



Templeton Community Services District

Municipal Service Review and Sphere of Influence Study

Prepared by

the San Luis Obispo Local Agency Formation Commission

Adopted August 17, 2023

Acknowledgments

San Luis Obispo LAFCO gratefully acknowledges the time and effort of staff with the Templeton Community Services District in assisting in the preparation of this report and includes – but not limited to – the following:

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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 council members, 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. 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.

DISTRICT MSR & SPHERE STUDY

Overview

This report represents San Luis Obispo LAFCO's scheduled municipal service review for the Templeton Community Services District (TCSD), located in northern San Luis Obispo County. The report has been prepared by staff consistent with the requirements of the CKH Act. The purpose of this report is to produce an independent assessment of municipal services in this area over the next five years or as seen necessary, relative to the Commission's regional growth management duties and responsibilities as established by the State Legislature. This includes evaluating the current and future relationship between the availability, demand, and adequacy of municipal services within the service areas of the TCSD 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 have been included as the concluding chapter of this document.

At A Glance

Table 1: District Profile¹

Agency Name	Templeton Community Services District
Formation	1976
Legal Authority	Government Code §61000- 61850
Office Location	420 Crocker Street, Templeton, CA 93465
Website	https://www.templetoncsd.org/
General Manager	Jeff Briltz
Employees	21 Full-time Employees, 59 Part-time employees
Public Meetings	The Templeton Community Services District (TCSD) Board of Directors holds its regular meetings on the first and third Tuesday of the month at 7 p.m. Special meetings may be scheduled on an as-needed basis.
Board of Directors	Five members elected to four-year terms
Active Powers	Water, Wastewater, Fire Protection, Solid Waste, Parks & Recreation, Street Lighting, Cemetery
District Service Area	5.5 square miles
Population Estimate	8,386 ²
Revenues	\$9,540,785 ³

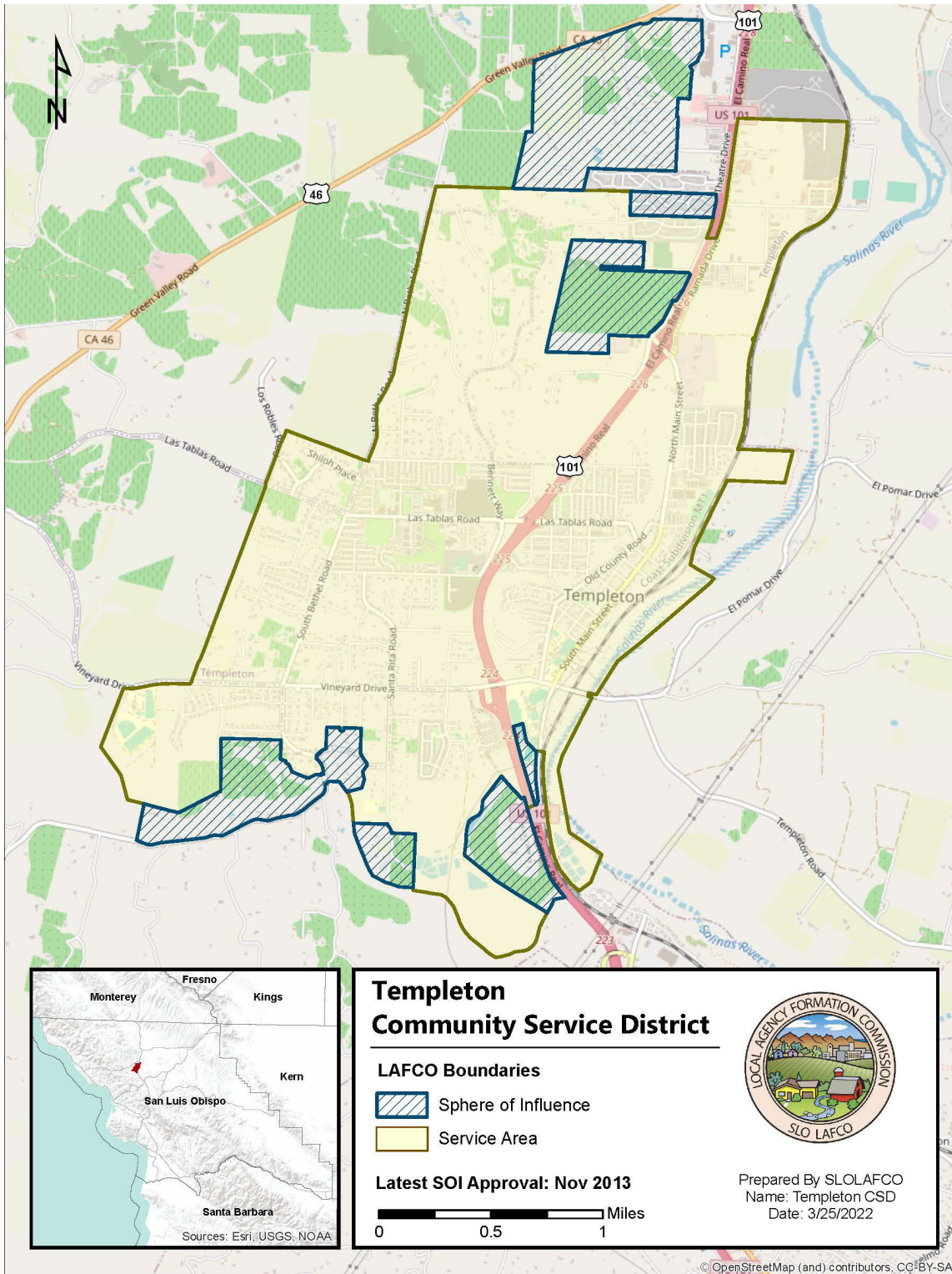
¹ As of submission of MSR-SOI Request for Information Questionnaire, October 2022

² US Census, 2020 Decennial Census, Templeton CSD

³ Templeton Community Services District Operating Budget FY 2022-2023

Boundary Map

Figure 1: TCSD Boundary Map



Sphere of Influence

Existing SOI

TCSD's existing SOI includes approximately 588.9-acres; comprised of a wide variety of land use categories from agricultural, rural residential, rural suburban, residential single family, and public facility parcels. The District's land use categories are shown in Figure 3 within the "[Present and Planned Land Use](#)" Section. The existing SOI areas will remain in the District's SOI and have been within the sphere for approximately 10 to 20 years; if needed, the district is encouraged to review and determine whether areas within the existing SOI should remain in the sphere for eventual annexation to the District or be excluded in the future.

Proposed SOI

No reductions and one expansion area are proposed to the TCSD's SOI. In 2017, the district acquired two parcels adjacent to their existing Creekside Well site and began exploring the potential of using the two parcels as a new location for a discharge pond of Lake Nacimiento water. Nacimiento water would be discharged into a percolation pond and subsequently retrieved through downstream wells. TCSD outlined reasons for the acquisition of property, in a staff report to their Board, in June of 2021, as summarized below:

1. Provides the opportunity to add new river well(s) (which will be needed as the wastewater treatment plant reaches capacity and full Nacimiento water is received).
2. Provides the opportunity to protect existing well.
3. Opportunity to explore a recharge and recovery project for Nacimiento Water.

These two parcels are located on the east side of the TCSD's current service area boundary, north of Phillips Road. The parcels combined are approximately 27.96 acres and currently zoned Agriculture land use category, as shown in Figure 2. As such, at the request of TCSD, LAFCO staff evaluated this Study Area for inclusion into the TCSD's SOI boundary. For the purposes of this document, this area will be referred to as Study Area # 1. The APNs of the parcels are 040-211-027 and 040-211-028.

Preliminary studies and testing conducted on site by GSI Water Solutions, Inc. funded by TCSD, concluded that the site is suitable for a recharge and recovery project. Once the Nacimiento water pipeline is extended to the Creekside site, the District will be able to accommodate all necessary infrastructure and obtain approvals for receiving the full allocation of 406 AFY of Nacimiento Water. Fiscal impacts are to be determined.

