2018.

<sup>13</sup> San Miguel Fire Department District Expansion Memo, March 31, 2022.

the fire station. Completion of these objectives would enhance response times and improve capacity to accommodate staff.

### *Service Delivery & Performance*

In 2022, the Department responded to 339 calls, for an average of approximately 28 calls per month. Of the 339 calls, 89 of the calls were for service outside of the SMCSD boundary. The County Fire Strategic Plan Level of Service Analysis recommends a minimum of an “Urban Service Level” for San Miguel which equates to a 7-minute response time for 90% of the District. SMCSD can cover 95% of the District in 7-minute response time, and 100% of the District in less than 8-minutes<sup>14</sup>. SMCSD occasionally experiences long response delays or no response from PCFs. Table 12 below illustrates average travel, dispatch, turnout, and response times for areas within the SMCSD boundary in 2022. It is important to note that the District utilizes San Luis Obispo County Emergency Communication Council (ECC) for dispatch services and therefore SMCSD does not have access to data in regards to when the call was received to time of dispatch.

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<sup>14</sup> Special Districts Fire Protection Study for County of San Luis Obispo, November 2018

Table 12: 2022 Average (Dispatch-Turnout-Response) Times per Zone

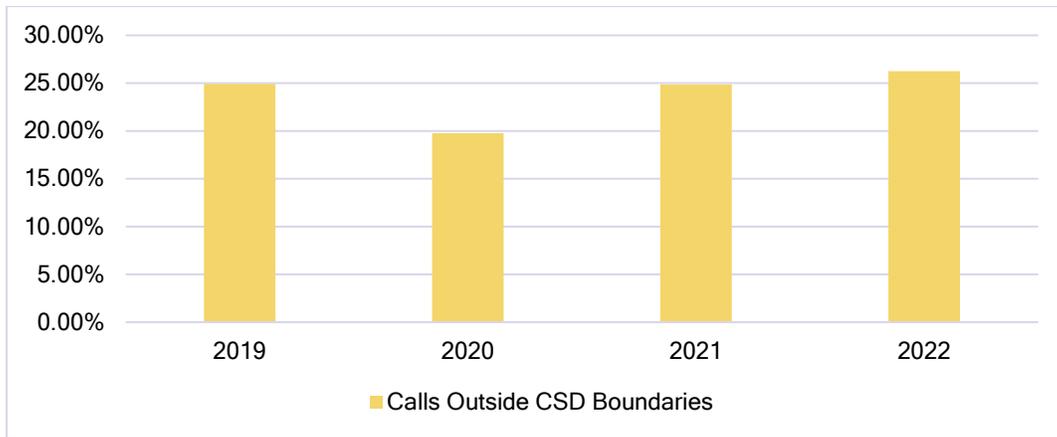
Zone	Average Travel	Average Dispatch	Average Turnout	Average Response
Casa Blanca Mobile Home Park	1:42	0:00	2:57	4:40
Camino Del Rio	2:25	1:50	2:47	7:02
CSD Limits	1:46	0:05	2:08	4:23
Jazzy Town	1:25	0:00	3:10	4:35
Lillian Larson School	2:00	0:00	1:07	3:07
Mission Heights	4:22	2:30	1:52	8:37
Mission Meadows	2:48	0:00	2:58	5:47
Peoples Self Help Housing	2:49	0:22	1:29	4:40
San Miguel Fire	1:00	0:03	0:53	1:56
San Lawrence Terrace	1:37	0:00	1:37	4:52
White Oaks Mobile Home Park	2:15	1:00	1:30	4:45
<b>Overall Average</b>	2:11	0:31	2:02	4:56

San Miguel is an isolated community with no close fire agency neighbors. Automatic aid is provided by Camp Roberts-CA National Guard Fire Department, 5 miles north with a response time of 13 minutes. The next closest mutual aid fire stations are City of Paso Robles, 10 miles south; County Fire Station 30, 12 miles south; and County Fire Station 52, 14 miles away. City of Paso Robles apparatus has a 15 minute response time; Station 30 has a response time of 16 minutes, and Station 52’s response time is 19 minutes.

The San Miguel Fire Department currently provides emergency services through automatic aid responses to residents in the surrounding areas outside of SMCSD boundaries. As described above, 89 or 26% of the calls responded to in 2022 were for service outside of the SMCSD boundary. During these responses, San Miguel Fire is typically the first on scene and cancels the Cal Fire incoming resources

prior to arrival. Figure 3 depicts the percentage of calls SMCSD responded to outside of the District’s boundaries for the past four years.

Figure 3: Calls Outside SMCSD Boundary



Due to SMCSD’s current service area boundaries, the San Miguel Fire Department is unable to collect funding through property tax from the areas they service outside of the District<sup>15</sup>. In response, as part of the 2022-2027 Strategic Plan the District has identified the objective of completion of the redistricting process which would involve divestiture of SMCSD’s fire protection services and formation of a new San Miguel Fire District, allowing the proposed Fire District to provide emergency services to SMCSD existing boundary and underserved communities outside of SMCSD boundaries while simultaneously collecting funding from those areas. Further analysis outside of the scope of this MSR would be required to determine the feasibility of this action. If the involved parties choose to proceed, application to LAFCO for both divestiture of fire protection service and formation of the San Miguel Fire District would be required.

## Solid Waste

SMCSD is authorized to provide solid waste service as it is described in government code section 61100 (c). SMCSD is the solid waste authority and has a Franchise Agreement with San Miguel Garbage Company to provide solid waste services within the District. The current agreement expires February

<sup>15</sup> San Miguel Fire Department District Expansion Memo, March 31, 2022.

1, 2036. The agreement allows the San Miguel Garbage Company to include the furnishing of all labor, supervision, equipment, materials, supplies, and all other items necessary to perform the services (refuse collection, disposal and recycling activities). Funding for solid waste collection and disposal activities comes primarily from fees charged to residents.

## Shared Facilities

There are opportunities for continued shared relationships between agencies for services within the SMCSD boundary. At present, the distinction between District and County services in the area is clear.

Opportunities for increased coordination may include:

- Roadway connections and utilities
- Water Supply Projects
- Coordination of water and sewer issues regarding new development
- Additional Automatic Aid support from County Fire
- Cooperation with County Fire for use of a County water tender

## Finance

### District Budget

The District adopts a budget each year and it is used as the spending plan for the District. The budget provides a framework for the District to address the following issues: reserves, revenues, expenditures, transfer authority, fiscal management, investments, capital improvements, rates, and fees. The SMCSD Budget is divided into the following Fund categories:

1. **Water Fund:** This fund accounts for the operation and maintenance of the District's water distribution system. The water department is responsible for the operation and maintenance of three groundwater supply wells providing treatment, monitoring, and distribution services. All water related revenue and expense is presented in its own section of the budget.
2. **Wastewater Fund:** This fund accounts for the operation and maintenance of the District's wastewater systems. All wastewater related revenue and expense is presented in its own section of the budget.

3. **Fire Fund:** This fund accounts for activities of the Fire Station. All fire related revenue and expense is presented in its own section of the budget.
4. **Streetlights Fund:** This fund accounts for activities for the maintenance of the streetlights in SMCSD. All street lighting related revenue and expense is presented in its own section of the budget.
5. **Solid Waste Fund:** The solid waste department is only funded through franchise fees. All solid waste related revenue and expense is presented in its own section of the budget.

The table below represents the District’s operating total expense for the 5 most recent adopted budgets. Data was pulled from the annual District budgets for each corresponding FY.

Table 13: Operating Expense

Category	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
<b>Total Operating Expense</b>	\$ 2,064,760	\$ 2,297,805	\$ 2,430,218	\$ 3,051,086	\$ 2,767,821

**Revenues**

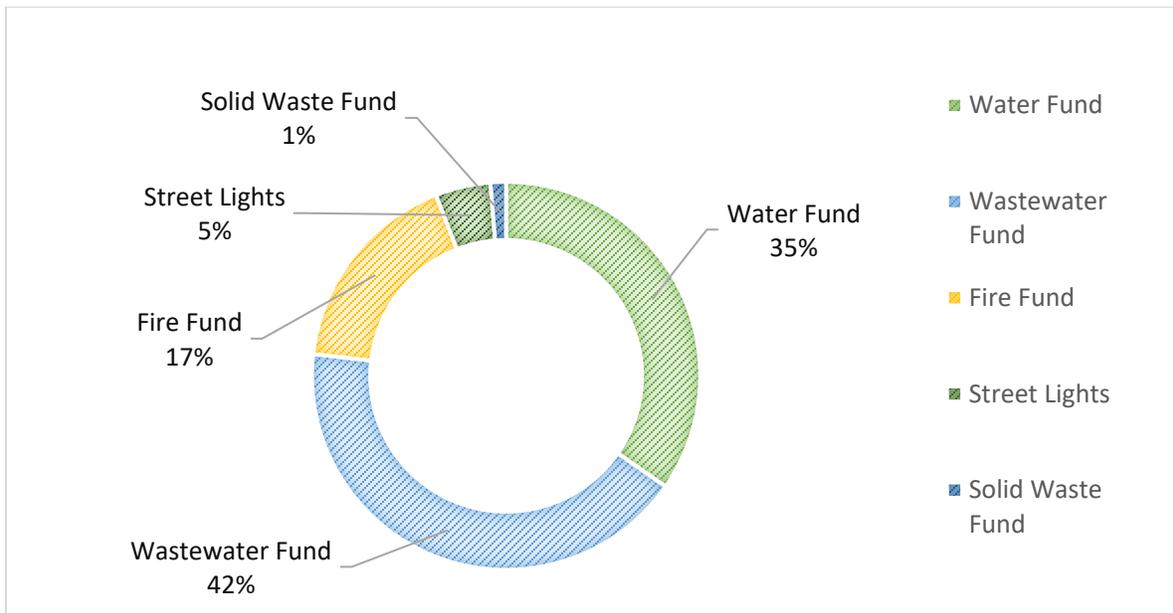
The District is funded by the five Fund categories listed above, each of those categories receives revenue from service fees, inspection fees, property taxes, interest, use of reserves etc. The total revenue amounts for the 5 most recent adopted budgets are documented in the table below:

Table 14: Revenue

Category	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
<b>Total Revenue</b>	\$ 2,228,376	\$ 2,597,374	\$ 2,767,593	\$ 3,054,834	\$ 2,837,400

Overall, SMCSD’s operating expenses do not exceed their revenue. LAFCO used SMCSD’s most recent adopted budgets to determine the average primary source of revenue over the past 5-years. About 42% of the District’s revenue comes from the Wastewater Fund and about 35% from the Water Fund, which combined is 77% of the Districts total revenue source, as seen in the pie chart below.

Figure 4: Revenue Source



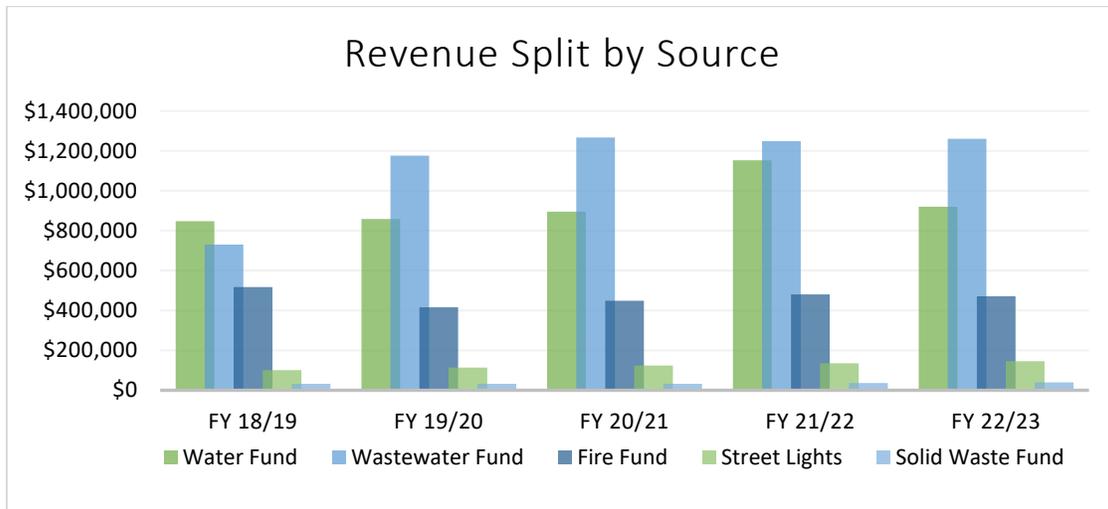
**Revenue Trend Analysis**

The bar graph below represents revenue sources by year. As depicted, the water fund was the primary source of revenue in FY 18-19 and thereafter the wastewater fund took the lead as primary source of revenue throughout the following 4 years, with a slight increase each year. Similarly, the wastewater fund was the second highest revenue source in FY 18-19 and thereafter the water fund took the lead as second highest revenue, with a slight decrease between FY 21-22 to FY 22-23. Water and wastewater are enterprise funds which receive mostly user fees; however, the wastewater department also receives property tax. The Street Lighting department is solely funded by property tax. The solid waste department is only funded through franchise fees. The Fire department receives most of its funding through property taxes. All of the departments receive funding through federal and state grants, mainly on a project basis.

