



San Luis Obispo Local Agency Formation Commission

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TO: MEMBERS OF THE COMMISSION

FROM: ROB FITZROY, EXECUTIVE OFFICER

DATE: JUNE 18, 2026

SUBJECT: BUDGET ADJUSTMENT TO FISCAL YEAR 2025-2026 BUDGET FOR REFUND RELATED TO DANA RESERVE SPECIFIC PLAN LITIGATION

RECOMMENDATION

Action: Adopt a Resolution approving a Fiscal Year 2025-26 budget adjustment.

SUMMARY

On November 14, 2024, the Commission approved the Dana Reserve Specific Plan annexation into the Nipomo Community Services District. Within the 30-day statute of limitations, a lawsuit was filed against LAFCO challenging the Environmental Impact Report. A settlement agreement was subsequently reached, and the litigation against LAFCO was stayed. In November 2025, the County Board of Supervisors approved a series of project modifications consistent with the terms of the settlement agreement. Following the expiration of applicable statutes of limitation, the lawsuit against LAFCO was dismissed.

Pursuant to the Conditions of Approval for the annexation, the applicant was required to indemnify LAFCO against legal challenges and submit a deposit to cover legal costs. Because LAFCO did not expend all of the deposited funds, the applicant is due a refund of the remaining balance in accordance with LAFCO policies.

Due to the County Auditor’s accounting procedures, the unused portion of the deposit was transferred to LAFCO’s reserve account. To process a refund that draws from LAFCO reserves, Commission approval is required through a budget adjustment.

The recommended action adjusts the budget to authorize staff to issue a refund to the applicant in the amount of \$7,801.29 from reserves. This adjustment will increase authorized and budgeted expenditures from \$877,831.00 to \$885,632.00 for Fiscal Year 2025–26.

ATTACHMENTS

Attachment A: Draft LAFCO Resolution No. 2026-XX Approving Fiscal Year 2025-26 Budget Adjustment

Attachment A

Draft LAFCO Resolution No. 2026-XX
Approving Fiscal Year 2025-26 Budget
Adjustment

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

Thursday, June 18, 2026

RESOLUTION NO. 2026-XX

RESOLUTION APPROVING A FISCAL YEAR 25-26 BUDGET ADJUSTMENT

The following resolution is now offered:

RECITALS

WHEREAS, this matter was set for a public meeting at 9:00 a.m. on June 18, 2026, and the staff report was prepared and made available, and the meeting was conducted as required by law; and

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

WHEREAS, a lawsuit was filed against LAFCO challenging the Environmental Impact Report associated with the annexation of the Dana Reserve Specific Plan into the Nipomo Community Services District; and

WHEREAS, the applicant of the proposed annexation was required to indemnify LAFCO and provide a deposit to cover legal expenses; and,

WHEREAS, not all of the submitted deposit was expended, and pursuant to LAFCO policies, a refund of the unspent balance is due to the applicant; and,

WHEREAS, pursuant to County Auditor procedures, the Commission must approve issuance of a refund from the available fund balance reserve and an accompanying budget adjustment.

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

1. That the Recitals set forth hereinabove are true, correct, and valid and are hereby incorporated by this reference.
2. That a refund of \$7,801.29 will be issued to the applicant associated with the Dana Reserve Specific Plan annexation into Nipomo Community Services District.
3. That a budget augmentation expenditure increase shall be made to the FY 25-26 budget from \$877,831.00 to \$885,632.29.

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

AYES:

NAYS:

ABSENT:

ABSTAIN:

Heather Moreno, Chairperson Date
Local Agency Formation Commission

ATTEST:

Rob Fitzroy Date
LAFCO Executive Officer

APPROVED AS TO FORM AND LEGAL EFFECT:

Holly Whately Date
LAFCO Legal Counsel