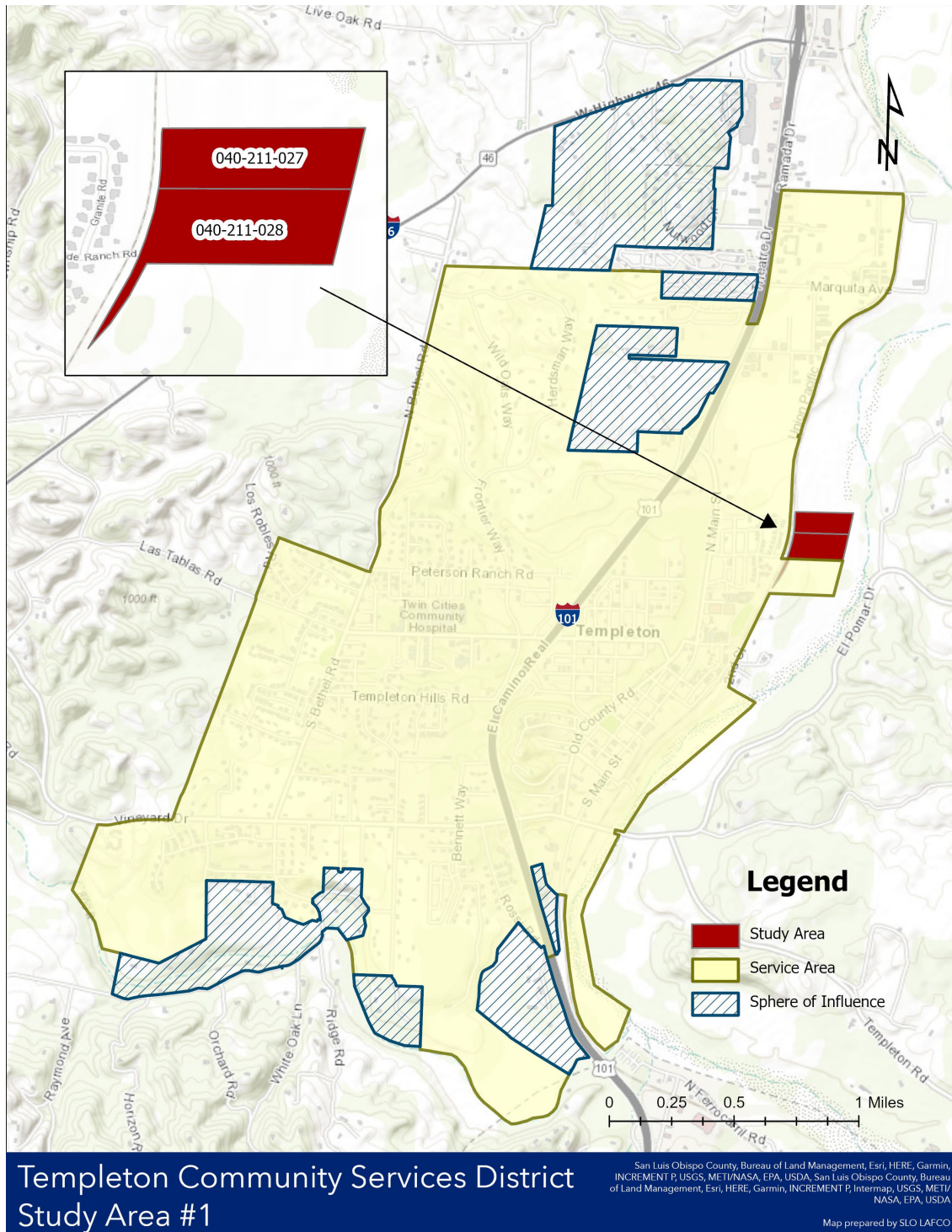
TCSD is interested in including the area into the SOI through this round of MSR updates because it would help TCSD better serve the existing community, increase water availability, and move the district one step closer to annexation, which is their primary goal. In addition, if the TCSD were to annex the property, it would alleviate the district from paying property and improvement tax. When a property is owned by a local government, in this case the TCSD, and per the California Constitution Article 13, Section 1, a local government is exempt and does not pay property taxes once annexed.

None of the land in this area is under a Williamson Act contract or other agricultural preserve program, however approximately 42% of the site does contain prime agricultural land as defined under government code section 56064. If the District pursues annexation in the future, it may prompt LAFCO Policy 12 which requires 1:1 mitigation of prime land when converted from agricultural use. The site is largely undeveloped but does contain a garage, quonset hut, fencing and a partial barn enclosure as it was previously a ranch. Future development of the site would require permit approvals from the County of San Luis Obispo. The County may require TCSD to provide an offer to dedicate an easement for a future trail network along the Salinas River as was done with the Creekside property to the south, that is also owned by the District.

The Templeton Community Plan, last updated in February 2014, identifies the area between Highway 101 and the Salinas River (where Study Area #1 is located) as a long-range industrial reserve area providing for potential expansion of industrial lands designated to the south. That said, Agricultural uses are encouraged to persist until the land is clearly needed for urban expansion after build-out of other areas.

To amend TCSD’s SOI, the CKH Act calls for determinations to be considered and a written statement approved by LAFCO per gov code section 56425 (e). These SOI factors are provided in the “[Determinations](#)” section of the MSR. Figure 2 is a vicinity map of Study Area #1.

Figure 2: Study Area #1



Accountability

TCSD is an independent special district governed by a five-member Board of Directors that are elected to four-year terms. Directors receive \$150.00 for each day’s attendance at board meetings or board committee meetings, provided that a board member’s compensation does not exceed \$600.00 in any month. The Board holds regular meetings on the first and third Tuesday of the month at 7:00 PM at the TCSD Board Meeting Room at 206 5th Street, Templeton, CA 93465. Currently, the Board Room is open to the public that wish to attend meetings in-person; however, meetings are also available by teleconference. Agendas and Board Packets are officially posted on the TCSD website and district bulletin boards. Every agenda for a regular meeting provides an opportunity for members of the public to directly address the board.

Table 2: TCSD Board of Directors

Board Member	Title	Term Expiration
Wayne Petersen	President	December 2026
Debra Logan	Vice President	December 2024
Navid Fardanesh	Board Member	December 2024
Pamela Jardini	Board Member	December 2024
Khouloud Pearson	Board Member	December 2026

TCSD currently employs 21 full-time and 59 part-time staff including the general manager, utilities manger, district engineer, finance officer, fire chief, recreation supervisor, and executive assistant/board clerk. Current staffing levels are considered adequate to provide services within the district’s service area. The district reports that all Form 700 financial disclosures are current. The California Special Districts Association (CSDA) awarded TCSD the District of Distinction and Transparency certificate due to the district’s ongoing training and educational efforts.

TCSD 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 SB 272 Enterprise System catalog. Approved minutes and audio/visual recordings are also made available for public access on the website.

Population Profile

Historically, Templeton has been one of the fastest growing communities in the County. TCSD is located within the Templeton Census Designated Place (CDP), which has a population of 8,386⁴ according to 2020 US Census data. The build-out population, defined as the maximum population that can occur considering the zoning and land use designations, is established at 9,172 persons⁵ with an estimated build-out year of 2050. Following these projections, TCSD is currently about 91% 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.

Table 3: TCSD Population⁶

Year	Population	Percent Increase
1980	1,216	-
1990	2,887	137%
2000	4,687	62%
2010	7,661	64%
2020	8,386	8%
2030	8,477	1%
2040	8,672	2%
2050	9,017	4%

⁴ US Census, 2020 Decennial Census, Templeton CSD

⁵ San Luis Obispo Council of Governments, 2050 Regional Growth Forecast for San Luis Obispo County.

⁶ US Census Data, Templeton Community Plan, and San Luis Obispo Council of Governments 2050 Regional Growth Forecast.

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. 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 under-served, inhabited areas with infrastructure deficiencies and lack of access to reliable potable water and wastewater services. DUCs are recognized as social and economic communities of interest for purposes of recommending SOI determinations pursuant to Section 56425(c).

The estimated 2021 MHI for Templeton CDP is \$104,340⁷. This exceeds the estimated California MHI of \$84,097⁸, therefore the District does not qualify as a DUC.

Social or Economic Communities of Interest in the Area

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

Present and Planned Land Use

Land Use within the District is subject to the Templeton Community Plan, adopted in 1995, which is Part III of the Land Use and Circulation Elements (LUCE) of the SLO County General Plan. The most recent changes to the plan in 2004 were considered “non-substantive” and there are currently no

⁷ 2021 American Community Survey 5-Year Estimates

⁸ UC Census Data QuickFacts, 2017-21

proposals to update this plan⁹. Table 4 summarizes the acreage of each land use category within the Templeton Urban Reserve Line (URL). The County's Land Use Element establishes URLs, which are boundaries separating urban and non-urban areas, and define the proper level of service needed for each. Any changes to a URL requires an amendment to the Land Use Element approved by the County. In addition, any proposed expansion of a URL is required to be within the Sphere of Influence of the community and any separate service districts.

Table 4: Templeton Urban Reserve Line Land Use Category Acreage

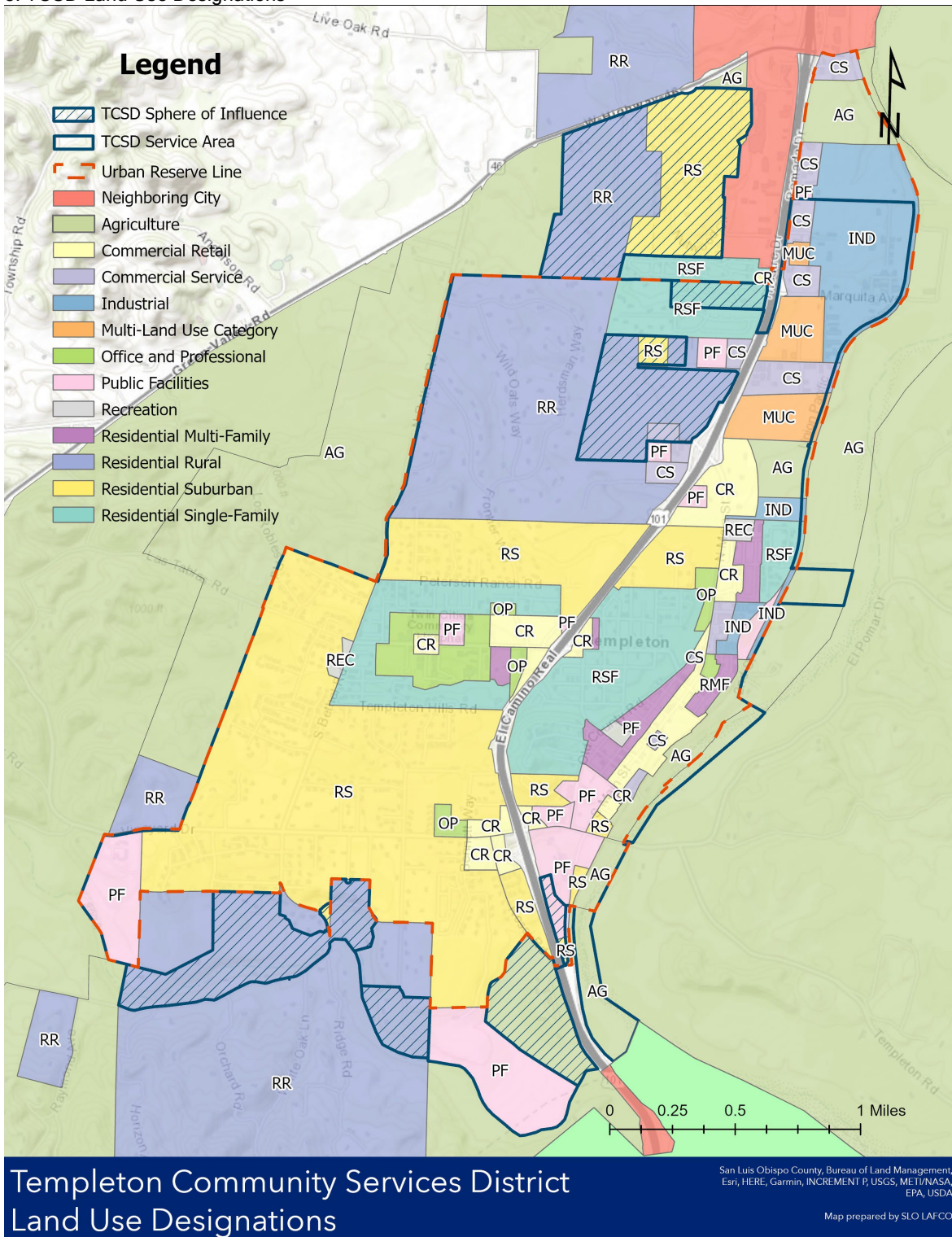
Land Use Category	Acreage
Agriculture	154
Rural Lands	0
Recreation	20
Open Space	0
Residential Rural	679
Residential Suburban	954
Residential Single Family	308
Residential Multi-Family	40
Office and Professional	101
Commercial Retail	216
Commercial Service	72
Industrial	121
Public Facilities	102
Total	2,767