Annual increases to the user fees are currently adequate to maintain existing services and to cover operating expenses for the water and wastewater departments. The property taxes collected are sufficient to fund current operations in street lighting, however they will not cover any additional services. The Fire Department requires additional funding, aside from the aforementioned property tax, in order to provide full time Firefighter staffing. Franchise fees, water, and wastewater rates were

last revised in 2022. SMCSD completed a new water rate study which is anticipated to be considered by the SMCSD Board mid-2023 and will be followed by Proposition 218 requirements.

Figure 5: Revenue Split by Source



### Financial Statements / Audits

SMCSD hires an outside accounting firm to perform the annual audit in accordance with established governmental accounting standards. This includes auditing SMCSD’s statements with respect to verifying overall assets, liabilities, and net position. These audited statements provide quantitative measurements in assessing SMCSD’s short and long-term fiscal health with specific focus on delivering its active service functions. The five most recent audited budgets were used to conduct an evaluation of the District’s Financial Health; separated into three categories (Agency Assets, Agency Liabilities, and Agency Net Position). Financial Conclusions have also been included, based on the most recent audited Fiscal Year ending on June 30, 2021.

### Agency Assets

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

- 1) *Current Assets*: cash and other assets that are expected to be converted to cash within a year.

- 2) *Non-Current Assets*: are long-term investments that are not expected to become cash within an accounting year.

SMCSD’s audited assets at the end of FY 2020-2021 totaled \$11.961 million and are 22% higher than the average year-end amount of \$9.364 million documented during the previous five-year audited period. Assets classified as current, with the expectation they could be liquidated within a year, represented 41% of the total amount for that FY, or \$4.903 million, and primarily tied to cash and investments. Assets classified as non-current make up the remainder of the total, \$7.057 million, and are primarily attributed to property, plant, and equipment capital. Overall, all assets for SMCSD have increased by 39% over the corresponding 5-year audited period.

Table 15: Audited Assets

Category	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	5-yr % Change	5-yr Average
<b>Current Assets</b>	2,256,174	1,774,797	1,883,263	3,076,372	4,903,626	117%	2,778,846
<b>Non-Current Assets</b>	6,335,518	6,711,838	6,548,057	6,272,796	7,057,880	11%	6,585,218
<b>Total Assets</b>	<b>8,591,692</b>	<b>8,486,635</b>	<b>8,431,320</b>	<b>9,349,168</b>	<b>11,961,506</b>	<b>39%</b>	<b>9,364,064</b>

### *Agency Liabilities*

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

- 1) Current Liabilities: are an agency's short-term financial obligations due to be paid within a year.
- 2) Other Non-Current Liabilities: are an agency’s long-term financial obligations that are due more than a year away.

SMCSD’s audited liabilities at the end of FY 2020-2021 totaled \$2.312 million and were 12% higher than the average year-end amount of \$2.032 million documented during the previous five-year audited period. Liabilities classified as current and representing obligations owed in the near-term account for

8%, or \$186 thousand, of the total liabilities in that FY and largely tied to accounts payable fees. Non-current liabilities represent the remaining total, or \$2.126 million, and are largely tied to payments on liabilities due in more than one year. Some Long-Term liabilities can be attributed to a Water Department loan through the US Department of Agriculture for a water storage tank that was built in 2009 and Fire Department loans for Fire Engines and Temporary Housing Unit Project loan with Holman Capital Corporation (once the Station Renovation Project is completed the Unit shall be sold providing additional funding for complete loan repayment). Overall, all liabilities have increased by 13% over the corresponding 5-year audited period.

Table 16: Audited Liabilities

Category	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	5-yr % Change	5-yr Average
<b>Current liabilities</b>	244,237	246,627	160,490	105,969	186,281	-24%	188,721
<b>Non-Current Liabilities</b>	1,811,189	1,852,346	1,725,320	1,705,868	2,126,318	17%	1,844,208
<b>Total Liabilities</b>	<b>2,055,426</b>	<b>2,098,973</b>	<b>1,885,810</b>	<b>1,811,837</b>	<b>2,312,599</b>	<b>13%</b>	<b>2,032,929</b>

### Agency Net Position

The agency net position is the difference between (1) total assets, and (2) total liabilities. Net position should be displayed in three categories which focus on the accessibility of the underlying assets:

- Net investment in capital assets
- Restricted for Debt Service
- Unrestricted

SMCSD’s audited net position or equity at the end of FY 2020-2021 totaled \$9.778 million and represents the difference between the District’s total assets and total liabilities. The most recent year-end amount is 24% higher than the average year-end sum of \$7.416 million, documented during the previous 5-year audited period. More than half of the ending net investment, 55% or \$5.411 million, is tied to capital assets with the remainder categorized as restricted for debt service, at \$3.351 million, and \$1.014 million as unrestricted. Overall, the net position for SMCSD has increased by 48% through the corresponding 5-year audited period.

Table 17: Audited Net Position

Category	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	5-yr % Change	5-yr Average
<b>Net Investment in Capital Assets</b>	4,726,154	5,198,434	5,177,518	4,962,076	5,411,976	15%	5,095,232
<b>Restricted for Debt Service</b>	2,025,221	2,102,304	1,845,310	2,149,635	3,351,873	66%	2,294,869
<b>Unrestricted</b>	(153,848)	(843,339)	(398,483)	510,878	1,014,318	-759%	25,905
<b>Total Net Position</b>	<b>6,597,527</b>	<b>6,457,399</b>	<b>6,624,345</b>	<b>7,622,589</b>	<b>9,778,167</b>	<b>48%</b>	<b>7,416,005</b>

### Financial Conclusions

Statements made in this section help explain financial trends that have been identified in the tables above. It is also important to note that the District’s audits do not express an opinion or provide any assurance on information because the limited analysis/procedures do not provide sufficient evidence. The District’s net position, the difference between assets and liabilities, is one way to measure the District’s financial health, or financial position. Over time, increases or decreases in the District’s net position is one indicator of whether its financial health is improving or deteriorating. SMCS D’s net position has increased over the last 5-year audited period ending at 9.778 million in FY 2020-2021 with a 5-year average of 7.416 million.

Other nonfinancial factors, such as changes in the District’s property tax base (described further in this paragraph) and the condition of the District’s assets (described in the “Agency Assets” portion of the Finance Section) should also be considered to assess the overall health of the District. The County levies, bills, and collects property taxes and special assessments for the District. Property taxes levied are recorded as revenue in the fiscal year of levy, due to the adoption of the "alternate method of property tax distribution," known as the Teeter Plan, by the District and the County. The Teeter Plan authorizes the Auditor/Controller of the County to allocate 100% of the secured property taxes billed, excluding unitary tax (whether paid or unpaid). The County remits tax monies to the District every month and twice a month in December and April. The final amount which is "teetered" is remitted in

August each year. The Wastewater, Lighting, and Fire Funds receive funding from District property taxes.

Overall, SMCSD's operating expenses do not exceed their revenue. SMCSD depends on property tax and rate revenue to fund most of its annual operational costs. Capital expenses, such as equipment purchases, facility construction, and infrastructure installation and replacement, are generally dependent on connection fees and grant funding to be completed. All assets have increased by 39%, liabilities have increased by 13%, and the net position for SMCSD has increased by 48% over the last 5-year audited period (FY 16-17 through FY 20-21).

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## DETERMINATIONS

### Service Review Determinations per Government Code Section 56430

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

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

- a. Currently, the estimated population of SMCSD is 3,172. With an estimated build-out population of 6,829, SMCSD is currently 46% built out and could reach full build out by 2080.

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

- a. The estimated 2021 Median Household Income for San Miguel CDP is \$66,496 which is 78% of the estimated MHI for California. Therefore, SMCSD qualifies as a DUC.
- b. The District may wish to consider conducting a community survey, that could, in part, more accurately determine the MHI and characteristics of the community. This information may be helpful with regard to eligibility for grant funding and other planning efforts.

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

- a. **Water** | SMCSD is authorized to provide water service as it is described in government code section 61100 (a). The SMCSD derives its water supply from three water supply wells. The average combined annual production from the three wells is 303 AFY. The combined production capacity when all three existing wells are in service is adequate to meet the existing and future demands of SMCSD. The three water supply wells show water quality concerns, and the SMCSD continues to monitor the water quality in its

supply wells, with specific attention paid to arsenic levels in the SLT Well and radioactive constituents in the ground water supplied by Well No. 3 and 4. There are two potable water storage facilities within the SMCSD water system, providing a total of 700,000 gallons of storage. This volume is adequate to meet both existing and future development scenarios for operational storage, but it is not adequate to meet fire or emergency storage requirements. The District is currently proposing water rate increases which would support operating and maintenance needs and provide adequate funding for capital improvement projects that would support safe and reliable water service. LAFCO determines that SMCSD has capability and capacity to adequately meet existing water demand and some level of increased future water demand as capital improvement projects are completed.

- b. **Wastewater** | SMCSD is authorized to provide wastewater service as it is described in government code section 61100 (a). Only the main area of SMCSD is currently served by sanitary sewer collection infrastructure with parcels on the east side of the Salinas River currently served by on-site wastewater treatment systems. The existing Wastewater Treatment Facility is nearing treatment capacity, and the SMCSD is currently in the process of planning and designing the expansion and renovation of the District's WWTF with the goal of meeting all existing and anticipated regulatory requirements and the needs of the District's customers over the next 30-years. SMCSD's Water and Wastewater Master Plan identifies planned improvements for the WWTF as well as potential funding opportunities for the project. LAFCO determines that SMCSD is nearing the treatment capacity of the existing WWTF and that the existing WWTF requires an expansion and upgrade to meet existing and future wastewater demand.
- c. **Street Lighting** | SMCSD is authorized to provide street lighting service as it is described in government code section 61100 (a). SMCSD provides street lighting services to the District through a contract with the Pacific Gas and Electric Company. The District also provides landscaping service to a limited area of the District. LAFCO determines that SMCSD has capability and capacity to adequately provide street lighting service.

- d. **Fire Protection** | SMCSD is authorized to provide fire protection service as it is described in government code section 61100 (a). San Miguel Fire is an All-Risk Department servicing District residents in addition to providing Automatic Aid to the adjacent County's unrepresented areas. The Fire Department currently has a full-time Fire Chief and relies on Paid Call Firefighters (PCFs) for staffing. The Fire Department is currently beyond workspace capacity due to limited office space, increased staff, and utilizing a floor plan that was not designed to support the functions currently performed within the space. In 2022, the department responded to 339 calls, 89 of which were for service outside of SMCSD's boundaries. SMCSD can cover 95% of the District in 7-minute response time, and 100% of the District in less than 8-minutes, which is within the County's recommended "Urban Service Level". It is believed that incident activity exceeding 500 calls per year may cause a negative impact on PCF response. To better serve underserved communities outside of SMCSD while collecting funding for service, District staff have expressed interest in exploring the idea of a formation of a new San Miguel Fire District. Further analysis is necessary to determine feasibility. LAFCO determines that SMCSD has capability and capacity to adequately provide fire protection service, however as population grows and utilization rates increase, additional staffing and improvements to capital facilities and equipment may be necessary to improve the delivery of services to the District.
- e. **Solid Waste** | SMCSD is authorized to provide solid waste service as it is described in government code section 61100 (a). SMCSD is the solid waste authority and has a Franchise Agreement with San Miguel Garbage Company to provide solid waste services. LAFCO determines that SMCSD has capability and capacity to adequately provide solid waste services.

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

- a. SMCSD appears to have adequate annual revenue and fund balance to provide the services that it currently provides. At the end of fiscal year 2020-2021, the SMCSD had approximately \$11.961 million in cash and long-term investments.

- b. SMCSD's net position has increased over the last 5-year audited period ending at \$9.778 million in FY 2020-2021 with a 5-year average of \$7.416 million. SMCSD is financially stable despite increasing costs and limited revenues. Franchise fees, water, and wastewater rates were last revised in 2022. SMCSD completed a new water rate study and is proposing to gradually phase in water rate increases over the next 5 years to support operating and maintenance needs and to provide funding for capital improvements. LAFCO determines that SMCSD is financially stable.

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

- a. The development of areas within the SMCSD service boundary may lead to shared infrastructure with the County; (i.e. roads and streets are a County function), Sheriff services, and parks and recreational facilities. The potential to create shared relationships for providing some services is suggested and may be appropriate when providing certain services.
- b. At present, the distinction between District and County services with the service boundary is clear. Opportunities for increased coordination may include additional automatic aid and use of a County water tender from County Fire.

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

- a. SMCSD is governed by a five-member Board of Directors that are elected to four-year terms. Regularly scheduled monthly Board meetings are held and all meetings are open to the public and are publicly posted a minimum of 72 hours prior to the meeting in accordance with the Brown Act.
- b. SMCSD maintains and up-to-date website which contains District information, documents, and updates.
- c. SMCSD considers current staffing levels inadequate to provide services within the District's service area, with anticipated need for additional wastewater treatment facility operators and firefighters within the District.

- d. The District has demonstrated accountability and transparency in its disclosure of information and cooperation during the process of this MSR. The District responded to the questionnaires and cooperated with document requests.
- e. LAFCO determines that SMCSD is accountable and transparent.