As stated previously, the area within SOI Study Area #1 is currently zoned Agriculture and is largely undeveloped. According to TCSD, water resources including wells will occupy portions of the site. Later, portions of the land that are not needed for wells may be used for other purposes.

⁹ Templeton Fire & Emergency Services, Long-Ranch Fire Department Master Plan

The following map shows the Land Use Categories (zoning) for the community of Templeton as established by the Templeton Community Plan.

Figure 3: TCSD 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 old 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, TCSD's active powers were determined to be as follows: 1) Water, 2) Sewer, 3) Drainage, 4) Fire Protection, 5) Solid Waste, 6) Parks & Recreation, and 7) Street Lighting.

The exercise of a latent service or power requires LAFCO approval. In May of 2006, TCSD applied to LAFCO and received approval to activate and exercise a latent power to provide cemetery services (LAFCO No. 1-E-06).

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 TCSD was November 2013. In that update, the Commission determined that TCSD was authorized to provide the following services:

1. Water
2. Wastewater
3. Street Lighting
4. Solid Waste
5. Fire
6. Parks and Recreation
7. Drainage
8. Cemetery

The 2013 MSR identified “Drainage” as a standalone power; although, government code section 61100 does not recognize “Drainage” as a standalone service; TCSD is authorized to provide these services through their wastewater collection power that allows for storm water management as is described in government code section 61100 (b) and the Sanitary District Act of 1923, Division 6 (commencing with Section 6400) of the Health and Safety Code. The 2013 MSR also acknowledged that TCSD had cemetery powers activated and that the district no longer provided the community with that service; no action was taken to formally determine that the power had become latent, as is allowed under Government Code § 56425 (i), therefore it is still being acknowledged as an authorized power and will be discussed in more detail below.

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. As was previously

mentioned, TCSD is proposing an SOI expansion of approximately 28-acres of District owned property which was purchased to develop additional water resources; no SOI reductions are proposed.

Water

Existing Water Supply

TCSD is authorized to provide water service as it is described in government code section 61100 (a). TCSD relies on several different water sources which make up the District's water portfolio. TCSD water comes from deep aquifer groundwater, shallow underflow water, water supply augmentation through treated wastewater retrieval, and importation of Nacimiento raw water. The water enters the system through 12 wells, all located within the Templeton Subunit of the Atascadero Basin. The deep, percolating groundwater wells are generally referred to as 'deep' wells, and wells extracting the underflow from the Salinas River alluvial gravels are referred to as the 'river' wells. Based on a five-year average (2018-2022), the District's available water supply in 2022, excluding riparian water, was approximately 2,066AFY¹⁰. The water supply availability is variable and dependent upon the volume of treated wastewater discharged at the Selby discharge ponds in a given year. Per the February 2022 TCSD's Water Supply Sources Overview, more information on each of the sources is provided below:

1. Templeton Subunit / Percolating Ground Water / Deep Wells:

TCSD extracts percolating groundwater from 9 active deep wells pumping from the Templeton subunit, located throughout the District. A perennial safe yield of 1040 acre-feet per year¹¹ (AFY) may be used as an operational guide for the 9 deep wells. This water is available year-round; however these wells are used primarily to meet summer demands.

The next three sources of water are provided through the Salinas River Underflow. TCSD relies primarily on two river wells, the Smith River well, and the Creekside River Well. A third river well, Platz River Well, is currently unusable and is slated for replacement in the 2023-2024 fiscal year. Each of these

¹⁰ TCSD's Annual Water Supply Update PowerPoint, 2021

¹¹ TCSD's Water Supply Sources Overview, District Engineer, Feb 2022

water sources has specific limitations in regard to the amount that can be extracted and timing of when the water can be pumped.

2. Salinas Underflow - River Wells:

TCSD has several water rights for diversions of water from the Salinas River underflow that includes two State Water Resources Control Board water permits and one water license. These water rights yield up to 602 AFY¹². The TCSD also has several Riparian Agency rights agreements by which it provides water to customers through its system and pumps the same amount of water from the underflow. Over the last 5 years, the riparian water demand to serve these parcels averaged approximately 90 AFY¹³. Altogether, the underflow water supply totals approximately 692 AFY¹⁴. Note that the approximately 602 AFY excludes water diverted for Riparian Agency Agreement parcels because this water right is parcel specific and not available to the District at large.

3. Treated Wastewater Retrieval (also may be called Underflow Augmentation):

TCSD discharges treated wastewater into discharge ponds (Selby ponds) located adjacent to the Salinas River where it is percolated into the underflow of the Salinas River. In 2019, TCSD completed a major wastewater infrastructure project called the East Side Force Main and Lift Stations (ESFM) which increased the total wastewater flows to the Meadowbrook Wastewater Treatment Plant (MWWTP) from approximately 150,000 gallons per day (gpd) to an average of 355,000 gpd¹⁵. Once these flows are available for discharge into the Selby ponds, a total of 428 AFY¹⁶ of water will be available from this source annually. Future water supply is based on 15 connections per year (~ .25 AF)¹⁷ up to the year 2040. Due to the locations of the two wells, all

¹² TCSD's Water Supply Sources Overview, District Engineer, Feb 2022

¹³ TCSD's Water Supply Sources Overview, District Engineer, Feb 2022

¹⁴ TCSD's Water Supply Sources Overview, District Engineer, Feb 2022

¹⁵ TCSD's Water Supply Sources Overview, District Engineer, Feb 2022

¹⁶ Templeton Community Service District Staff, 2023

¹⁷ Templeton Community Service District Staff, 2023

of the water discharged at the Selby ponds can be retrieved during the summer pumping season from April through October.

4. Nacimiento Water:

TCSO began receiving 250 AFY of raw Nacimiento water deliveries on June 23, 2011. An additional 156 AFY was acquired in 2016, increasing the total allocation to 406 AFY¹⁸ annually. Until March of 2019, the raw water was percolated into the underflow at the Selby ponds for subsequent retrieval downstream at the Smith Well and Creekside Wells during the peak summer season. Nacimiento discharges were halted during a recent Nacimiento water line break and resumed again in 2021 with reduced deliveries due to the increased wastewater discharges to the Selby ponds. TCSO is in the planning stages of relocating the Nacimiento water to another site and it is anticipated that this project could be done as early as 2027. Once the Nacimiento water becomes available the TCSO will net approximately 406 AFY, providing additional source capacity for the District.

Actual water use peaks June through September when outdoor use is greatest, and can be two to three times lower during winter water use. Based on a 2022 TCSO Water Supply Sources Overview Memo, TCSO is capable of meeting existing seasonal average daily water demands. As additional wastewater is percolated and subsequently available for retrieval, the amount of water supply will increase. The next largest water supply increase will be realized once a new Nacimiento water delivery location and infrastructure is planned and constructed. Easement acquisition is currently underway with overall project completion targeted for 2027.

¹⁸ Templeton Community Service District Staff, 2023

Table 5: Water Supply Summary¹⁹

Source	Current Water Supply (2022 Estimate Based on 5-year average) (AFY)	Future Water Supply (2040) (AFY)
Percolating Groundwater – Deep Wells	1,040	1,040
Salinas Underflow– River Wells		
Water Rights Permit (Oct – Mar)	500	500
Water Rights License (Apr – Oct 15)	102	102
Riparian Agency Water Rights ²⁰	Varies	Varies
Treated Wastewater Retrieval ^{21 22}	204	428
Nacimiento Water ^{23 24}	220	406
Total	2,066	2,476

Nacimiento Recharge and Recovery Project

Currently the TCSD discharges its allocation of Lake Nacimiento Water into the Selby discharge ponds where it percolates into the Salinas River Underflow and is subsequently retrieved downstream through municipal wells. TCSD currently relies on chlorinated groundwater as the source of potable water, but there isn’t sufficient groundwater to meet future demand at a reasonable cost. TCSD is in process of design development for the Nacimiento Recharge and Recovery Project to be located at the Creekside property (Study Area #1), with the goal of fully utilizing this additional water source to increase supply reliability, particularly during the summer months. The inclusion of Study Area #1 into

¹⁹ Templeton Community Service District Staff, 2023

²⁰ Riparian Agency Rights are parcel specific and are not available as a District-wide supply. The supply varies according to actual demand by riparian parcels with Riparian Agency Agreements.