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

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

**Sphere of Influence Determinations per Government Code Section 56425**

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

- 1. Present and planned land uses in the area, including agricultural and open-space lands.**
  - The SMCSD SOI is coterminous with the District’s service area boundary. The SOI is expected to remain unchanged, with no expansions or reductions for SMCSD.
  - Land uses within the District’s SOI are predominantly residential, agricultural, and open space. Other land uses include commercial, industrial, public facilities, and recreational.
  - SMCSD is currently 46% built-out, with a projected build out date of 2080. Therefore, the current District boundaries are sufficient to accommodate growth at this time.
- 2. Present and probable need for public facilities and services in the area.**
  - The SMCSD’s SOI is coterminous with the District’s service area boundary. The SOI is expected to remain unchanged, with no expansions or reductions for SMCSD. The current District boundaries are sufficient to accommodate growth at this time.
- 3. Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**

- There is a present need and anticipated continued need for the service being provided by the SMCSD in the area.
- The SMCSD SOI is coterminous with the District's service area boundary. The SOI is expected to remain unchanged, with no expansions or reductions for SMCSD. The current District boundaries are sufficient to accommodate growth at this time.

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

- The SMCSD SOI is coterminous with the District's service area boundary. The SOI is expected to remain unchanged, with no expansions or reductions for SMCSD. The current District boundaries are sufficient to accommodate growth at this time.

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

- The SMCSD SOI is coterminous with the District's service area boundary. The SOI is expected to remain unchanged, with no expansions or reductions for SMCSD.
- Unincorporated territory surrounding the District may qualify as disadvantaged. Should future annexations or services extensions be proposed, special consideration will be given to any DUCs affected by the annexation consistent with GC §56375(8)(A) and LAFCO policy

# APPENDIX

## Sources

### General

1. Sphere of Influence Update and Municipal Service Review for Templeton CSD, San Miguel CSD and Heritage Ranch CSD, 2013
2. SMCSD Website

### Accountability

1. SMCSD Website

### Population Profile

1. 2020 Decennial US Census Data
2. San Luis Obispo Council of Governments 2050 Regional Growth Forecast

### Present and Planned Land Use

1. San Miguel Community Plan

### Water Section

1. Water and Wastewater Master Plan, 2020
2. 2022-2027 Strategic Plan

### Wastewater

1. Water and Wastewater Master Plan, 2020
2. 2022-2027 Strategic Plan

### Fire

1. Special Districts Fire Protection Study for County of San Luis Obispo, 2018
2. San Miguel Fire Department District Expansion Memo, March 2022
3. 2022-2027 Strategic Plan

### Finance

1. SMCSD Approved Fiscal Year 18-19 Budget Report
2. SMCSD Approved Fiscal Year 19-20 Budget Report
3. SMCSD Approved Fiscal Year 20-21 Budget Report
4. SMCSD Approved Fiscal Year 21-22 Budget Report

5. SMCSD Approved Fiscal Year 22-23 Budget Report
6. SMCSD Financial Statements for Fiscal Year Ended June 30, 2021
7. SMCSD Financial Statements for Fiscal Year Ended June 30, 2020
8. SMCSD Financial Statements for Fiscal Year Ended June 30, 2019
9. SMCSD Financial Statements for Fiscal Year Ended June 30, 2018
10. SMCSD Financial Statements for Fiscal Year Ended June 30, 2017

DRAFT



# San Luis Obispo Local Agency Formation Commission

**TO:** MEMBERS OF THE COMMISSION

**FROM:** ROB FITZROY, EXECUTIVE OFFICER

**DATE:** OCTOBER 19, 2023

**SUBJECT:** LAFCO FILE NO. 1-R-21: ANNEXATION #82 TO THE CITY OF SAN LUIS OBISPO (FROOM RANCH SPECIFIC PLAN AREA) TIME EXTENSION

## RECOMMENDATION

**Action 1:** Approve a one-year time extension for LAFCO File No. 1-R-21 to comply with required Conditions of Approval as established by LAFCO Resolution 2021-05.

## DISCUSSION

### Overview

On October 21, 2021, the Commission approved the Froom Ranch Specific Plan Annexation to the City of San Luis Obispo (LAFCO File No. 1-R-21). The action included a Condition of Approval that required the City to offset impacts related to prime soils and enter certain portions of the site into a conservation easement. On October 20, 2022, the Commission approved a one-year time extension that is set to expire. The City is proposing an additional year one-year time extension and has been working diligently to satisfy the condition in consultation with LAFCO staff; however, additional time is needed to complete the necessary conservation easements and comply with the Condition of Approval.

### Process

The subject territory will be formally annexed into the City upon filing of the Certificate of Completion (Section 57202). However, per Section 57200, the Certificate of Completion cannot be filed until all Conditions of Approval are satisfied. Per Section 57001, if a Certificate of Completion has not been filed within one year of approval, the proceeding shall be deemed terminated unless prior to the expiration of that year the Commission authorizes an extension of time for completion (expiration date is October 19, 2024). The Commission can extend for any reasonable period of time. Staff is recommending a one-year time extension.

**Attachment A:** Request for Time Extension from City of San Luis Obispo

### COMMISSIONERS

Chairperson  
DEBBIE ARNOLD  
County Member

Vice-Chair  
MARSHALL OCHYLSKI  
Special District Member

JIMMY PAULDING  
County Member

ROBERT ENNS  
Special District Member

STEVE GREGORY  
City Member

ED WAAGE  
City Member

HEATHER JENSEN  
Public Member

### ALTERNATES

DAWN ORTIZ-LEGG  
County Member

ED EBY  
Special District Member

CHARLES BOURBEAU  
City Member

David Watson  
Public Member

### STAFF

ROB FITZROY  
Executive Officer

IMELDA MARQUEZ-VAWTER  
Analyst

MORGAN BING  
Clerk Analyst

BRIAN A. PIERIK  
Legal Counsel

# **Attachment A**

Request for Time Extension from City of San Luis Obispo



**City Administration**

990 Palm Street, San Luis Obispo, CA 93401-3249  
805.781.7114  
slocity.org

September 26, 2023

VIA EMAIL

Rob Fitzroy, Executive Officer  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street, Suite A  
San Luis Obispo, CA 93401

**RE: Request for Extension – Annexation No. 82**

Dear Mr. Fitzroy:

Please accept this letter as the City of San Luis Obispo’s formal request to extend the term for completion of the conditions of approval for Annexation No. 82 to the City of San Luis Obispo (Froom Ranch Specific Plan). Specifically, condition 4.2 requires that, prior to filing the Certificate of Completion with the State Board of Equalization, the project proponent shall submit to LAFCO documentation of a recorded perpetual conservation easement meeting the intent of LAFCO’s 1:1 preservation policy.

As you are aware, the City and project owners have been working diligently to complete the required easements in coordination with your office. At the present time it appears that the parties are largely in agreement as to the terms of the easements and may, in fact, be in position to complete and record the required easements prior to the anniversary date of LAFCO’s approval of Resolution No. 2021-05; however, as an abundance of caution should there be any unforeseen delays, we felt it prudent to request the extension.

In consideration of the foregoing, we respectfully request the accommodation of an extension of the term for completion of this condition of approval for Annexation No. 82. Thank you for your thoughtful consideration of our request.

Sincerely yours,

A handwritten signature in blue ink that reads "Robert A. Hill".

Robert A. Hill  
Sustainability & Natural Resources Official

Cc: Timothea (Timmi) Tway, City of San Luis Obispo, Community Development Director



# San Luis Obispo Local Agency Formation Commission

**TO: MEMBERS OF THE COMMISSION**

**FROM: ROB FITZROY, EXECUTIVE OFFICER**

**DATE: OCTOBER 19, 2023**

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

## **RECOMMENDATION**

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**Action 1:** Review the first 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**

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This report is the first 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  
DEBBIE ARNOLD  
County Member

Vice-Chair  
MARSHALL OCHYLSKI  
Special District Member

JIMMY PAULDING  
County Member

ROBERT ENNS  
Special District Member

STEVE GREGORY  
City Member

ED WAAGE  
City Member

HEATHER JENSEN  
Public Member

### **ALTERNATES**

DAWN ORTIZ-LEGG  
County Member

ED EBY  
Special District Member

CHARLES BOURBEAU  
City Member

David Watson  
Public Member

### **STAFF**

ROB FITZROY  
Executive Officer

IMELDA MARQUEZ-VAWTER  
Analyst

MORGAN BING  
Clerk Analyst

BRIAN A. PIERIK  
Legal Counsel

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## QUARTERLY BUDGET SUMMARY

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**Executive Officer Comments.** The first quarter budget actuals indicate LAFCO continues to be in a strong budgetary position. Expenditures are as expected within the first quarter. Application activity and associated revenue continues to be strong; with only 25% of the fiscal year complete we have reached 39% of our revenue projections for proposal applications. Additionally, total revenues are 89% realized.

**Expenditures.** Overall, first quarter expenditures are at 25% with 25% of the fiscal year complete. A detailed budget report is provided in Attachment A. It is common to have slightly higher expenditures in the first quarter due to large annual one-time payments that must be made early in the fiscal year, for example payment of the annual insurance and liability policy. Expenditures are expected to normalize within subsequent budget reports. Below is a brief summary of line-item expenditures:

- Salaries and benefits are 23% expended.
- Services and Supplies are 31% expended.

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

- **July:** Lenovo (New Laptop) \$1,989.18, Coastal Computers \$70.00, Adobe \$155.88, USPS \$40.80, FedEx \$10.86, Microsoft Office Subscription \$37.50
- **August:** Microsoft Office Subscription \$37.50, USPS \$20.90, Costco Wholesale \$24.48, SLO Clerk Recorder \$100.00, Clerk Recorder AMS Service Fee \$1.49
- **September:** Microsoft Office Subscription \$37.50, USPS \$9.85

**Revenues.** Overall, revenues are 89% realized through the first quarter. Contributing agencies (Cities, Special Districts and County) have paid 99% of the LAFCO charges billed in the first quarter by the County Auditor. Application fees have been submitted in the amount of \$10,840 or 39% of projected application 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.

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## WORK PLAN QUARTERLY UPDATE

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**Executive Officer Comments.** Workload for the first quarter of the FY has been substantial, as expected. In addition to our typical workload of proposal application processing, we have completed an MSR for TSCSD, launched MSRs for Avila Beach CSD and Cambria CSD, and started the process for the financial audit. 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 (see May 18, 2023, staff report for additional details). 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 Municipal Service Reviews (MSRs) as mandated by statute, based on the date an MSR was last updated.
3. Execute special work efforts as directed by the Commission.

Consistent with the priorities established by the Commission for the FY 2022-2023 Work Plan, during the first quarter staff have been diligently working on the following items, as well as onboarding and training the new Clerk Analyst:

- Processing proposal applications including the recently received Dana Reserve Specific Plan annexation, multiple County Service Area annexation applications, and annexations into special independent districts
- Initiated MSR for Avila Beach CSD and Cambria CSD
- RFP for Auditing Services
- Conducted ongoing critical operations, invoicing, payroll, records management, office administration, directory update
- Additional work efforts include 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** – Recently 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, Oceano Community Services District 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 2024, with a target date of no later than June 2024.

- **Dana Reserve Specific Plan** – The County has held one study session for the project. It is set for hearing at the Planning Commission on October 23 and 24. Once that occurs, it will go to the Board of Supervisors. 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.

**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.

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**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
<b>Expenditures Summary</b> <i>(Services, Supplies, Salaries, Benefits, Taxes)</i>	<b>\$711,653</b>	<b>\$176,799</b>	<b>25%</b>	<b>\$711,653</b>
<b>Revenues Summary</b> <i>(Processing Fees, Reserves, Agency Contributions)</i>	<b>\$711,653</b>	<b>\$630,341</b>	<b>89%</b>	<b>\$711,653</b>
<b>Services and Supplies Expenditure Details</b>				
Computer Software	\$500	\$231	46%	\$500
Copying-Printing	\$300	\$11	4%	\$300
Meals	\$600	\$151	25%	\$600
LAFCO Insurance Policies	\$20,000	\$18,675	93%	\$20,000
Maintenance-Equipment	\$30	\$70	233%	\$30
Maintenance-Software	\$50	\$0	0%	\$50
CALAFCO/ SDRMA / Other Memberships	\$8,800	\$5,508	63%	\$8,800
Employee Mileage Reimbursement	\$200	\$0	0%	\$200
Commissioner Mileage Reimbursement	\$1,500	\$139	9%	\$1,500
Office Supplies	\$2,500	\$658	26%	\$2,500
Custodial Services	\$1,800	\$450	25%	\$1,800
County Auditor Services	\$9,619	\$9,619	100%	\$9,619
Legal Counsel	\$32,400	\$5,200	16%	\$32,400
Postage	\$1,000	\$62	6%	\$1,000
General Services/ Commissioner Stipends <i>(Includes one time expenditure of \$25,000 for Audit)</i>	\$39,000	\$1,923	5%	\$39,000
Publication & Legal Notices	\$1,000	\$128	13%	\$1,000
Training	\$5,000	\$0	0%	\$5,000
Office Lease	\$42,000	\$10,500	25%	\$42,000
Large Equipment	\$1,500	\$0	0%	\$1,500
Small Equipment	\$400	\$0	0%	\$400
Telephone / Internet	\$3,000	\$479	16%	\$3,000
Travel Expenses	\$2,500	\$0	0%	\$2,500
Utilities	\$0	\$0	0%	\$0
Board Chambers - IT Support	\$850	\$0	0%	\$850
Vehicle Allowance	\$5,400	\$1,246	23%	\$5,400
Vehicle Rental	\$500	\$0	0%	\$500
<b>Services and Supplies Subtotal</b>	<b>\$180,449</b>	<b>\$55,049</b>	<b>31%</b>	<b>\$180,449</b>
<b>Salary, Benefits, and Taxes Expenditures</b>				
Salaries	\$326,000	\$75,231	23%	\$326,000
Taxes - FICA SS Employer Match	\$20,212	\$4,549	23%	\$20,212
Taxes - Medicare Employer Match	\$4,727	\$1,064	23%	\$4,727
Pension Rate	\$102,882	\$23,742	23%	\$102,882
Pension Obligation Bond	\$17,882	\$3,439	19%	\$17,882
SDI/SUI Employer Contribution	\$1,500	\$0	0%	\$1,500
Health Insurance	\$48,000	\$11,421	24%	\$48,000
Deferred Compensation	\$10,000	\$2,304	23%	\$10,000
<b>Salary, Benefits, and Taxes Subtotal</b>	<b>\$531,204</b>	<b>\$121,750</b>	<b>23%</b>	<b>\$531,204</b>
<b>Total Expenditures</b>	<b>\$711,653</b>	<b>\$176,799</b>	<b>25%</b>	<b>\$711,653</b>
<b>Revenue Details</b>		<b>Revenue to Date</b>		
Interest Earned	\$4,000	\$0	0%	\$4,000
Environmental Review Fees	\$3,000	\$1,000	33%	\$3,000
Sphere of Influence Fees	\$2,000	\$3,500	175%	\$2,000
Application Processing Fees	\$23,000	\$6,340	28%	\$23,000
Other Revenue (Transfer of Reserves)	\$60,000	\$0	0%	\$60,000
<b>Agency Contributions</b>				
Cities	\$206,551	\$206,551	100%	\$206,551
County	\$206,551	\$206,551	100%	\$206,551
Special Districts	\$206,551	\$206,399	100%	\$206,551
<b>Total Revenue</b>	<b>\$711,653</b>	<b>\$630,341</b>	<b>89%</b>	<b>\$711,653</b>
<b>Reserves Fund Balance</b>	<b>\$241,201</b>	<b>\$280,419</b>	<b>116%</b>	<b>\$241,201</b>