²¹ Available water supply from Treated Wastewater Retrieval varies from year to year based on actual discharges at Selby percolation ponds 28 & 35 months earlier.

²² Future available water supply from Treated Wastewater Retrieval is estimated based on 15 additional wastewater connections annually.

²³ Future available water supply from Nacimiento Water varies from year to year based on actual discharges at Selby percolation ponds 28 & 35 months earlier.

²⁴ Future available water supply from Nacimiento Water based on Nacimiento Recharge & Recovery Project completion, including new river wells. Estimated completion date in 2027, subject to change.

TCSD's SOI would help TCSD better serve the existing community and increase water availability. As was previously mentioned, the property within Study Area #1 was obtained by the TCSD. The property was obtained for the following reasons:

1. To provide the opportunity to add new river well(s) (which will be needed as the wastewater treatment plant reaches capacity and full Nacimiento water is received)
2. To provide the opportunity to protect existing wells
3. An opportunity to explore a recharge and recovery project for Nacimiento Water

Existing Water Demands

TCSD has allocated its available water supply to 2,602 Residential connections and 398 Non-Residential connections (Commercial, Irrigation, Construction) for a total of 3,000 service connections as seen in Table 6. Of the 2,066 AFY available water supply, 1,294 AFY is reserved for existing customers, 359 AFY is water reserved through will-serve commitments, and 413 AFY is reserved as a 20% buffer²⁵, as seen in Table 7. Table 8 represents TCSD's current water demand breakdown by connection type.

As mentioned previously, Riparian Agency Rights are parcel specific and are not available as a District-wide supply. The Riparian Water supply varies according to actual demand by riparian parcels with Riparian Agency Agreements.

²⁵ Per TCSD's Supply Buffer Policies, the District shall maintain a Water Supply Buffer of not less than 20% of the available water portfolio.

Table 6: Existing Service Connections ²⁶

Connection Type	Number of Service Connections	Number of Service Connections	Total Service Connections
	(Dec 2022) (Groundwater)	(Dec 2022) (Riparian)	
Residential	2,496	106	2,602
Commercial	243	71	314
Irrigation	55	29	84
Construction	Varies	0	Varies
Total	2,794	206	3,000

Table 7: Existing Water Demand²⁷

2022 Available Water Supply	20% Buffer (AFY)	Predicted Production for Existing Customers (AFY)	Water Reserved through Will Service Commitments (AFY)	Water Surplus (AFY)
2,066	413	1,294	359	0

Table 8: Existing Water Demand Breakdown²⁸

Connection Type	Number of Service Connections (Dec 2022) (Groundwater)	Existing 2022 Water Demand (Excludes Riparian) (AFY)	Non-Revenue Water (AFY)	2022 Water Production (Excludes Riparian) (AFY)
Residential	2,496	974	125	1,316

²⁶ Templeton Community Service District Staff, 2023

²⁷ Templeton Community Service District Staff, 2023

²⁸ Templeton Community Service District Staff, 2023

Commercial	243	119		
Irrigation	55	90		
Construction	Varies	8		
Total	2,794	1,191	125	1,316

Future Water Supply

According to TCSD, future water supply (Table 9) will be approximately 2,475 AFY by 2040. After serving existing customers (approx. 2,794 connections with a demand of 1,191 AFY, excluding riparian water agreements and 3,000 connections including riparian) and fulfilling Will Serve commitments (approx. 359 AFY), a surplus of 327 AFY will be available and can serve approximately 507 units²⁹. That said, TCSD’s future connections would be estimated at 507 plus the 3,000 current service connections, for a total of 3,507 connections. While future water demands are a result of human behavior and are therefore difficult to predict, the 2013 Water and Wastewater Master Plan projected total build-out water demand to be 2,512 AFY, which is slightly more than the anticipated future water supply of 2,476 AFY as seen in Table 9.

Furthermore, TCSD has a water waitlist that dates back to 1995; 138 parcels are on the wait list requesting a total of 1,033 AFY, or 1,604 units³⁰. The parcels are a mixture of residential and commercial that have not been categorized. It is anticipated that the surplus water in the amount 327 AFY would be used towards the TCSD’s water waitlist. TCSD will most likely be required to meet demand reductions in the future due to the expanding customer base or potential changes in State requirements. As a result, TCSD is planning several projects that will increase water supply and reliability. Table 9 below summarizes TCSD’s future water supply.

²⁹ Templeton Community Service District Staff, 2023

³⁰ Templeton Community Service District Staff, 2023

Table 9: Future Water Supply³¹

Future Water Supply (2040) (AFY)	20% Buffer (AFY)	Predicted Production for Existing Customers (AFY)	Water Reserved through Will Service Commitments (AFY)	Future Water Surplus (AFY)
2,476	496	1,294	359	327

Other Water Providers in the Area

In addition to the TCSD, six other private water purveyors/ Water Mutual Companies and two public water purveyors provide water services to area residents outside of TCSD’s service area; a portion of Walnut Hills Mutual Water Company is within TCSD’S SOI. The primary source for all of these water providers is groundwater pumped water from Paso Robles Groundwater Basin or Atascadero Sub-basin. The list of purveyors includes:

- Almira Water Association
- Santa Ysabel Ranch Mutual Water Company
- Spanish Lakes Mutual Water Company
- Walnut Hills Mutual Water Company
- Los Robles Mobile Estates
- Atascadero Mutual Water Company
- Paso Robles Chevrolet Cadillac
- City of Paso Robles Water Department

Wastewater

Wastewater Treatment Facility

TCSD is authorized to provide Wastewater service as it is described in government code section 61100 (b). Currently, all wastewater flows generated within TCSD are conveyed to the Templeton Meadowbrook Wastewater Treatment Plant, located in the southern end of the District, for treatment and disposal. Until 2019, the east side wastewater flows were sent to the Paso Robles Wastewater Treatment Plant for treatment and disposal. In 2019, the district completed a significant capital improvement project, that was originally identified in the 2013 Wastewater Master Plan, called the

³¹ Templeton Community Service District Staff, 2023

East Side Force Main and Lift Stations Project (ESFM) which returned the east side wastewater flows to the District owned Meadowbrook WWTP. The 2013 Master Plan identifies and discusses the means and methods used to assure that the collection system has adequate hydraulic capacity to convey dry and peak wet weather flows through the system to the ultimate disposal point without upset or discharge to the environment or private property. Now that the projects identified in the 2013 Master Plan are complete, an update reflecting these major changes to the system would be appropriate. The Master Plan Update will include a model of the existing sewer system and the district's future needs.

The TCSD provides stewardship of the community's sanitary sewer assets, which include the 0.6 MGD Meadowbrook Wastewater Treatment Plant (WWTP), 30 miles of collection system mainlines, 5 miles of force mainline, 612 manholes and 6 lift stations. The Utilities Division is responsible for meeting the required level of service in the most cost effective and efficient manner possible to provide for maintaining and improving the condition of the infrastructure to provide reliable service now and into the future.

Existing Wastewater Capacity

TCSD serves 2,309 existing connections for wastewater collection. The Meadowbrook WWTP has an average influent wastewater flow of approximately 400,000 gallons per day³² (gpd), or approximately 0.4 million gallons per day (MGD) and a design capacity of 600,000 gpd or 0.60 MGD³³ based on this design. Higher strength wastewater being received from the east side flows will require process improvements and studies are underway for capital improvements anticipated within the next several years.

³² Sanitary Sewer Management Plan, Templeton Community Service District, Oct 2020

³³ Templeton Community Services District Staff, 2023

Table 10: Existing Wastewater Collection

Description	Number of Connections	Existing Flows (MGD) (3 year average)	Capacity (MGD)
Existing Wastewater Collection	2,309	0.40	0.60

Future Wastewater Capacity

The wastewater service area is much smaller than the water service area due to many large lot parcels utilizing septic tanks. The TCSD identified probable areas of development and/or sewer conversion for the planning process. Many of these areas will not be added unless the residents or developers fund the infrastructure to connect to the wastewater system. However, they are identified by the District as possible additions by ultimate build-out and therefore included in the planning area.

TCSD estimate the number of future connections to be between 3,104 and 3,459, which is roughly based on current connections accounting for 2/3 current wastewater treatment plant capacity, or approximately 1,150 additional connections. Each wastewater connection is based on 176 gpd. It is noted that planning for a WWTP expansion would need to begin at 90% capacity (540,000 gpd) representing approximately 795 units.

Table 11: Future Wastewater Collection

Description	Number of Connections	Future Flows (MGD)	Capacity (MGD)
Future Wastewater Collection	3,104 - 3,459	0.60	0.60

Drainage

The 2013 TCSD MSR and SOI update recognized “Stormwater and Drainage” as one of the powers authorized to the district. Although, government code section 61100 does not recognize “Stormwater and Drainage” as a standalone service; TCSD is authorized to provide these services through their wastewater collection power that allows for storm water management as is described in government

code section 61100 (b) and the Sanitary District Act of 1923, Division 6 (commencing with Section 6400) of the Health and Safety Code.

TCSD manages stormwater areas including the District's municipal operations, facilities, and two parks with retention basins. The balance of the stormwater system is owned and maintained by either the County or private property owners. The State Water Resources Control Board (SWRCB) has determined that the District is subject to NPDES Phase II requirements under the Non-traditional MS4 General Permit. TCSD is therefore required to submit a Storm Water Management Program (SWMP) to comply with mandatory regulations pertaining to stormwater pollution prevention.