# Attachment B

Credit Card Statements

**Account Summary**

Billing Cycle		07/31/2023
Days In Billing Cycle		31
Previous Balance		\$72.50
Purchases	+	\$2,304.22
Cash	+	\$0.00
Balance Transfers	+	\$0.00
Special	+	\$0.00
Credits	-	\$0.00
Payments	-	\$2,061.68-
Other Charges	+	\$0.00
Finance Charges	+	\$0.00

**NEW BALANCE \$315.04**

**Credit Summary**

Total Credit Line	\$10,000.00
Available Credit Line	\$9,684.96
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](http://www.umpquabank.com)
- Write us at PO BOX 35142 - LB1181, SEATTLE, WA 98124-5142

**Payment Summary**

<b>NEW BALANCE</b>	<b>\$315.04</b>
<b>MINIMUM PAYMENT</b>	<b>\$315.04</b>
<b>PAYMENT DUE DATE</b>	<b>08/25/2023</b>

*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					\$2,061.68-
Trans Date	Post Date	Reference Number	Transaction Description	Amount	
07/13	07/17	70005603198555198110011	PAYMENT - THANK YOU SPOKANE WA	\$2,061.68-	

**Cardholder Account Summary**

<b>ROBERT FITZROY #### 4</b>	<b>Payments &amp; Other Credits</b> \$0.00	<b>Purchases &amp; Other Charges</b> \$2,252.56	<b>Cash Advances</b> \$0.00	<b>Total Activity</b> \$2,252.56
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**Cardholder Account Detail**

Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
06/30	07/02	PPLN01	24906413181177266979092	Lenovo United States 855-2536686 NC	\$1,989.18
07/05	07/07	PPLN01	24251383187017028642002	COASTAL COMPUTERS SAN LUIS OBI CA	\$70.00
07/06	07/07	PPLN01	24492153187719762192567	ADOBE *ADOBE 408-536-6000 CA	\$155.88

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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
07/31/23	\$315.04	\$315.04	08/25/23

\$



BL ACCT  
AFCO  
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

**IMPORTANT INFORMATION**

Finance Charge Calculation Methods and Computation of Average Daily Balance Subject to Finance Charge: The Finance Charge Calculation Method applicable to your account for Cash Advances and Credit Purchases of goods and services that you obtain through the use of your card is specified on the front side of this statement and explained below:

**Method A - Average Daily Balance (including current transactions):** The Finance Charge on purchases begins on the date the transaction posted to your account. The Finance Charge on Cash Advances begins on the date you obtained the cash advance, or the first day of the billing cycle within which it is posted to your account, whichever is later. There is no grace period.

The Finance Charges for a billing cycle are computed by applying the Periodic Rate to the "average daily balance" of your account. To get the average daily balance, we take the beginning balance of your account each day, add any new purchases or cash advances, and subtract any payments, credits, non-accruing fees, and unpaid finance charges. This gives us the daily balance. Then we add up all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle.

**Method E - Average Daily Balance (excluding current transactions):** To avoid incurring an additional Finance Charge on the balance of purchases (and cash advances if Method E is specified as applicable to cash advances) reflected on your monthly statement, you must pay the New Balance shown on your monthly statement on or before the Payment Due Date. The grace period for the New Balance of purchases extends to the Payment Due Date.

The Finance Charges for a billing cycle are computed by applying the Periodic Rate to the "average daily balance" of purchases (and if applicable, cash advances). To get the average daily balance, we take the beginning balance of your account each day and subtract any payments, credits, non-accruing fees, and unpaid finance charges. We do not add in any new purchases or cash advances. This gives us the daily balance. Then we add up all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle.

**Method G - Average Daily Balance (including current transactions):** To avoid incurring an additional Finance Charge on the balance of purchases (and cash advances, if Method G is specified as applicable to cash advances) reflected on your monthly statement and, on any new purchases (and if applicable, cash advances) appearing on your next monthly statement, you must pay the New Balance, shown on your monthly statement, on or before the Payment Due Date. The grace period for the New Balance of purchases extends to the Payment Due Date.

The Finance Charges for a billing cycle are computed by applying the Periodic Rate to the "average daily balance" of purchases (and if applicable, cash advances). To get the average daily balance, we take the beginning balance of your account each day, add any new purchases or cash advances, and subtract any payments, credits, non-accruing fees, and unpaid finance charges. This gives us the daily balance. Then we add up all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle.

**Payment Crediting and Credit Balance:** Payments received at the location specified on the front of the statement after the phrase "MAKE CHECK PAYABLE TO" will be credited to the account specified on the payment coupon as of the date of receipt. Payments received at a different location or payments that do not conform to the requirements set forth on or with the periodic statement (e.g. missing payment stub, payment envelope other than as provided with your statement, multiple checks or multiple coupons in the same envelope) may be subject to delay in crediting, but shall be credited within five days of receipt. If there is a credit balance due on your account, you may request in writing, a full refund. Submit your request to the Account Inquiries address on the front of this statement.

By sending your check, you are authorizing the use of the information on your check to make a one-time electronic debit from the account on which the check is drawn. This electronic debit, which may be posted to your account as early as the date your check is received, will be only for the amount of your check. The original check will be destroyed and we will retain the image in our records. If you have questions please call the customer service number on the front of this billing statement.

**Closing Date:** The closing date is the last day of the billing cycle; all transactions received after the closing date will appear on your next statement.

**Annual Fee:** If your account has been assessed an annual fee, you may avoid paying this annual fee by sending written notification of termination within 30 days following the mailing date of this bill. Submit your request to the Account Inquiries address on the front of this statement. You may use your card(s) during this 30 day period but immediately thereafter must send your card(s), which you have cut in half, to this same address.

**Negative Credit Reports:** You are hereby notified that a negative credit report reflecting on your credit record may be submitted to a credit reporting agency if you fail to fulfill the terms of your credit obligations.

**BILLING RIGHTS SUMMARY**

**In Case of Errors or Inquiries About Your Bill:** If you suspect there is an error on your account or you need information about a transaction on your bill, send your written inquiry to the Account Inquiries address on the front of this statement within 60 days of the date of the statement containing the transaction in question. You may telephone us, however a written request is required to preserve your rights.

In your letter, give us the following information:

- ◆ Your name and account number.
- ◆ The dollar amount of the suspected error.
- ◆ Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are unsure about.

You do not have to pay any amount in question while we are investigating, but you are still obligated to pay the parts of your bill that are not in question. While we investigate your question, we cannot report you as delinquent or take any action to collect the amount you question.

Please provide a legal document evidencing your name change, such as a court document.

Please use blue or black ink to complete form

**NAME CHANGE**

Last

First  Middle

**ADDRESS CHANGE**

Street

City  State  ZIP Code

Home Phone (  )  -  Business Phone (  )  -

Cell Phone (  )  -  E-mail Address

**SIGNATURE REQUIRED TO AUTHORIZE CHANGES**

Signature \_\_\_\_\_

Account Number: #### #### ####

Cardholder Account Detail Continued					
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
07/26	07/27	PPLN01	24430993207400810164110	MSFT * E020007WPM MSBILL.INFO WA	\$37.50

Cardholder Account Summary				
MORGAN BING #### #### ####6	Payments & Other Credits	Purchases & Other Charges	Cash Advances	Total Activity
	\$0.00	\$51.66	\$0.00	\$51.66

Cardholder Account Detail					
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
07/21	07/23	PPLN01	24137463203001662307551	USPS PO 0568770075 SAN LUIS OBIS CA	\$40.80
07/25	07/26	PPLN01	24164073206069158058178	FEDEX OFFIC51500051508 SAN LUIS OBIS CA	\$10.86

Finance Charge Summary / Plan Level Information									
Plan Name	Plan Description	FCM <sup>1</sup>	Average Daily Balance	Periodic Rate *	Corresponding APR	Finance Charges	Effective APR Fees **	Effective APR	Ending Balance
<b>Purchases</b>									
PPLN01 001	PURCHASE	E	\$0.00	0.06024%(D)	21.9900%	\$0.00	\$0.00	0.0000%	\$315.04
<b>Cash</b>									
CPLN01 001	CASH	A	\$0.00	0.06572%(D)	23.9900%	\$0.00	\$0.00	0.0000%	\$0.00
* Periodic Rate (M)=Monthly (D)=Daily							Days In Billing Cycle: 31		
** includes cash advance and foreign currency fees							APR = Annual Percentage Rate		
<sup>1</sup> 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		08/31/2023
Days In Billing Cycle		31
Previous Balance		\$315.04
Purchases	+	\$184.37
Cash	+	\$0.00
Balance Transfers	+	\$0.00
Special	+	\$0.00
Credits	-	\$0.00
Payments	-	\$315.04
Other Charges	+	\$0.00
Finance Charges	+	\$0.00

**NEW BALANCE \$184.37**

**Credit Summary**

Total Credit Line	\$10,000.00
Available Credit Line	\$9,815.63
Available Cash	\$0.00
Amount Over Credit Line	\$0.00
Amount Past Due	\$0.00
Disputed Amount	\$0.00

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

**Payment Summary**

<b>NEW BALANCE</b>	<b>\$184.37</b>
<b>MINIMUM PAYMENT</b>	<b>\$184.37</b>
<b>PAYMENT DUE DATE</b>	<b>09/25/2023</b>

*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				\$315.04-
Trans Date	Post Date	Reference Number	Transaction Description	Amount
08/07	08/07	70005603219555219300059	PAYMENT - THANK YOU SPOKANE WA	\$315.04-

**Cardholder Account Summary**

ROBERT FITZROY #### 4	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
08/26	08/27	PPLN01	24430993238400811158320	MSFT * E0200MGOP MSBILL.INFO WA	\$37.50

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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
08/31/23	\$184.37	\$184.37	09/25/23

\$



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

e-Statement

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PO BOX 35142 - LB1181  
SEATTLE WA 98124-5142

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**Method E - Average Daily Balance (excluding current transactions):** To avoid incurring an additional Finance Charge on the balance of purchases (and cash advances if Method E is specified as applicable to cash advances) reflected on your monthly statement, you must pay the New Balance shown on your monthly statement on or before the Payment Due Date. The grace period for the New Balance of purchases extends to the Payment Due Date.

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By sending your check, you are authorizing the use of the information on your check to make a one-time electronic debit from the account on which the check is drawn. This electronic debit, which may be posted to your account as early as the date your check is received, will be only for the amount of your check. The original check will be destroyed and we will retain the image in our records. If you have questions please call the customer service number on the front of this billing statement.

**Closing Date:** The closing date is the last day of the billing cycle; all transactions received after the closing date will appear on your next statement.

**Annual Fee:** If your account has been assessed an annual fee, you may avoid paying this annual fee by sending written notification of termination within 30 days following the mailing date of this bill. Submit your request to the Account Inquiries address on the front of this statement. You may use your card(s) during this 30 day period but immediately thereafter must send your card(s), which you have cut in half, to this same address.

**Negative Credit Reports:** You are hereby notified that a negative credit report reflecting on your credit record may be submitted to a credit reporting agency if you fail to fulfill the terms of your credit obligations.

**BILLING RIGHTS SUMMARY**

**In Case of Errors or Inquiries About Your Bill:** If you suspect there is an error on your account or you need information about a transaction on your bill, send your written inquiry to the Account Inquiries address on the front of this statement within 60 days of the date of the statement containing the transaction in question. You may telephone us, however a written request is required to preserve your rights.

In your letter, give us the following information:

- ◆ Your name and account number.
- ◆ The dollar amount of the suspected error.
- ◆ Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are unsure about.

You do not have to pay any amount in question while we are investigating, but you are still obligated to pay the parts of your bill that are not in question. While we investigate your question, we cannot report you as delinquent or take any action to collect the amount you question.

Please provide a legal document evidencing your name change, such as a court document.