TCSD's SWMP was developed and approved in 2009 by the Central Coast Regional Water Quality Control Board and is written to establish and implement Best Management Practices (BMPs) to reduce the discharge of storm water pollutants to receiving waters. Each year since, TCSD prepares a Program Effectiveness Assessment and Improvement Plan (PEIAP) Annual Report which evaluates the effectiveness of the SWMP.

The strongest elements of the TCSD's program are the Public Education and Outreach, and Public Involvement and Participation programs. Other program components include Illicit Discharge Detection and Elimination, Construction Site Runoff Control, Post-Construction Storm Water Management, Pollution Prevention and Good Housekeeping for Municipal Operations, and Trash Implementation Plan. The TCSD also participates regularly with the County and other local agencies in annual stormwater awareness and clean-up programs through Central Coast Partners for Water Quality.

The most challenging issue with respect to the District's implementation of the SWMP is in regards to budget, with its related issues regarding staffing, inventory, and available resources. TCSD maintains a Drainage Fund which is funded through fees and charges paid by those who receive services. The Drainage Fund provides for the construction and maintenance of both the Bethel Road Regional Retention Basin and the Evers Detention Basin. According to TCSD's FY 2023-23 Operating Budget, the

Drainage Funds annual operations and maintenance expenses exceeds its ongoing revenue by more than a third. TCSD is considering several options that will improve the financial performance of the fund including the possibility of rate increases and determining if additional properties can be served by the facilities. The proposed SOI Study Area #1 would not impact the adequacy and capacity of wastewater and drainage services in the District.

Fire Protection

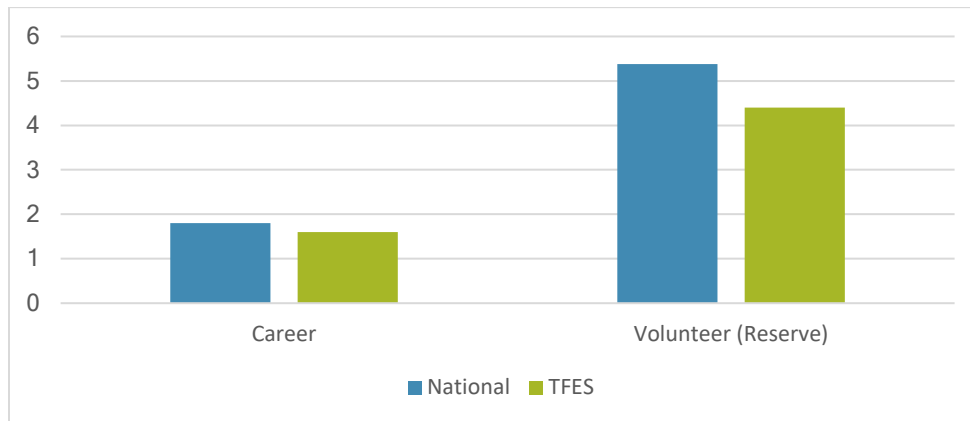
TCSD is authorized to provide Fire service as it is described in government code section 61100 (d). The TCSD Fire and Emergency Services (TFES) Department is responsible for providing fire protection and life safety services for all areas within the District boundaries, as well as participating in automatic and mutual aid with neighboring agencies. In 2021, the Department responded to 936 calls for service, for an average of 78 calls per month. The Department is capable of providing protection on most incidents encountered within the TCSD. Additional apparatus, equipment and staffing are available through Automatic or Mutual Aid agreements with CAL Fire/SLO County Fire, Paso Robles Department of Emergency Services, and Atascadero Department of Fire and Emergency Services as well as other agencies in San Luis Obispo County and statewide. TCSD is a member (through a Joint Power Agreement) of the SLO County Hazardous Materials Team. This team maintains a fully outfitted response vehicle in Paso Robles and is available at the request of any jurisdiction requiring the tools and specialized trained personnel.

Staffing & Personnel

TFES has had a long tradition of dedicated volunteers. In 2011, the Department began to hire full-time firefighters and officers, yet retaining active reserve firefighters. With approval from the electorate in 2019 (Measure A), TFES was able to generate sufficient funding to hire enough personnel to ensure 24-hour daily staffing and a full-time Fire Chief. In addition to the five-full time response personnel, TFES utilizes 18 reserves with various levels of certifications and ability to operate on the fireground. In comparing the number of firefighters on staff per 1,000 population of the service area, the following figure illustrates the current comparison of TFES staffing compared to the national averages within the

2018 United States Fire Department Profile³⁴ published by NFPA. The career staffing level for TFES is 1.6 per 1,000 population, which falls below the national average of 1.8. Volunteer/Reserve staff available for emergency operations is 4.4 and below the national average of 5.38. TFES may consider increasing staffing and further utilizing reserve firefighter to stabilize scheduling and enhance crew effectiveness³⁵.

Figure 4: Firefighters per 1,000 Population



Capital Facilities & Equipment

In March of 2023, TCSD adopted the TCSD Fire and Emergency Services Master Plan for the purpose of identifying the department's long-term needs, particularly in the area of facilities and apparatus. The Templeton Fire & Emergency Services deploys its apparatus and personnel from a single fire station located on the corner of 5th and Crocker streets in a predominately residential neighborhood. After many years of additions to the facility, the TFES fire station was finally completed in 1996, making it more than 25 years old. It is a two-story, 4,150 square foot building with offices on the first floor and living quarters on the second floor. With 86% of current call density less than six minutes of travel from the existing station, and with the District 91% built out, the need for a second station in the foreseeable future is unwarranted³⁶.

³⁴ Templeton Fire and Emergency Services, Long-Range Fire Department Master Plan, July 2021.

³⁵ Templeton Fire and Emergency Services, Long-Range Fire Department Master Plan, July 2021.

³⁶ Templeton Fire and Emergency Services, Long-Range Fire Department Master Plan, July 2021.

TFES maintains one “Type 1” engine and one “Type 3” engine and a rescue with an auxiliary pump and the capacity to carry 300 gallons of water. The Department’s newest “Type 3” engine is considered to be in “Excellent” condition, with the “Type 1” engine considered to be in “Poor” condition. Though the apparatus was refurbished in 2015, the work did not include a repower, drive train update, or replacement of other key components. As a result, Engine 7195’s motor, transmission, pump, wiring, valves, and gauges are all still original, and the apparatus now has almost 200,000 miles of critical service use.

Service Delivery & Performance

Over the last five years, the utilization rate of the fire department per 1,000 population had been increasing. However, the COVID-19 pandemic in 2020 reduced this rate. In addition, many EMS systems across the country experienced a reduction in demand due in part to reduced traffic incidents with work-from-home situations and the fear of transmission of the virus when going out in public, including the hospital. As a result, the rate during 2020 was 108.7 incidents per 1,000 population. Despite the recent dip in utilization, if the utilization rate trend resumes, it could reach 169 per 1,000 persons by 2050.

Turnout time is the period between when dispatchers notify response personnel of the incident and when response crews begin to travel towards the incident location. The recommended performance goal for turnout time is within 80 seconds, 90% of the time for fire and special operations incidents, and within 60 seconds, 90% of the time for all other incidents. TFES’s overall turnout time performance is currently within 2 minutes, 55 seconds, 90% of the time for priority incidents.

Response time is defined as that period between the notification of response personnel by the dispatch center that an emergency is in progress until the arrival of the first fire department response unit. When turnout time and travel time are combined, the performance goal for response time is within 5 minutes, 20 seconds, 90% of the time for fire and special operations incidents, and within 5 minutes, 90% of the time for all other priority incidents. Overall, response time for all priority incidents was within 7 minutes, 48 seconds, 90% of the time.

As discussed in the population section of this report, population in TCSD is projected at 9,017 residents in 2050. The increased utilization rate, plus expected population growth, will potentially increase TFES's workload. Response workload could reach over 1,000 incidents per year by 2050, driven primarily by requests for emergency medical services. It should be noted that as call volume increases, reliance on volunteers or reserves will be challenging. The proposed SOI Study Area #1 would not impact the adequacy of fire protection services in the District.

Solid Waste

TCSD is authorized to provide solid waste service as it is described in government code section 61100 (c). TCSD has a Franchise Agreement with Mid-State Solid Waste and Recycling to provide solid waste services within the District. The current agreement was set as a ten-year term, having commenced July 1, 2012; said term was set to be automatically extended for an additional one-year period on July 1 of each year, with the first extension having occurred as of July 1, 2013, subject to the provisions of the agreement. The agreement allows the Mid-State Solid Waste and Recycling 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). TCSD reserves the right to revise its laws and regulations pertaining to solid waste collection and disposal in order to protect public health, safety and welfare. The most recent amendment to the franchise agreement, between both parties, was adopted in March of 2022. Funding for solid waste collection and disposal activities comes primarily from fees charged to residents. The area being served with solid waste service is consistent with the boundaries of the district. The proposed SOI Study Area #1 would not impact the adequacy and capacity of solid waste services in the District.

Parks & Recreation

Background

TCSD is authorized to provide Parks and Recreation services as it is described in government code section 61100 (e). TCSD has implemented a Recreation Department to provide quality recreational

services that enhance the quality of life and well-being of their community. TCSD has a Recreation Facilities Master Plan, that helps guide the development and improvement of parks, open space, recreational facilities, recreational programs, and identify maintenance needs, new projects, and sources of funding. The Master Plan was last adopted April 11, 2016, with the intent to establish a vision of the future over the next 25 years (through 2041).