Please use blue or black ink to complete form

**NAME CHANGE**

Last

First  Middle

**ADDRESS CHANGE**

Street

City  State  ZIP Code

Home Phone (  )  -  Business Phone (  )  -

Cell Phone (  )  -  E-mail Address

**SIGNATURE REQUIRED TO AUTHORIZE CHANGES**

Signature \_\_\_\_\_

Cardholder Account Summary				
MORGAN BING #### #### ####6	Payments & Other Credits \$0.00	Purchases & Other Charges \$146.87	Cash Advances \$0.00	Total Activity \$146.87

Cardholder Account Detail					
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
08/11	08/13	PPLN01	24137463224001605493091	USPS PO 0568770075 SAN LUIS OBIS CA	\$20.90
08/18	08/20	PPLN01	24943003231898002041798	COSTCO WHSE #0741 SAN LUIS OBIS CA	\$24.48
08/21	08/22	PPLN01	24343113233900018629490	SLO CLERK RECORDER 805-7815080 CA	\$100.00
08/21	08/23	PPLN01	24343113234900015629526	AMS*SERVICE FEE 101653 888-9147768 FL	\$1.49

Finance Charge Summary / Plan Level Information									
Plan Name	Plan Description	FCM <sup>1</sup>	Average Daily Balance	Periodic Rate *	Corresponding APR	Finance Charges	Effective APR Fees **	Effective APR	Ending Balance
<b>Purchases</b>									
PPLN01 001	PURCHASE	E	\$0.00	0.06024%(D)	21.9900%	\$0.00	\$0.00	0.0000%	\$184.37
<b>Cash</b>									
CPLN01 001	CASH	A	\$0.00	0.06572%(D)	23.9900%	\$0.00	\$0.00	0.0000%	\$0.00
* Periodic Rate (M)=Monthly (D)=Daily							Days In Billing Cycle: 31		
** includes cash advance and foreign currency fees							APR = Annual Percentage Rate		
<sup>1</sup> 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		09/29/2023
Days In Billing Cycle		29
Previous Balance		\$184.37
Purchases	+	\$47.35
Cash	+	\$0.00
Balance Transfers	+	\$0.00
Special	+	\$0.00
Credits	-	\$0.00
Payments	-	\$184.37-
Other Charges	+	\$0.00
Finance Charges	+	\$0.00

**NEW BALANCE \$47.35**

**Credit Summary**

Total Credit Line	\$10,000.00
Available Credit Line	\$9,952.65
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](http://www.umpquabank.com)
- Write us at PO BOX 35142 - LB1181, SEATTLE, WA 98124-5142

**Payment Summary**

<b>NEW BALANCE</b>	<b>\$47.35</b>
<b>MINIMUM PAYMENT</b>	<b>\$47.35</b>
<b>PAYMENT DUE DATE</b>	<b>10/25/2023</b>

*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				\$184.37-
Trans Date	Post Date	Reference Number	Transaction Description	Amount
09/18	09/19	70005603262555262540151	PAYMENT - THANK YOU SPOKANE WA	\$184.37-

**Cardholder Account Summary**

ROBERT FITZROY ###4	Payments & Other Credits	Purchases & Other Charges	Cash Advances	Total Activity
	\$0.00	\$37.50	\$0.00	\$37.50

**Cardholder Account Detail**

Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
09/26	09/27	PPLN01	24906413269183588677930	MSFT * E0200POGJW mskill.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
09/29/23	\$47.35	\$47.35	10/25/23

\$



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

IMPORTANT INFORMATION

Finance Charge Calculation Methods and Computation of Average Daily Balance Subject to Finance Charge: The Finance Charge Calculation Method applicable to your account for Cash Advances and Credit Purchases of goods and services that you obtain through the use of your card is specified on the front side of this statement and explained below:

Method A - Average Daily Balance (including current transactions): The Finance Charge on purchases begins on the date the transaction posted to your account. The Finance Charge on Cash Advances begins on the date you obtained the cash advance, or the first day of the billing cycle within which it is posted to your account, whichever is later. There is no grace period.

The Finance Charges for a billing cycle are computed by applying the Periodic Rate to the "average daily balance" of your account. To get the average daily balance, we take the beginning balance of your account each day, add any new purchases or cash advances, and subtract any payments, credits, non-accruing fees, and unpaid finance charges. This gives us the daily balance. Then we add up all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle.

Method E - Average Daily Balance (excluding current transactions): To avoid incurring an additional Finance Charge on the balance of purchases (and cash advances if Method E is specified as applicable to cash advances) reflected on your monthly statement, you must pay the New Balance shown on your monthly statement on or before the Payment Due Date. The grace period for the New Balance of purchases extends to the Payment Due Date.

The Finance Charges for a billing cycle are computed by applying the Periodic Rate to the "average daily balance" of purchases (and if applicable, cash advances). To get the average daily balance, we take the beginning balance of your account each day and subtract any payments, credits, non-accruing fees, and unpaid finance charges. We do not add in any new purchases or cash advances. This gives us the daily balance. Then we add up all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle.

Method G - Average Daily Balance (including current transactions): To avoid incurring an additional Finance Charge on the balance of purchases (and cash advances, if Method G is specified as applicable to cash advances) reflected on your monthly statement and, on any new purchases (and if applicable, cash advances) appearing on your next monthly statement, you must pay the New Balance, shown on your monthly statement, on or before the Payment Due Date. The grace period for the New Balance of purchases extends to the Payment Due Date.

The Finance Charges for a billing cycle are computed by applying the Periodic Rate to the "average daily balance" of purchases (and if applicable, cash advances). To get the average daily balance, we take the beginning balance of your account each day, add any new purchases or cash advances, and subtract any payments, credits, non-accruing fees, and unpaid finance charges. This gives us the daily balance. Then we add up all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle.

Payment Crediting and Credit Balance: Payments received at the location specified on the front of the statement after the phrase "MAKE CHECK PAYABLE TO" will be credited to the account specified on the payment coupon as of the date of receipt. Payments received at a different location or payments that do not conform to the requirements set forth on or with the periodic statement (e.g. missing payment stub, payment envelope other than as provided with your statement, multiple checks or multiple coupons in the same envelope) may be subject to delay in crediting, but shall be credited within five days of receipt. If there is a credit balance due on your account, you may request in writing, a full refund. Submit your request to the Account Inquiries address on the front of this statement.

By sending your check, you are authorizing the use of the information on your check to make a one-time electronic debit from the account on which the check is drawn. This electronic debit, which may be posted to your account as early as the date your check is received, will be only for the amount of your check. The original check will be destroyed and we will retain the image in our records. If you have questions please call the customer service number on the front of this billing statement.

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The dollar amount of the suspected error.
Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are unsure about.

You do not have to pay any amount in question while we are investigating, but you are still obligated to pay the parts of your bill that are not in question. While we investigate your question, we cannot report you as delinquent or take any action to collect the amount you question.

Please provide a legal document evidencing your name change, such as a court document. Please use blue or black ink to complete form

NAME CHANGE

Last [grid]
First [grid] Middle [grid]

ADDRESS CHANGE

Street [grid]

City [grid] State [grid] ZIP Code [grid]

Home Phone ( [grid] ) [grid] - [grid] Business Phone ( [grid] ) [grid] - [grid]

Cell Phone ( [grid] ) [grid] - [grid] E-mail Address \_\_\_\_\_

SIGNATURE REQUIRED TO AUTHORIZE CHANGES

Signature \_\_\_\_\_

Account Number: #### ####

Cardholder Account Summary				
MORGAN BING #### #### ####6	Payments & Other Credits \$0.00	Purchases & Other Charges \$9.85	Cash Advances \$0.00	Total Activity \$9.85

Cardholder Account Detail					
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
09/13	09/14	PPLN01	24137463257001434260059	USPS PO 0568770075 SAN LUIS OBIS CA	\$9.85

Finance Charge Summary / Plan Level Information									
Plan Name	Plan Description	FCM <sup>1</sup>	Average Daily Balance	Periodic Rate *	Corresponding APR	Finance Charges	Effective APR Fees **	Effective APR	Ending Balance
<b>Purchases</b>									
PPLN01 001	PURCHASE	E	\$0.00	0.06024%(D)	21.9900%	\$0.00	\$0.00	0.0000%	\$47.35
<b>Cash</b>									
CPLN01 001	CASH	A	\$0.00	0.06572%(D)	23.9900%	\$0.00	\$0.00	0.0000%	\$0.00
* Periodic Rate (M)=Monthly (D)=Daily							Days In Billing Cycle: 29		
** includes cash advance and foreign currency fees							APR = Annual Percentage Rate		
<sup>1</sup> FCM = Finance Charge Method									
(V) = Variable Rate If you have a variable rate account the periodic rate and Annual Percentage Rate (APR) may vary.									

**Ship To** Rob Fitzroy  
 1042 Pacific St  
 Ste A  
 SAN LUIS OBISPO CA 93401-3656  
 Rob Fitzroy

Invoice No 6464901966  
 Invoice Date 06/30/2023  
Send Payment to: Lenovo (United States) Inc.  
 P.O. Box 643055  
 Pittsburgh, PA  
 15264-3055

**Invoice To** Robert Fitzroy  
 LAFCO  
 1042 Pacific St  
 Ste A  
 SAN LUIS OBISPO CA 93401-3656

For questions about your invoice  
 call: Lenovo Accounts Receivable  
 1-800-426-9735  
 email: naar@lenovo.com  
 Delivery # : 5248710125  
 Lenovo Order # : 4642998895

SAP Customer # : US00000001  
 SAP Customer Name : Robert Fitzroy

PO # :  
 Agreement # :

License # :

Product	Description	QTY	Unit price	Amount
			Discount Amt	Discted Amt

21HM002EUS	ThinkPad X1 Carbon Gen 11 Inte	1.00	1,825.45	1,825.45
	Serial # PF4C05X9			4.00
	Contract #			

Summary:

<b>Total of Products/Services</b>	1,825.45
State Tax	109.53
County Tax	4.56
City Tax	18.26
District Tax	27.38
<b>Total of Sales Tax</b>	159.73
<b>Total of California Recycling Fee</b>	4.00
<b>Total Amount Due</b>	1,989.18 USD

This invoice is issued as a result of the Lenovo CUSTOMER AGREEMENT or the equivalent agreement between us.

Remarks :

These items are controlled by the U.S. Government and authorized for export only to the country of ultimate destination for use by the ultimate consignee or end user(s) herein identified. They may not be resold, transferred, or otherwise disposed of, to any other country or to any person other than the authorized ultimate consignee or end-user(s), either in their original form or after being incorporated into other items, without first obtaining approval from the U.S. government or as otherwise authorized by U.S. law and regulations.

Payment method:

Credit Card

Payment Terms :

30 days from date of invoice

1,989.18

Payment due within terms (Late payment fee may apply)

E.&.O.E. "The Lenovo logo is a trademark of Lenovo Group Limited or one of its subsidiaries"

**CUSTOMER COPY-FOR YOUR RECORDS**



# San Luis Obispo Local Agency Formation Commission

**TO: MEMBERS OF THE COMMISSION**

**FROM: ROB FITZROY, EXECUTIVE OFFICER**

**DATE: OCTOBER 19, 2023**

**SUBJECT: PROPOSAL TO PREPARE FINANCIAL AUDIT FOR FISCAL YEAR 2022-2023**

## RECOMMENDATION

---

**Action 1:** Receive and file the attached proposal for preparing an annual audit for FY 2022-2023 (Attachment A) and direct the Executive Officer and Legal Counsel to sign a letter of engagement and / or contract with CJ Brown & Company CPAs.

## DISCUSSION

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### Background

At the May 18, 2023, LAFCO meeting the Commission adopted the Fiscal Year 2023-2024 Budget and Work Plan. The Work Plan for FY 2023-2024 included a Financial Audit for FY 2022-2023 as part of the Commission Initiatives. The FY 2023-2024 budget allocated \$25,000 in the budget for completion of the audit.

### Summary

Staff prepared a Request for Proposals (RFP) to audit LAFCO's Financial Statements for FY 2022-2023. Staff released the RFP on September 5, 2023. Staff received a response from CJ Brown & Company CPAs (Attachment A). The proposal meets the criteria specified in the RFP. Per the proposal, costs of the audit are not to exceed \$16,200.

Staff is seeking approval to allow the Executive Officer and Legal Counsel (if necessary) to sign a letter of engagement and / or a contract for the proposed auditing services as contained in Attachment A. If approved, the audit will likely commence in November 2023 and be completed by March 2024.

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**Attachment A:** Proposal for Auditing Services

#### COMMISSIONERS

Chair

DEBBIE ARNOLD  
County Member

Vice Chair

MARSHALL OCHYLSKI  
Special District Member

JIMMY PAULDING  
County Member

ROBERT ENNS  
Special District Member

ED WAAGE  
City Member

STEVE GREGORY  
City Member

HEATHER JENSEN  
Public Member

#### ALTERNATES

DAWN ORTIZ-LEGG  
County Member

ED EBY  
Special District Member

CHARLES BOURBEAU  
City Member

David Watson  
Public Member

#### STAFF

ROB FITZROY  
Executive Officer

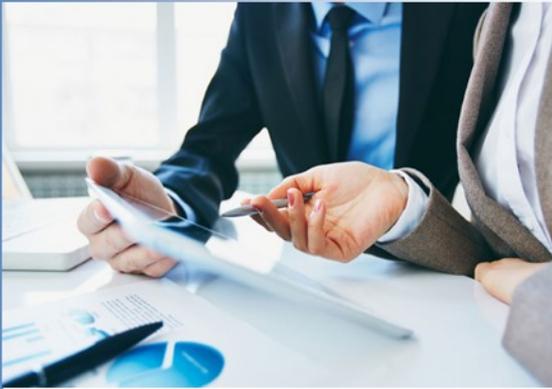
IMELDA MARQUEZ-VAWTER  
Analyst

MORGAN BING  
Clerk Analyst

BRIAN A. PIERIK  
Legal Counsel

# Attachment A

## Proposal for Auditing Services



**Certified  
Public  
Accountants**



**Consultants  
& Advisors**



# San Luis Obispo Local Agency Formation Commission

## Proposal to Provide Independent Professional Auditing Services

**For the Year Ending June 30, 2023**

**Christopher J. Brown CPA, CGMA  
Jonathan P. Abadesco, CPA**

10805 Holder Street, Suite 150  
Cypress, California 90630

5051 Canyon Crest Drive Suite 203  
Riverside, California 92507

**Phone:** (657) 214-2307

**Email:** [chris@cjbrowncpa.com](mailto:chris@cjbrowncpa.com)  
[jonathan@cjbrowncpa.com](mailto:jonathan@cjbrowncpa.com)

California BOA License Number: 6529



**C.J. Brown & Company, CPAs  
An Accountancy Corporation**

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C.J. Brown & Company CPAs  
An Accountancy Corporation

Christopher J. Brown, CPA, CGMA  
Jonathan Abadesco, CPA  
Jeffrey Palmer

**Cypress Office:**  
10805 Holder Street, Suite 150  
Cypress, California 90630  
(657) 214-2307

**Riverside Office:**  
5051 Canyon Crest Drive, Suite 203  
Riverside, California 92507  
(657) 214-2307

September 27, 2023

Attention: Morgan Bing, Clerk Analyst  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street Suite A  
San Luis Obispo, CA 93401

**Re: Request for Proposal for Independent Professional Auditing Services**

Dear Ms. Bing:

We appreciate the opportunity to submit our proposal to provide independent professional auditing services for the San Luis Obispo Local Agency Formation Commission (Commission) for the fiscal year ending June 30, 2023.

In response to your inquiry of C.J. Brown & Company, CPAs – An Accountancy Corporation (Firm), we have prepared a proposal that reflects our understanding of the Commission audit service requirements and that demonstrates our capability and commitment to serve. Our goal is to build a strong a partnership with the Commission and demonstrate the highest levels of client service.

We understand that you expect a timely audit service conducted in a professional manner in accordance with audit service standards specific to governmental entities such as yours. We are committed to meet all the requirements you have indicated, and we will issue the reports and meet the timing requirements you have requested. We believe we are uniquely qualified to provide the quality and scope of service that the Commission desires.

***Focused on the Special District Industry***

Our client service team members are specialists in the governmental special district sector. This means they each focus a substantial portion of their time serving special district governmental clients. We know and understand your organization and the climate within which you work.

**Our Firm audits over 50 governmental special districts in the State of California; as a result, this enables our Firm to continuously be immersed in the governmental, financial, and operational issues related to special districts.**

***Organized to Serve***

Our service approach ensures that the Commission will receive the highest quality, personalized service when and where you need it. By tailoring our approach, we guarantee that the Commission will receive timely and attentive service that forms the hallmark of our approach to serving clients. **Our governmental audit and consulting practice accounts for a substantial portion of our Firm's annual services.** Therefore, we have made a substantial commitment and investment to serve our governmental clients.

***Organized to Serve, continued***

While our governmental experience is substantial, it is not the only factor that sets us apart from other firms; moreover, it is the commitment to utilize our resources and experience for the benefit of our clients.

Our approach to the engagement will be to establish a delivery system for providing a truly exceptional level of service. Each element of that system including staffing, audit approach, communication, and coordination will be examined and refined to fit the needs of the Commission. The hardest to quantify may be the relationship aspect of working with one professional service firm versus another. Because of the service delivery approach, we are recommending and our history of working with many special district governmental units like the Commission, we are confident that our Firm knows how to address the unique needs of the Commission.

**Our staff members assigned to the Commission are experienced governmental professionals that have managed numerous audits and attest engagements. We have assisted in the initial preparation and successful submission of many clients' Annual Comprehensive Financial Reports for the GFOA Award Program.** Each of our staff has extensive experience that allows for a new outlook with innovative suggestions to improve quality and efficiency. We believe that our references will show that we are the best selection for the Commission. The choice of an audit firm should be based upon several factors including, but not limited to, staff retention, training programs, proactively addressing governmental industry changes, and adherence to a strict quality control program.

We are confident that we will provide the Commission with consistent staffing over the contract period as the continuity of staff is as important to us as it is to the Commission. We will be committed to the Commission and believe that our audit engagement team is the best selection for the Commission.

Our proposal and fee schedule shall be valid and binding for 90 days following the proposal due date and will become part of the contract that is negotiated with the Commission.

C.J. Brown & Company, CPAs – An Accountancy Corporation

Address:	10805 Holder Street Suite 150 Cypress, CA 90630	5051 Canyon Crest Drive Suite 203 Riverside, CA 92507
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Website (in the process of being updated to C.J. Brown & Company, CPAs):  
[www.fedakbrownllp.com](http://www.fedakbrownllp.com)

Phone Number: (657) 214-2307

Email: [chris@cjbrowncpa.com](mailto:chris@cjbrowncpa.com)

You may contact, Jonathan Abadesco or Christopher Brown if you have any questions or need additional information. Christopher Brown will be your primary contact during the proposal evaluation period. He may be reached at (657) 214-2307, or by e-mail at [chris@cjbrowncpa.com](mailto:chris@cjbrowncpa.com).

We look forward to hearing from you soon.

Cordially,



**C.J. Brown & Company, CPAs – An Accountancy Corporation**

## Statement of Understanding

### Audit Engagements

Our audits will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to audits contained in the Government Auditing Standards issued by the Comptroller General of the United States. The audit engagements will be comprised of the elements enumerated in the Commission's Request for Proposal including:

- 1. Audit of the Basic Financial Statements of the Commission;**
- 2. Preparation of Management Reports (which includes the Communications to those Charged with Governance per Statement of Auditing Standards Statement No. 114) for the Commission;**
- 3. Attendance at Meetings and Presentation to the Board of Directors; and**
- 4. Provide guidance, training, and technical assistance to the Commission in implementing Governmental Accounting Standards issued, including Annual Accounting Update Session (as required)**

### *Timing of Our Procedures*

We understand that the Commission is looking for value in the professional relationship they have with their auditors. Value comes from the knowledge, experience, and dedication that our Firm employs. We stress employs because all of the knowledge and expertise shown on paper will reap no benefit to you unless it is applied. This application equates to time well spent. We have developed an audit plan that we feel will accomplish the objectives of the Commission and will meet your special needs.

In order to accomplish our audit objectives and meet your deadlines for delivery, the sequence and timing of our procedures are critical. The Schedule below highlights our expected timeline which will be mutually agreed with the Commission.

### Schedule of Deliverables

August	Engagement Planning
August – September	Interim Field Work (Test of Controls, Risk Assessment) and Initial Conference
August	Send Prepared by Client (PBC) listing
August – September	Year-End/Final Fieldwork
November	Provide Draft Financial Statements and Management Report.
November	Provide Final Reports and Present to the BOD

**Firm Provided Affirmations**

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- A. C.J. Brown & Company, CPAs – An Accountancy Corporation affirms that the Firm and all key professional staff are properly registered and licensed or supervised by certified public accountants in good standing duly authorized to practice in the State of California.
- B. C.J. Brown & Company, CPAs – An Accountancy Corporation affirms that the Firm is independent of the Commission, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial and compliance audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States.
- C. C.J. Brown & Company, CPAs – An Accountancy Corporation affirms that the Firm currently maintains errors and omissions insurance coverage in the aggregate amount of one million dollars and general liability coverage of two million dollars. The Firm will provide the required insurance coverage and Accord insurance form to the Commission upon acceptance of the audit engagement.
- D. C.J. Brown & Company, CPAs – An Accountancy Corporation affirms that it has the necessary experience to conduct high-quality audits of local government and enterprise special districts and agencies in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial and compliance audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States and the Single Audit Act. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
- E. C.J. Brown & Company, CPAs – An Accountancy Corporation affirms that it will meet your timing requirements to begin and complete the audit of the Commission.
- F. C.J. Brown & Company, CPAs – An Accountancy Corporation affirms that senior staff scheduled on the audit of the Commission are experienced personnel and that no person designated as “key” to the project shall be removed or replaced without the prior written consent of the Commission.
- G. C.J. Brown & Company, CPAs – An Accountancy Corporation affirms that it has never been the subject of any lawsuits, claims of fraud, malpractice and/or disciplinary action by any State or Federal Agency in relation to the Firm’s governmental practice in its entire existence.
- H. C.J. Brown & Company, CPAs – An Accountancy Corporation affirms that it has not been censured or disciplined from the State Board of Accountancy.
- I. C.J. Brown & Company, CPAs – An Accountancy Corporation affirms that it will allow the Commission or their designee access to pertinent Commission audit work papers, financial reports, and management letters.
- J. C.J. Brown & Company, CPAs – An Accountancy Corporation affirms that it has never filed bankruptcy, there is no pending litigation against the Firm, there are no planned office closings, there are no impending mergers, and there are no potential labor disputes that may impede us the ability to complete the audit for the Commission.

Signature of Authorized Official: 

Name: Christopher J. Brown, CPA CGMA

Title: Managing Partner

Firm: C.J. Brown & Company, CPAs – An Accountancy Corporation

Date: September 27, 2023

## Firm Qualifications, Experience and References

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C.J. Brown & Company, CPAs – An Accountancy Corporation, is a full-service firm licensed to practice in the State of California providing accounting, audit, and consulting services for governmental and commercial enterprises, throughout the State of California. Our Governmental Services personnel are currently comprised of six senior professionals with extensive experience in governmental accounting, auditing, and additional reserve staff available on an as needed basis. The Firm maintains an office in Cypress, and Riverside, California.

Your main contacts will be Mr. Christopher Brown and Jonathan Abadesco. Our contact information can be located on our letterhead. All of the work for the Commission will be staffed directly out of our Riverside office and will not be subcontracted to any other firm.

Our Firm is fully automated in-house and utilizes current technology and software on all audit engagements. We utilize CCH ProSystems *fx* Engagement ® and Knowledge Coach Audit Software.

C.J. Brown & Company, CPAs – An Accountancy Corporation is an equal opportunity employer and certifies that our Firm is in compliance with the Civil Rights Act of 1964, the State Fair Employment Practice Act, and all other applicable federal and state laws and regulations relating to equal opportunity employment, including Executive Order No. 11246 of September 24, 1965. Our Firm is committed to affirmative action in hiring practices.

### ***Professional Education***

It is a requirement of the State Board of Accountancy for all public accounting firms who are involved in governmental auditing to allocate a specific portion of continuing education in governmental accounting and auditing every two years. The Firm has met this requirement for all staff involved with governmental accounting and auditing. Our Firm's strict adherence to these continuing professional education standards ensures the highest quality of staff assigned to the Commission audits over the term of our agreement. Our Firm also requires that all personnel at all organizational levels adhere to the independence rules, regulations, interpretations, and rulings of the AICPA, California State Society of CPAs, State Board of Accountancy, State Statute, and in some cases, the Securities and Exchange Commission and other regulatory agencies. Our Firm strictly follow the requirements of Government Code Section 12410.6(b) regarding auditor rotation requirements of public accounting firms providing audit services to local agencies. The Firm is not the object of any disciplinary action in its entire existence.

### ***Quality Control***

The Board of Directors of the Commission can measure the quality of the opinions expressed by the Firm by evaluating the level of professional standards maintained by our Firm as discussed in this proposal. The Board of Directors can also measure the performance and quality control of our Firm by evaluating our participation in the profession's peer review process as well as evaluating our Firm's professional standards and quality of work ethic in discussions with our Firm's current client base in the special district industry.

Using guidelines established by the AICPA, the Firm has designed and implemented an effective quality control system to ensure that our accounting and auditing work conforms to professional standards. **C.J. Brown & Company, CPAs – An Accountancy Corporation is in the process of transitioning the operations of Fedak & Brown LLP into the Firm and is currently working with the Peer Review personnel to establish our peer review program and expects to undergo the initial Review in June 2023.** We have included the last peer review report from Fedak & Brown LLP which provides a *Pass with deficiency* opinion on the next page.

## Firm Qualifications, Experience and References, continued



### Report on the Firm's System of Quality Control

June 8, 2022

To the Owners of  
Fedak & Brown LLP and the Peer Review Committee of the CA Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Fedak & Brown LLP (the firm) in effect for the year ended September 30, 2021. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

#### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

#### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

#### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

#### Deficiencies Identified in the Firm's System of Quality Control

We noted the following deficiencies during our review:

1. The firm's policies and procedures require that all work be performed and documented in accordance with professional standards and that a proper review by the engagement partner take place before the reports are released. Due to time constraints caused by the Pandemic and numerous personnel changes, including at the Partner level, engagements were not given the proper focus and attention needed. As a result, we noted the following: a) On an Audit of a Not-for-Profit organization, we noted that the functional expenses were presented as Supplemental Information instead of on the Statement of Activities or in the notes to the financial statements as required and we noted that accounts receivable confirmations were not requested, and the auditor did not document how the presumption for these requests was overcome; b) On the compliance audit under the Single Audit Act, we noted that the firm selected different requirements as being direct and material than those listed in the applicable Compliance Supplement; and c) On an Audit and a Review, we noted the failure to consider the new Revenue Recognition standard. In our opinion, these contributed to a compliance audit under the Single Audit Act, an audit of a Not-for-profit organization, and a Review engagement that did not conform to professional standards in all material respects. Of lesser significance, yet a result of the same systemic cause, we noted that while the firm performed a fair amount of work for obtaining an understanding of internal control on the audits, we found they inappropriately relied on inquiries of personnel for some procedures.