Community services district authority is limited; since they have no land use or zoning authority. However, the District has the authority to create parks and recreation plans, make policies, acquire property, and provide recreational facilities and programs. The District may issue bonds or form an improvement district for the purpose of issuing bonds. The Templeton Recreation Department identified several objectives and policies that would support the Park and Recreation Element of the San Luis Obispo County General Plan dated December 19, 2006, and operate a sound park and recreation system for the community.

Operations

Templeton CSD owns, operates and maintains two parks, three facilities, and one community garden. A third park, located in the center of the District, is owned and operated by the County of San Luis Obispo. The primary recreation facilities are located on Main Street about two blocks away from District offices. TCSD administers year-round recreational programs for a variety of age and interest groups including youth athletic programs, senior programs, fitness classes, special events, and Senior Club activities.

TCSD funds its Recreation operations through the CIP which provides the necessary information to prioritize, sequence, and fund the acquisition and development of desired parks and amenities over the next 10 years (through 2026). The CIP assumes a level of improvement and states the TCSD's intent to aggressively compete for state and federal grants and other outside funding opportunities.

The Recreation Facilities Master Plan did identify a weakness in the funding and maintenance portion of this document. In summary, the most significant challenge for the district is to achieve its master

planning goals and its “inadequate” funding for operation and maintenance functions. It was recommended that because a detailed analysis of TCSD’s existing and future revenues and expenditures was not included in the scope of this Master Plan, that TCSD conduct the analysis internally. They recommended the analysis identify all existing personnel, contracting, construction, administrative, etc., costs as well as all existing sources of revenue for each category and project the same analysis into future years based on information in this Master Plan and any other relevant sources. The proposed SOI Study Area #1 would not impact the adequacy and capacity of Parks and Recreation services in the District.

Street Lighting

TCSD is authorized to provide street lighting services as it is described in government code section 61100 (g). TCSD provides street lighting service to the district through a contract with the Pacific Gas and Electric Company. PG&E operates and maintains approximately 140 streetlights on major fares throughout the District. There are two primary sources of revenue for the Street Lights fund—property taxes and lighting assessment districts. For the four Lighting assessment districts, the amount assessed and collected is designed to match the expected expenditures in each District as billed directly by PG&E. All other streetlights within TCSD's oversight are paid for with general property tax proceeds. The proposed SOI Study Area #1 would not impact the adequacy of street lighting services within the District.

Cemetery

TCSD is authorized to provide cemetery services as it is described in government code section 61100 (ab). The Templeton Cemetery District, formed in 1938, experienced issues providing service to its service area. As a result, in 2006, TCSD requested to exercise cemetery powers to help aid the Templeton Cemetery District. It was agreed upon that the TCSD would contract with the Templeton Cemetery District to provide cemetery services. The action was deemed complete after a Certificate of Approval was filed with the Clerk Recorder on May 15, 2006. After six and a half years of assistance from TCSD, the Cemetery District felt they were in a position to independently manage the cemetery

operation. On December 18, 2012, the TCSD Board took action to terminate the management agreement between the two districts. The termination was mutually agreed upon by both parties to be effective January 1, 2013. TCSD no longer provides cemetery service.

On August 3, 2021, TCSD Board considered resolution No. 15-2021 to seek divestiture of Cemetery Powers. It was not approved, at that time, as the TCSD Board was opposed to paying the filing fee for the application. No application was formally submitted to LAFCO. Although, TCSD is still interested in pursuing divestiture, as was indicated in the district's response to LAFCO's MSR-SOI Information Questionnaire for this report.

As discussed earlier, 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.

Given the situation pertaining to TCSD not exercising cemetery powers for approximately eleven years and their interest to seek divestiture, when the Commission considers adopting an updated SOI for the TCSD, the Commission would have an opportunity to deem Cemetery Power a latent service pursuant to Government Code § 56425(i).

Shared Facilities

There are opportunities for continued shared relationships between agencies for services within the TCSD boundary. The County and the District coordinate to provide services and avoid a duplication of

effort. The relationship between the District and the County could be enhanced by continued improvement of the lines of communication.

Development in Templeton can lead to shared infrastructure between the County, the District, and the Cities. At present, the distinction between District and County services in the area is clear. The opportunities for more coordination may include:

- Coordination between the District and nearby private water purveyors
- Coordinated open space preservation
- District and County parks and recreational facilities
- Preservation and enhancement of Agricultural Lands

Finance

District Budget

TCSD adopts the 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 TCSD Budget is divided into the following Fund categories:

1. **Water Fund:** All water related revenue and expense is presented in its own section of the budget.
2. **Wastewater Fund:** All wastewater related revenue and expense is presented in its own section of the budget.
3. **Drainage Fund:** All drainage related revenue and expense is presented in its own section of the budget.
4. **Administrative Fund:** All administrative related revenue and expense is presented in its own section of the budget.
5. **Fire Fund:** All fire related revenue and expense is presented in its own section of the budget.
6. **Community Facilities District (CFD) Fund:** Any revenue and expense for specific CFD projects and/or equipment is presented in its own section of the budget.

7. **Streetlights Fund:** All street lighting-related revenue and expense is presented in its own section of the budget.
8. **Parks, Recreation & Solid Waste Fund:** All parks, recreation, and solid waste related revenue and expense is presented in its own section of the budget.

TCSD summarizes all of the District’s budget categories into a Summary of Fund Balances. The table below shows the District’s operating total expenses for the 5 most recent adopted budgets. Data was pulled from the “Summary of Fund Balances” section of the budget for each corresponding FY.

Table 12: Operating Expense

Category	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Total Operating Expense	\$5,619,685	\$5,803,099	\$5,972,343	\$7,201,943	\$7,658,299

Revenues

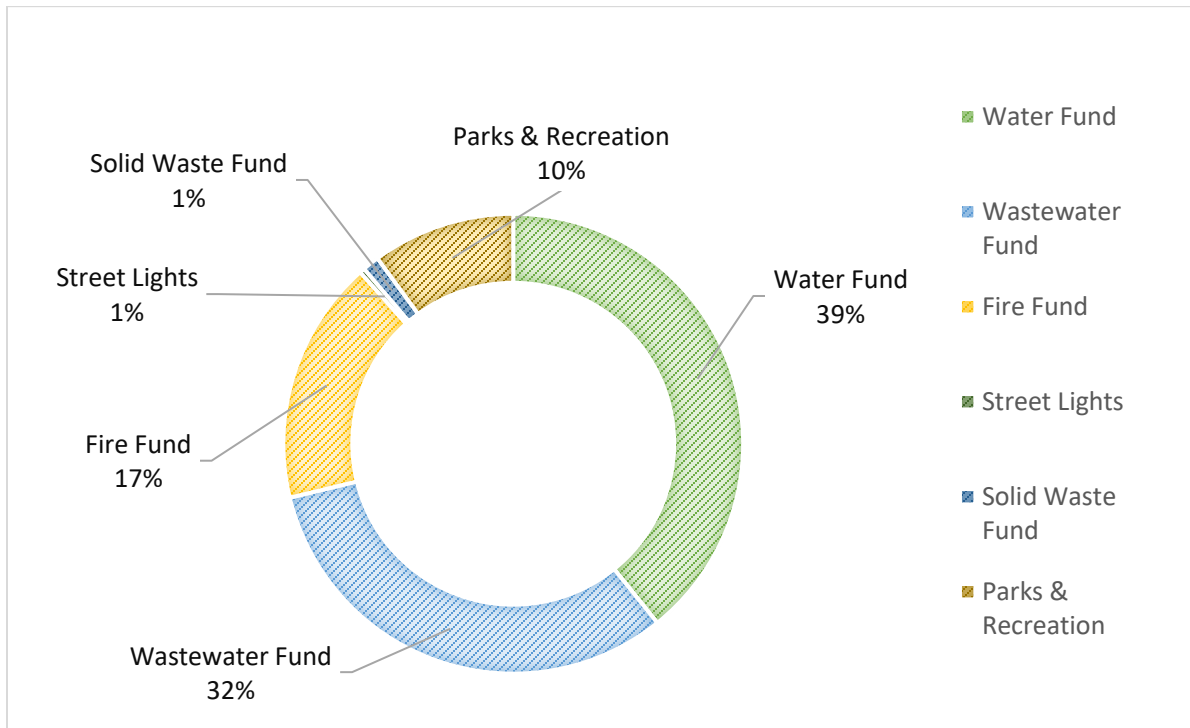
TCSD is funded by a variety of revenue sources separated out into separate budget categories (Water, Wastewater, Drainage, Administrative, Fire, Community Facilities, Streetlight, Parks & Recreation, and Solid Waste Fund). Each budget fund receives revenue from service fees, inspection fees, property taxes, interest, use of reserves etc. The total revenue amounts for the 5 most recent adopted budgets are documented in the table below.

Table 13: Revenue

Category	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Total Revenue	\$6,024,734	\$7,506,801	\$8,165,846	\$9,076,203	\$9,540,783

LAFCO used TCSD’s most recent adopted budgets to determine the average primary source of revenue over the past 5-years. The Drainage, Administrative, and Community Facilities District Fund revenue amounts were all under 1% and therefore omitted from the pie chart below. About 39% of the TCSD’s revenue comes from the Water Fund and about 32% from the Wastewater Fund, which combined is 71% of the Districts total revenue source, as seen in the pie chart below.