2. Statements on Quality Control Standards require that firms monitor their quality control system to provide assurance that the policies and procedures established by the firm are suitably designed and effectively applied. During our review, we noted that although the firm's policies and procedures require monitoring procedures, they were not performed as required. As a result, the firm was not in compliance with the monitoring element of the Quality Control Standards.

#### Opinion

In our opinion, except for the deficiencies previously described the system of quality control for the accounting and auditing practice of Fedak & Brown LLP in effect for the year ended September 30, 2021, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Fedak & Brown LLP has received a peer review rating of *pass with deficiencies*.

Heidenreich & Heidenreich, CPAs, PLLC

### ***Experience and Technical Competence***

We have prepared a listing of some of our governmental audit clients on the next page. We believe this listing exemplifies that we have significant experience in conducting high-quality audits of local governments and enterprise special Districts. Our governmental audit team has significant experience in auditing special district governmental agencies and our team members may have conducted some of these audits over the past year (see next page).

**Firm Qualifications, Experience and References, continued**

The following is a listing of some of our Governmental Special District Clients that our Audit Teams have served by County!

**Los Angeles County**

*49-99 Cooperative Library System  
Antelope Valley Watermaster  
Gateway Water Management Authority  
Greater Los Angeles County Vector Control District  
Green Valley County Water District  
Inland Library System  
Los Angeles County West Vector Control District  
La Puente County Vallley Water District  
Los Cerritos Wetlands Authority  
Palos Verdes Library District  
Peninsula Friends of the Library  
Pomona Walnut Rowland Joint Water Line Commission  
Puente Basin Water Agency  
Quartz Hill Water District  
San Gabriel Valley Municipal Water District  
Santiago Library System  
Serra Cooperative Library System  
Spadra Basin Groundwater Sustainability Agency  
Southern California Library Cooperative  
Walnut Valley Water District  
Valley County Water District*

**Riverside County**

*Cabazon Water District  
Coachella Valley Desert and Mountains RC Authority  
Coachella Valley Mosquito and Vector Control  
Desert Recreation District  
Edgemont Community Services District  
Fern Valley Water District  
High Valleys Water District  
Lake Hemet Municipal Water District  
Lake Elsinore and San Jacinto Watersheds Authority  
Idyllwild Fire Protection District  
Lake Hemet Municipal Water District  
Northwest Mosquito and Vector Control  
Palo Verde Valley Library District  
Santa Ana Watershed Project Authority  
Santa Ana River Water Company*

**Santa Barbara County**

*Santa Maria Public Airport Authority*

**San Diego County**

*Vista Fire Protection District*

**San Bernardino County**

*Bighorn Desert View Water Agency  
Cabazon Water District  
Chino Basin Water Conservation District  
Chino Basin Watermaster  
Helendale Community Services District  
Joshua Basin Water District  
Mojave Desert Air Quality Management District  
Monte Vista Water District  
Phelan Pinon Hills Community Services District*

**Kern County**

*Bear Valley Community Services District  
Indian Wells Valley Water District  
Rand Community Services District*

**Ventura County**

*Piru Cemetery District*

**Northern California/ Bay Area**

*Aromas Water District  
Avila Beach Community Services District  
Butte County Mosquito and Vector Control District  
Central Water District  
Coastside County Water District  
Fresno Irrigation District  
Granada Community Services District  
June Lake Public Utilities District  
North Marin Water District  
McKinleyville Community Services District  
Mid-Peninsula Water District  
North Kings Groundwater Sustainability Agency  
Oakdale Irrigation District  
Pajaro Valley Water Management Agency  
San Lorenzo Valley Water District  
Shasta Mosquito and Vector Control District  
Solano Irrigation District  
Solano Water Authority  
South Feather Water and Power Agency  
Trout Gulch Mutual Water Company  
Tri-Dam Power Authority  
Tri-Dam Project  
Westborough Water District*

**Firm Qualifications, Experience and References, continued**

**References**

Presented below are five significant engagements performed in the last three years similar to the engagement described in this Request for Proposal. Please do not hesitate to contact these references regarding our Firm and the high level of service we provide. We will be happy to provide additional references for your review.

<p>1. Ms. Sharon Cisneros, CFO  <b>Oakdale Irrigation District</b>  <b>Tri-Dam Power Authority</b>  <b>Tri-Dam Project</b>  1205 East F Street  Oakdale, CA 95361</p>	<p><b>Irrigation District/ Two Joint Powers Authority</b>  Annual Audit – Financial Statement  209.840.5501</p>
<p>2. Mr. Brad Hagemann, General Manager  <b>Avila Beach Community Services District</b>  100 San Luis Street  Avila Beach, CA 93424</p>	<p><b>Water District</b>  Annual Audit – Financial Statement  805.835.3163</p>
<p>3. Ms. Cammie Morin, Finance Director  <b>Solano Irrigation District</b>  <b>Solano Water Authority</b>  810 Vaca Valley Parkway, Suite 201  Vacaville, CA 95688</p>	<p><b>Irrigation District  Joint Powers Authority</b>  Annual Audit – Financial Statement  707.455.4008</p>
<p>4. Ms. DeAnn Hailey, Controller/CFO  <b>Fresno Irrigation District</b>  <b>North Kings Groundwater Sustainability Agency</b>  2907 South Maple Avenue  Fresno, CA 93725</p>	<p><b>Irrigation District  Joint Powers Authority</b>  Annual Audit – Financial Statement  559.233.7161</p>
<p>5. Ms. Adriana Figueroa, Chair  <b>Gateway Water Management Authority</b>  16401 Paramount Boulevard  Paramount, CA 90723</p>	<p><b>Joint Powers Authority</b>  Annual Audit – Financial Statement  562.663.6850</p>

## Proposed Staffing and Project Organization

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### *Summary Qualification of Key Personnel*

Our Firm's philosophy is to take a team approach with our clients in conducting our audit engagements. A properly developed, mutually agreeable timeline results in the most efficient engagement. We want you to not only think of us as your auditor, but as a resource to be used whenever the need occurs. Also, it is our Firm's philosophy to have our partners, audit managers and audit supervisors involved in the day-to-day audit details of our clients.

You will have an Engagement Partner as well as a Technical Review Partner, a field audit Partner/Manager assigned to the Commission audits; in addition, one or more staff accountants will be assigned to the audit. All team members work in the field while the audit fieldwork is in process. Each team member has the following responsibilities:

The engagement partner is responsible for all services provided to the Commission. The engagement partner's responsibilities consist of the overall planning, supervision and review of the audit test work, and preparation of the audit report.

The field audit partner/manager is responsible for coordinating the audit test work, which includes the on-site supervision of staff, and preparation of the audit report.

Once audit test work is completed, the field audit partner/manager will work with the audit team to complete the reports for the Commission for all recipients. The engagement partner will be your contact throughout the engagement year.

Prior to discussions with your staff, the field audit partner/manager, in collaboration with audit staff, will make sure that all facts have been evaluated to minimize utilizing your staff's time for audit assistance purposes.

### *Knowledge and Understanding of Local Environment*

The engagement team members strive to be experts within the governmental sphere. We keep ourselves apprised of current issues affecting the Commission operating environment.

### *Partner Participation*

The partner in charge of the audit will be available to attend meetings of the Commission's Finance Committee and the Board of Directors to discuss and report on the audit process and the deliverables associated with the audit. We will provide the Commission with accounting advice regarding subjects that could affect the report, particularly those that will directly impact its recipients.

## Proposed Staffing and Project Organization, continued

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### CHRISTOPHER J. BROWN, CPA, CGMA ENGAGEMENT PARTNER TECHNICAL REVIEW

Education:	Bachelor of Arts - Business Administration: Finance – California State University, San Bernardino 1995  Accountancy – California State University, San Bernardino 1999
License:	Certified Public Accountant – 2002
Continuing Education	Total hours were over 90 hours in the last two years of which 32 were in governmental accounting and auditing subjects. Mr. Brown has the Governmental Auditing Standards requirement for governmental CPE.
Memberships	California Society of Certified Public Accountants American Institute of Certified Public Accountants Government Finance Officers Association California Society of Municipal Finance Officers Association
Experience	<p>Christopher J. Brown is a CPA in the State of California and has over eighteen years of experience in public accounting and auditing governmental entities having worked at a national firm. Mr. Brown holds a Bachelor’s Degree from California State University, San Bernardino. He has extensive experience in the areas of governmental financial and compliance reporting.</p> <p>Member of Board of Directors – Treasurer, Riverside County Philharmonic</p> <p>Mr. Brown’s public accounting experience includes tenure with CPA firm RSM. He is also involved in auditing governmental and non-profit entities as well as medium to large manufacturing, construction and service oriented corporations. Has thorough knowledge in Generally Accepted Accounting Principles, Governmental Accounting, and Auditing Standards as well as the Single Audit Act of 1984 and the Uniform Guidance.</p> <p>Mr. Brown has provided significant audit and accounting services to various governmental entities. In these accounting engagements, he has been involved in the strategic planning processes, design and implementation of policies and procedures. He has also been involved in the implementation of performance management budgeting and planning processes.</p> <p>He is currently involved on the following major governmental engagements:</p> <ul style="list-style-type: none"><li>➤ North Marin Water District</li><li>➤ Victor Valley Wastewater Reclamation Authority</li><li>➤ Solano Irrigation District</li><li>➤ Oakdale Irrigation District</li><li>➤ Tri-Dam Project &amp; Tri-Dam Authority</li><li>➤ Hi-Desert Water District</li><li>➤ Indian Wells Valley Water District</li><li>➤ Joshua Basin Water District</li><li>➤ Santa Maria Public Airport District</li><li>➤ Phelan Pinon Hills Community Services District</li><li>➤ Helendale Community Services District</li><li>➤ Bear Valley Community Services District</li></ul>

**Proposed Staffing and Project Organization, continued**

**JONATHAN P. ABADESCO, CPA  
ENGAGEMENT PARTNER**

Education:	Bachelor of Science in Accountancy – Miriam College Foundation, Inc., Philippines 1999
License:	Certified Public Accountant – 2012
Continuing Education	Total hours were 82 hours in last two years of which 32 were in governmental accounting and auditing subjects. Mr. Abadesco has the Governmental Auditing Standards requirement for governmental CPE.
Memberships	California Society of Certified Public Accountants American Institute of Certified Public Accountants Government Finance Officers Association California Society of Municipal Finance Officers Association
Experience	<p>Jonathan P. Abadesco is a CPA in the State of California and has over twenty years of experience in public accounting and auditing governmental entities having worked at a national firm. He has served as the Assistant General Manager – Administration/CFO for a governmental special district (Hi-Desert Water District) and as a CFO/Controller for a not-for-profit (Inland Counties Legal Services).</p> <p>Mr. Abadesco’s public accounting experience includes tenure with CPA Firm, Ernst &amp; Young and PricewaterhouseCoopers. He is involved in performing financial, compliance and performance audits of governmental and non-profit entities, as well as medium to large global organizations. Has thorough knowledge in Generally Accepted Accounting Principles, Governmental Accounting, and Auditing Standards as well as the Single Audit Act of 1984 and the Uniform Guidance.</p> <p>While working with his previous CPA firm, Mr. Abadesco was instrumental in preparing the agreed upon procedures that was utilized by the U.S. Department of Energy. Also, Mr. Abadesco has provided significant audit, accounting and consulting services to various governmental entities engaged in transportation including Los Angeles County Metropolitan Transportation Authority, Metro Gold Line Foothill Extension Construction Authority, Los Angeles Department of Transportation and Metropolitan Atlanta Rapid Transportation Authority.</p> <p>He has been involved on the following governmental special districts engagements:</p> <ul style="list-style-type: none"><li>➤ Monte Vista Water District</li><li>➤ Joshua Basin Water District</li><li>➤ Oakdale Irrigation District</li><li>➤ Santa Clarita Valley Water Agency</li><li>➤ Soquel Creek Water District</li><li>➤ Lake Hemet Municipal Water District</li><li>➤ San Lorenzo Valley Water District</li><li>➤ Scotts Valley Water District</li><li>➤ Coachella Valley Mosquito and Vector Control District</li><li>➤ Chino Basin Watermaster</li><li>➤ Vista Fire Protection District</li><li>➤ Los Angeles Gateway Region Integrated Regional Water Management Joint Powers Authority</li></ul>

**Proposed Staffing and Project Organization, continued**

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**JEFF PALMER  
AUDIT SUPERVISOR**

Education: Bachelor of Science – Business Administration: Accountancy & Finance – California State University, Long Beach 2005

License: In Process

Continuing Education: Total hours were 80 hours in last three years of which 32 were in governmental accounting and auditing subjects. Mr. Palmer meets the Governmental Auditing Standards requirement for governmental CPE.

Memberships: California Society of Certified Public Accountants

Experience: Over fourteen years of experience in public accounting and auditing of governmental, private, and non-profit entities. Relevant governmental experience includes cities, special districts, airports, transportation agencies, and public financing authorities. He has extensive experience in conducting financial audits under GAO Yellow Book standards and compliance single audits in accordance with the Single Audit Act of 1984 and the Uniform Guidance. He has assisted clients in implementation and publishing their Comprehensive Annual Financial Reports in compliance with GFOA requirements.

Mr. Palmer has provided significant audit, accounting, and consulting services to various governmental entities. In these accounting and auditing engagements, he has been involved in the strategic planning processes, design and implementation of policies and procedures, performance management budgeting and planning processes, financial reviews, and cash management practices. In these consulting engagements, he has provided services including franchise tax compliance reviews, excise tax compliance and reporting reviews, and enterprise utility tax-exempt purchasing reviews.

He has been involved on the following governmental special districts engagements:

- North Marin Water District
- Walnut Valley Water District
- La Puente Valley County Water District
- Monte Vista Water District
- Crescenta Valley Water District
- Orange County Water District
- Indian Wells Valley Water District
- Westborough Water District
- Coastside County Water District
- Mojave Water Agency
- Bighorn Desert View Water Agency
- Santa Maria Public Airport District
- Phelan Pinon Hills Community Services District
- Helendale Community Services District
- Bear Valley Community Services District

## Proposed Approach and Work Plan

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### *Specific Audit Approach*

Our Firm's audit approach is tailored to each client in the following manner:

- We understand the significant work requirements of our clients. We work with our clients' schedules when scheduling segments of the audit or requesting documentation to minimize disruption during the audit process.
- We strive to utilize support already prepared by our clients to avoid duplication or unnecessary requests for audit supporting schedules.
- We have implemented a paperless audit process that utilizes CCH ProSystems fx Engagement ® and Practitioners Publishing Company software packages. These platforms provide for greater efficiency within the audit process. In addition, we fully embrace the utilization of data extraction capabilities within a client's reporting system to further increase efficiency and reduce demands on client staff time.
- Our staff is trained and familiar with government accounting and audit concepts, so you will see the difference in working with our professional staff.
- We audit various large and small governmental organizations, allowing us to consult with our clients on implementing various best-practices in their organizations.
- We believe that regular communication is the most important part of the audit process; as a result, we ask that if you ever have any questions about any financial, accounting, or audit issues, please contact us anytime throughout the year.

### *Interim Audit Planning and Testwork*

Planning is necessary to ensure a quality audit, efficient use of professional staff and timely delivery of reports. Adequate planning of the audit is essential to minimize disruption of the ongoing daily operations of the District and their recipients. We have developed a comprehensive, efficient planning process. We will begin the planning of the audit upon notification of award of the contract.

Tasks to be accomplished during the planning phase include:

- Conducting an Audit Entrance Conference with the Commission Board of Directors and management to discuss the scope and timing of the audit test work, the availability of the Commission accounting staff, prior audit problems encountered, the extent of interim audit test work to be performed, the establishment of a liaison for the audit, and the arrangements for workspace and other needs to conduct the audit test work.
- Reviewing the Board minutes, agreements/contracts, and applicable strategy for the audit period.
- Interviewing finance staff regarding internal controls.
- Discussing the status of prior year's audit findings, if any.
- Review of the Commission internal control structure and communication of recommendations to the Commission management team concerning Commission policies and procedures.
- Tests of controls of audit areas to determine the effectiveness of the Commission internal control structure. (Minimum of 25 selections per area – revenue, expenses, payroll, bank reconciliations)
- Evaluation of any unusual items noted from our analytical procedures.
- Reviewing of important contracts, debt issues, leases and joint power agreements.

## Proposed Approach and Work Plan, continued

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### *Interim Audit Planning and Testwork, continued*

- Providing the Commission with suggestions regarding the closing of the Commission books after year end. Our assistance and communication in the closing of the Commission books is expected to minimize the number of audit adjustments required after the close of Commission books.

After we obtain an understanding of the Commission internal controls, evaluate their design and implementation and perform our interim test work we will determine the nature, scope, and timing for our final audit test work.

### *Final Audit Test Work*

After the final closing of the Commission books and preparation of final trial balances and audit supporting schedule by Commission personnel, we will commence performing our *final audit testwork*.

Our final examination will include analysis of critical audit areas which we deem necessary, including:

- Analysis of cash and investment balances to online bank and brokerage websites.
- Analysis of bank reconciliations.
- Analysis of accounts receivable, delinquent balances and relative ratios.
- Analysis of unbilled receivables.
- Analysis of allocations of interest income.
- Analysis and testing of capital assets: construction-in-progress, significant additions/disposals, and related depreciation.
- Analysis of deferred outflows of resources balances and related amortization.
- Analysis of accounts payable.
- Performance of a search for unrecorded liabilities.
- Analysis and testing of valuation of the liabilities for compensated absences.
- Analysis of long term debt balances.
- Analysis of the annual roll-forward of net pension liability balances.
- Analysis of net other post-employment benefit liability (as required)
- Analysis of unearned revenue.
- Analysis of deferred inflows of resources balances and related amortization.
- Analysis of the proper establishment of reserves and designations.
- Analysis of significant grant agreements, awards and contracts.
- Analysis of significant events after year end (through the completion of our audit).
- Analysis of attorney letters for significant legal matters affecting the Commission financial position.

The abovementioned analysis and inquiries are only a sample of the tests performed during the examination and is not meant to be all inclusive.

### *Audit Completion*

At the completion of the audit each year, we will meet with the Commission management team to review our audit findings. We will communicate all deficiencies in controls which may assist the Commission in strengthening the internal control structure. Comments and recommendations relating to the accounting system will also be discussed. Finally, we will discuss all findings noted during the engagement. After discussion, the final report will be submitted to the Commission.

## **Proposed Approach and Work Plan, continued**

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### ***Identification and Communication of Internal Control Matters***

The objective of our audit is to form an opinion on the Commission. Our objective is not to identify deficiencies in internal controls; however, when control deficiencies are identified during our audit and if they constitute significant deficiencies or material weaknesses, we will communicate in writing those deficiencies to those charged with governance and the Commission management.

### ***Audit Documentation***

We will document matters pertaining to our audit planning and audit test work. The audit documentation will clearly demonstrate procedures performed, evidence obtained, and conclusions reached.

### ***Communication with Management and the Board of Directors***

In addition to our written reports, we believe an oral presentation to the Commission management, Finance Committee, and the Board of Directors, to be a minimum service provided by our Firm and would be pleased to schedule a mutually convenient time for such a presentation at the conclusion of the engagement or any time during the progression of the audit.

### ***Other Assistance***

Providing management assistance requires more than having talented people on staff; it requires a proactive approach. First, we assign experienced senior level professionals to our engagements. Our client base of governmental entities and commercial companies demands broad business and industry experience, as well as technical expertise. Those talented professionals have to be exposed to clients and develop an in-depth understanding of particular situations.

Second, we actively look for opportunities to provide assistance. We try to initiate rather than respond. For instance, if we believe a situation is developing, we will approach the client, offer to investigate and provide recommendations. If a formal project to address the problem is required, we will define the approach, execute the assignment and follow through with implementation assistance.

### ***Proposed Hours and Segmentation of the Audit***

See our Cost Proposal for further information of the segmentation of the proposed audit process by hours and staffing.



**Certified  
Public  
Accountants**



**Consultants  
& Advisors**



# San Luis Obispo Local Agency Formation Commission

## Cost Proposal to Provide Independent Professional Auditing Services

**For the Year Ending June 30, 2023**

**Christopher J. Brown CPA, CGMA  
Jonathan P. Abadesco, CPA**

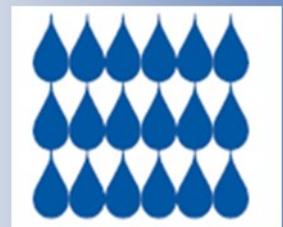
10805 Holder Street, Suite 150  
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Riverside, California 92507

**Phone:** (657) 214-2307

**Email:** [chris@cjbrowncpa.com](mailto:chris@cjbrowncpa.com)  
[jonathan@cjbrowncpa.com](mailto:jonathan@cjbrowncpa.com)

California BOA License Number: 6529



**C.J. Brown & Company, CPAs  
An Accountancy Corporation**



C.J. Brown & Company CPAs  
An Accountancy Corporation

Christopher J. Brown, CPA, CGMA  
Jonathan Abadesco, CPA  
Jeffrey Palmer

**Cypress Office:**  
10805 Holder Street, Suite 150  
Cypress, California 90630  
(657) 214-2307

**Riverside Office:**  
5051 Canyon Crest Drive, Suite 203  
Riverside, California 92507  
(657) 214-2307

September 27, 2023

Attention: Morgan Bing, Clerk Analyst  
San Luis Obispo Local Agency Formation Commission  
1042 Pacific Street Suite A  
San Luis Obispo, CA 93401

**Re: Request for Proposal for Independent Professional Auditing Services**

Dear Ms. Bing:

Based on our understanding of the San Luis Obispo Local Agency Formation Commission (Commission) requirements, our total all-inclusive maximum fee for all services requested at our discounted rates for the fiscal year ending June 30, 2023, will be **\$16,200**. This fee is based on our understanding of the Commission's audit requirements.

Our estimate for out-of-pocket expenses may not be utilized in total to the amount estimated. Again, these fees are based on the estimated costs to complete the audit. The components of this audit services fee proposal and out-of-pocket costs for the fiscal year ending June 30, 2023, are itemized in the attached Exhibits.

Our maximum not-to-exceed fee proposal is contingent upon our understanding of your requirements and the assistance we require as noted in our original audit technical proposal.

Additional services not included in this proposal will be based on our discounted billing rates based on the level of experience required. We would execute a separate contract for these services if they are requested by the Commission.

I am authorized to make representations for C.J. Brown & Company CPAs and am duly authorized to sign a contract with the Commission.

Christopher J. Brown, CPA CGMA

September 27, 2023

Date

# Exhibit I – Proposed Hours and Our Fees

## Proposed Hours and Our Fees

We anticipate that, for fiscal year ending June 30, 2023, the audit of the Commission will approximate 140 hours by major area, are summarized as follows:

Break out of Audit Hours				
Audit Steps	Partners	Mgr/Sup	Staff	Total
Planning	5	5	15	25
Controls Testwork	5	15	25	45
Substantive Testwork	5	15	30	50
Reporting	5	5	10	20
	<u>20</u>	<u>40</u>	<u>80</u>	<u>140</u>

As shown above, we expect approximately 43% of engagement hours to come from Partners, Managers, and Supervisors assigned to the engagement in fiscal year 2023.

Working on the premise that we will be provided with a year-end trial balance, along with an audit package of reconciled balances and supporting schedules of all balance sheet accounts, we expect to perform the audit of the Commission at fees as stated in the attached Exhibit II -Schedule of Professional Fees on Page 3 for the fiscal year ending June 30, 2023.

Our fees are based on the product of the time spent on the engagement and the billing rates of the individuals assigned, plus out-of-pocket costs (such as, report reproductions, typing, postage, travel, copies, telephone, etc.). We will obtain the assistance of the Commission's personnel to the extent possible and otherwise endeavor to keep these charges to a minimum. We will submit progress billings monthly to your office as our work progresses, which will be due and payable thirty days from the date of the invoice. Based upon the present size and scope of the activities of the Commission, we expect to perform the services enumerated above at our hourly rates. Our hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to the audits. We have provided a breakdown of our current hourly rates, which would apply to this engagement on the attached Exhibit III - Schedule of Fees By Hours on Page 4 of this cost proposal.

In accordance with Firm policies and the Office of Management and Budget Circular A-128 and Firm Policies, we will maintain our work papers for at least seven years and make them available to the Commission, state agencies, the General Accounting Office, and other parties upon the direction of the Commission.

We want the Board to understand that we will provide any assistance and answer any questions that the Commission's staff or members of the Board may have when they arise for the entire duration of our contract. We find it important to stay abreast of the Commission's activities and accounting issues during the entire engagement.

We would like to thank you and the Board for the opportunity to submit a proposal for the auditing services of the Commission. Because of our experience in special districts and our interest in the Commission, we will provide you with assistance in your operations as well as meet the audit needs of the organization. We will also continually make recommendations on these and other matters that come to our attention. We are proud of the professional services we provide and encourage you to make inquiries to any of our clients about their satisfaction with our services and the quality of our staff.

## Exhibit II – Schedule of Professional Fees

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Fees By Fiscal Year	Audit Fees		
	Audit Service Fees	Out-of-Pocket Expenses	Total All-Inclusive Maximum Price
Fiscal Year 2023	\$ 15,200	1,000	16,200

Please note that any additional services requested by the Commission during the audit period shall be negotiated at the stated hourly rates per year as noted in the following schedules.

# Exhibit III – Schedule of Fees By Hours

## San Luis Obispo Local Agency Formation Commission Fiscal Year 2023

### Breakdown of Fees by Hours

<b>Fiscal Year 2023 Audit of:</b>	<b>Hours</b>	<b>Hourly Rates</b>	<b>Total</b>
Commission's Basic Financial Statements			
Partner - Engagement & Technical	20	\$ 160	\$ 3,200
Manager/Supervisor	40	140	5,600
Staff	80	80	6,400
<b>Total Financial Statement Audit for 2023</b>	<u>140</u>		<u>15,200</u>
Out-of-Pocket Expenses (Travel, Mileage, Printing, etc.)			<u>1,000</u>
<b>Total Maximum for 2023</b>			<u>\$ 16,200</u>