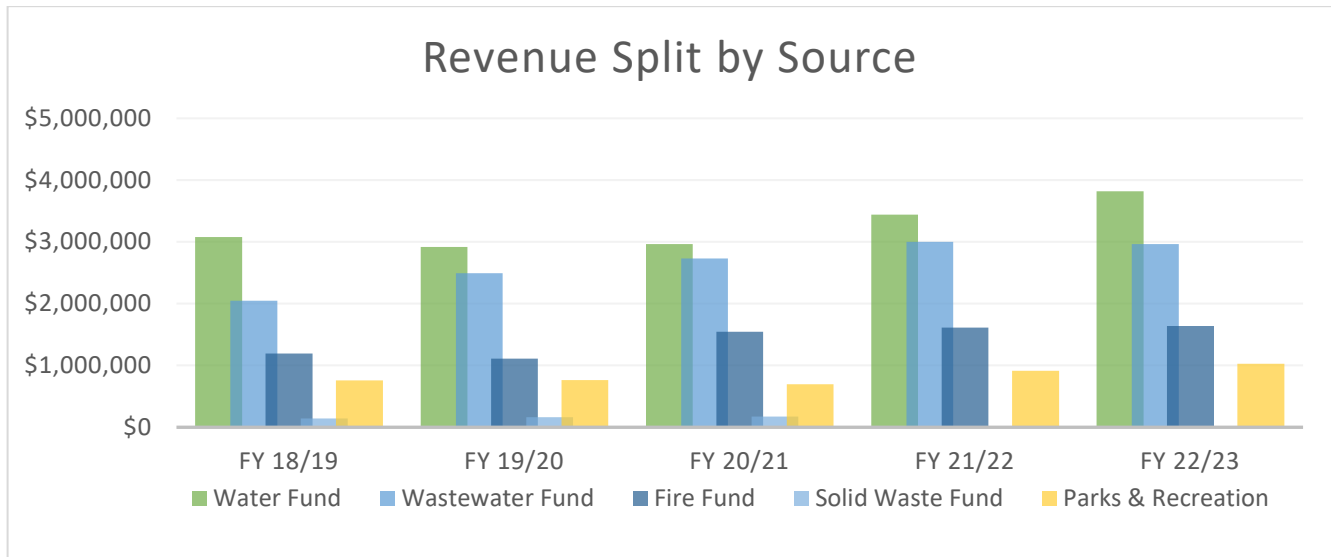
Figure 5: Revenue Sources



Revenue Trend Analysis

The bar graph below represents revenue sources by year. As depicted, the water fund was the primary source of revenue throughout the previous five-year period with a slight increase each year. Similarly, the wastewater fund was the second highest revenue source with a slight increase throughout FY 2018-2019 to FY 2021-2022, and a slight decrease between FY 2021-2022 to FY 2022-2023. The overall increase in revenue may be attributed to increased water and sewer rates and due to the passage of Measure A (parcel tax). The district conducted a rate study in 2018 for utilities to maintain balanced budgets, fund infrastructure improvements, and comply with new regulations followed by Proposition 218 requirements. The last approved increase was implemented in 2022.

Figure 6: Revenue Split by Source



Financial Statements / Audits

The TCSD hires an outside accounting firm to perform the annual audit in accordance with established governmental accounting standards. This includes auditing TCSD’s statements with respect to verifying overall assets, liabilities, and net position. These audited statements provide quantitative measurements in assessing TCSD’s short and long-term fiscal health with specific focus on delivering its active service functions. LAFCO has used the five most recent audited financial statements to conduct its 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

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

- 1) *Current Assets*: cash and other assets that are expected to be converted to cash within a year.

- 2) *Non-Current Assets*: long-term investments that are not expected to become cash within an accounting year.

TCSD’s audited assets at the end of 2020-2021 totaled \$55.173 million and are 10% higher than the average year-end amount of \$49.406 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, or \$22.688 million, and primarily tied to cash and cash equivalents. Assets classified as non-current make up the remainder of the total, \$32.484 million, and primarily attributed to property, plant, and equipment capital. Overall, all assets for TCSD have increased by 25% over the corresponding 5-year audited period.

Table 14: Audited Assets

Category	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	5-yr % Change	5-yr Average
Current Assets	16,537,488	16,987,753	16,435,635	21,300,225	22,688,863	37%	18,789,993
Non-Current Assets	27,575,351	28,068,270	33,046,616	31,908,392	32,484,451	18%	30,616,616
Total Assets	44,112,839	45,056,023	49,482,251	53,208,617	55,173,314	25%	49,406,609

Agency Liabilities

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

- 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.

TCSD’s audited liabilities at the end of FY 2020-2021 totaled \$17.941 million and were 9.5% lower than the average year-end amount of \$19.638 million documented during the previous five-year audited period. Liabilities classified as current and representing obligations owed in the near-term account for 52%, or \$9.371 million, of the total and largely tied to prepaid capacity fees. Non-current liabilities represent the remaining total, or \$8.569 million, and are largely tied to payments on liabilities due after one year. Overall, all liabilities have decreased by 9% over the corresponding 5-year audited period.

Table 15: Audited Liabilities

Category	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	5-yr % Change	5-yr Average
Current liabilities	11,382,788	11,904,600	10,999,532	9,593,457	9,371,907	-18%	10,650,457
Non-Current Liabilities	8,262,433	11,173,891	8,157,400	8,774,585	8,569,731	4%	8,987,608
Total Liabilities	19,645,221	23,078,491	19,156,932	18,368,042	17,941,638	-9%	19,638,065

Agency Net Position

The agency’s 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

TCSD’s audited net position or equity at the end of FY 2020-2021 totaled \$38.945 million and represents the difference between the district’s total assets and total liabilities. The most recent year-end amount is 21.5% higher than the average year-end sum of \$30.579 million documented during the previous 5-year audited period. More than half of the ending net investment 71%, or \$27.656 million, is tied to capital assets with the remainder categorized as restricted for debt service, at \$3.678 million, and \$7.610 million as unrestricted. Overall, the net position for TCSD has increased by 68% through the corresponding 5-year audited period.

Table 16: 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
Net Investment in Capital Assets	22,618,111	23,884,821	29,075,454	27,439,383	27,656,676	22%	26,134,889
Restricted for Debt Service	1,783,415	2,700,846	3,146,204	3,474,867	3,678,651	106%	2,956,797
Unrestricted	(1,272,761)	(2,588,747)	(1,050,716)	4,740,007	7,610,617	-698%	1,487,680
Total Net Position	23,128,765	23,996,920	31,170,942	35,654,257	38,945,944	68%	30,579,366

Financial Conclusions

Statements made in this section are sourced from the TCSD Financial Audit for Fiscal Year Ending June 30, 2021, and help explain financial trends that have been identified in the tables above. It is also important to note that the districts audits do not express an opinion or provide any assurance on information because the limited analysis/procedures do not provide sufficient evidence. TCSD’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. TCSD’s net position has increased over the last 5-year audited period ending at 38.945 million in FY 2020-2021 with a 5-year average of 30.579 million.

Other nonfinancial factors, such as changes in the District’s property tax base and the condition of the District’s assets should also be considered to assess the overall health of the District. The TCSD separates its summary statements into two kinds of categories:

1. **Governmental Activities:** relates to general fund, fire protection, parks and recreation, streetlights, community facilities, taxes & assessments, program fees, rental, grant and interest income finance most of these activities.
2. **Business-type Activities:** relates to fees charged to customers to help cover cost for water, sewer, drainage and solid waste services.

Government Activities

Revenues for the District's governmental activities increased by \$303,079 principally due to the passage of Measure A, total expenses increased \$579,492 between 2021 and 2020. Changes in actuarial assumptions result in a significant increase in the net OPEB expense. As a result of Measure A, the fire department is now staffed around the clock.

Business-Type Activities

Revenues of the District's business-type activities decreased (\$702,115) and expenses increased by \$213,100 between 2021 and 2020. The TCSD recognized nearly \$800,000 more in fees and charges for revenues but saw a decrease of nearly \$1.2 million in capital grants and contributions. The TCSD recognized \$1.4 million in debt forgiveness in the prior year.

Economic dependency is based upon the TCSD's water supply; the TCSD extracts approximately 31% of its water supply from the underflow of the Salinas River, 10% from reclaimed water from the Selby Ponds, 40% from groundwater wells located in the Atascadero sub basin, and 19% from Nacimiento recharge. Interruption of these sources would impact the District negatively.

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. TCSD has an estimated population of 8,386. With an estimated build-out population of 9,172, TCSD is currently approximately 91% built out and could reach full build out by 2050.

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

- a. According to 2020 US Census data, the median household income of Templeton CDP is \$104,340. Therefore, the district does not qualify as a DUC.
- b. TCSD may wish to consider conducting a community survey, that could, in part, more accurately determine the MHI. 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** | TCSD is authorized to provide water service as it is described in government code section 61100 (a). To serve existing and future service demand, the TCSD has established water management policies and comprehensively schedules and finances all capital projects and equipment purchases through their CIP. Planned water system improvements are included in the District's CIP that was adopted by the Board of Directors. The Water Master Plan has prioritized the projects that are most needed to

improve the system. The Water Master Plan is due for an update; TCSD have indicated that an update is planned within the next year or two.

TCSD can serve its current 3,000 connections of residential and non-residential/commercial lots with the current 2,066 AFY of water supply plus the Riparian Agency Water Rights available to the District. The 2013 Water and Wastewater Master Plan projected the total build-out water demand to be 2,512 AFY; although TCSD projects 2,476 AFY will be available to the district, leaving a surplus of 327 AFY after serving existing customers and fulfilling Will Serve commitments, as shown in Table 17. The 327 AFY surplus can serve approximately 507 units. LAFCO determines that TCSD has capability and capacity to adequately meet existing water demand and some level of increased future water demand as capital improvement projects are completed.

Table 17: Water Demand Summary

Description	Connections	Available Water Supply (AFY) (Excludes Riparian)	20% Buffer (AFY)	Predicted Production for Existing Customers (AFY)	Water Reserved through Will Serve Commitments (AFY)	Water Surplus (AFY)
Existing	3,000	2,066	413	1,294	359	0
Future (2040)	3,507	2,476	496	1,294	359	327

- b. **Wastewater** | TCSD is authorized to provide wastewater service as it is described in government code section 61100 (b). In addition, as part of the wastewater power TCSD manages stormwater in some areas including the District’s municipal operations, facilities, and two parks with retention basins. The Wastewater Master Plan also identifies and prioritizes projects that are most needed to improve District facilities. In 2019, TCSD successfully completed a significant capital improvement project called the ESFM and Lift Stations Project which returned the east side wastewater flows to the

District owned Meadowbrook WWTP. Now that the projects identified in the 2013 Master Plan are complete, an update reflecting these major changes to the system would be appropriate. LAFCO determines that TCSD has capability and capacity to adequately meet the needs existing and future wastewater demand.

Table 18: Wastewater Demand Summary

Description	Number of Connections	Existing Flows (MGD)	Capacity (MGD)
Existing Wastewater	2,309	0.40	0.60
Future Wastewater	3,104 – 3,459	0.60	0.60

- a. **Fire Protection** | TCSD is authorized to provide fire service as it is described in government code section 61100 (d). TCSD has been successful in obtaining voter approval of a special tax assessment that has allowed it to acquire additional full-time personnel. LAFCO determines that TCSD has capability and capacity to adequately provide fire protection service, however as population grows and utilization rates increase, additional staff and improvements to capital facilities and equipment may be necessary to improve the delivery of services to the District.
- b. **Solid Waste** | TCSD is authorized to provide solid waste service as it is described in government code section 61100 (c). TCSD currently collects sufficient fees and has a Franchise Agreement with Mid-State Solid Waste and Recycling to provide solid waste services within the District in its entirety. LAFCO determines that TCSD has capability and capacity to adequately provide solid waste services.
- c. **Parks & Recreation** | TCSD is authorized to provide parks and recreation services as it is described in government code section 61100 (e). TCSD owns, operates, and maintains two parks, three facilities, and one community garden. TCSD has a Parks and Recreation Master Plan, which provides the necessary information to prioritize, sequence, and fund the acquisition and development of desired parks and amenities over the next 10 years (through 2026). The Recreation Facilities Master Plan is used to develop a realistic approach to providing recreation resources that would effectively respond to needs and

desires of the community. The most significant challenge that was identified in the Recreation Facilities Master Plan was TCSD's limited funding for recreation operation and maintenance functions which would conflict with the Districts ability to achieve its master planning goals due to the structure of existing and future revenues and expenditures as is described in the Master Plan. LAFCO determines that TCSD has capability and capacity to adequately provide parks and recreations services to existing facilities, and future facilities identified in the Master Plan would require additional sources of revenue to be realized.

- d. **Street Lighting** | TCSD is authorized to provide street lighting service as it is described in government code section 61100 (g), this is done through a contract with the Pacific Gas and Electric Company. LAFCO determines that TCSD has capability and capacity to adequately provide street lighting.
- e. **Cemetery** | TCSD is authorized to provide cemetery services as it is described in government code section 61100 (ab). TCSD has not been exercising this function for approximately eleven years. TCSD has expressed interest in pursuing deactivation of Cemetery Powers. LAFCO determines that TCSD is authorized to provide Cemetery Powers; however, given the circumstance, when adopting the proposed SOI for the TCSD, the Commission may deem Cemetery Power a latent service pursuant to Government Code § 56425(i).

4. Financial ability of agencies to provide services

- a. TCSD 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 TCSD had approximately \$55.173 million in cash and long-term investments.
- b. TCSD's net position has increased over the last 5-year audited period ending at 38.945 million in FY 2020-2021 with a 5-year average of 30.579 million. TCSD is financially stable despite increasing costs, limited revenues, and new regulatory requirements. LAFCO determines that TCSD is financially stable.

5. Status of and, opportunities for, shared facilities

- a. The development of areas within the TCSD service boundary may lead to shared

infrastructure with the County. Opportunities for shared facilities may include:

- i. Coordination between the District and nearby private water purveyors
 - ii. Coordinated open space preservation
 - iii. District and County parks and recreational facilities
 - iv. Preservation and enhancement of Agricultural Lands
- b. The potential to create shared relationships for providing some services is suggested and may be appropriate when providing certain services.
 - c. At present, the distinction between District and County services with the service boundary is clear.

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

- a. TCSD 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. TCSD maintains an up-to-date website compliant with SB929 and posts pertinent District information in accordance with current regulations.
- c. 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.
- d. LAFCO determines that TCSD 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 local agency, 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.

- a. Land uses within the District's existing SOI are predominantly residential, commercial, and agriculture. Other land uses include industrial, public facilities, office and professional, and recreation.
- b. Study Area #1, which is proposed for inclusion in TCSD's SOI, is zoned Agriculture and is largely undeveloped. According to TCSD, water resources including wells will occupy portions of the site. Later, portions of the land that are not needed for wells may be used for other purposes. This site contains approximately 42% prime agricultural land as defined by government code section 56064, should the District pursue annexation in the future, they may be subject to LAFCO Policy 12 which requires 1:1 mitigation on prime land to be converted from agricultural use.

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

- a. There is a present need and anticipated continued need for the service being provided by the TCSD in the existing SOI area.
- b. Study Area #1 being proposed for inclusion in the sphere would not need services as typically expected with an SOI amendment due to the nature of the project. Rather, the project site would help TCSD better serve the existing community and increase water availability. The proposed SOI amendment would also be included and eventually annexed to help serve the community and alleviate the District from paying property and improvement tax as allowed under the California Constitution Article 13, Section 1, a local government is exempt and does not pay property taxes once annexed.

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

- a. TCSD has capability and capacity to adequately meet existing service demand and some level of increased future service demand within the existing SOI area.

- b. There are no capacity or adequacy concerns identified in relation to the SOI Study Area #1 because no future development is intended in this area. Inclusion of this SOI area may in fact lead to increased capacity in water services, as the District plans to utilize the site to develop additional water resources.
- 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. There are no District relevant social or economic communities of interest in the existing SOI area and the proposed SOI Study Area #1.
- 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. Unincorporated territory surrounding the District may qualify as disadvantaged. Should future annexations or service 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. TCSD Response to LAFCO MSR-SOI Request for Information Questionnaire, October 2022
3. TCSD Staff Report to the TCSD Board of Directors, Workshop and Discussion for the Nacimiento Water Recharge and Recovery Project at the Creekside Site, June 9, 2021
4. TCSD Website

Accountability

1. TCSD Website
2. TCSD District Code

Population Profile

1. 2020 Decennial US Census Data
2. San Luis Obispo Council of Governments 2050 Regional Growth Forecast
3. Templeton Community Plan
4. 2021 American Community Survey 5 Year Estimates

Present and Planned Land Use

1. Templeton Community Plan
2. Templeton Fire and Emergency Services, Long-Range Fire Department Master Plan

Water

1. TCSD Staff, 2023
2. TCSD Water Supply Sources Overview, February 15, 2022
3. TCSD Water Supply Update Presentation, 2021
4. TCSD Water and Wastewater Master Plan Update, October 2013

Wastewater

1. TCSD Sanitary Sewer Management Plan, October 2020

2. TCSD Water and Wastewater Master Plan Update, October 2013

Fire

1. Templeton Fire and Emergency Services, Long-Range Fire Department Master Plan, July 2021

Finance

1. TCSD Approved Fiscal Year 18-19 Operating Budget
2. TCSD Approved Fiscal Year 19-20 Operating Budget
3. TCSD Approved Fiscal Year 20-21 Operating Budget
4. TCSD Approved Fiscal Year 21-22 Operating Budget
5. TCSD Approved Fiscal Year 22-23 Operating Budget
6. TCSD Financial Statements June 30, 2021
7. TCSD Financial Statements June 30, 2020
8. TCSD Financial Statements June 30, 2019
9. TCSD Financial Statements June 30, 2018
10. TCSD Financial Statements June 30, 2017

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

Thursday, August 17, 2023

RESOLUTION NO. 2023-04

**RESOLUTION APPROVING THE TEMPLETON 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 Templeton 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. 1-S-22 Templeton Community Services District Municipal Service Review and Sphere of Influence Study included as Attachment C of the August 17, 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. 1-S-22 Templeton Community Services District Municipal Service Review and Sphere of Influence Study included as Attachment C of the August 17, 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 August 17, 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 Templeton 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 Templeton 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 amended and adopted pursuant to the map in Exhibit C of this Resolution, which includes all existing sphere areas and the addition of study area #1.
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, fire, solid waste, parks & recreation, and street lighting.
9. Water, wastewater, fire, solid waste, parks & recreation, and street lighting 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, including cemetery power.

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

AYES: COMMISSIONERS ED WAAGE, JIMMY PAULDING, ROBERT ENNS, ED EBY, HEATHER JENSEN, AND CHAIRPERSON DEBBIE ARNOLD

NAYS: NONE

ABSENT: COMMISSIONERS STEVE GREGORY AND VICE CHAIR MARSHALL OCHYLSKI

ABSTAIN: NONE

The foregoing resolution is hereby adopted.

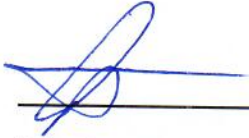


8/18/23


Debbie Arnold
LAFCO Chair

Date

ATTEST:


_____ 8/24/23
Rob Fitzroy Date
LAFCO Executive Officer

APPROVED AS TO FORM AND LEGAL EFFECT:


_____ 08/17/2023
Brian Pierik Date
LAFCO Legal Counsel

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. 1-S-22 | Templeton Community Services District Municipal Service Review and Sphere of Influence Study

Project Location: Templeton Community Services District (TCSD) is located in northern San Luis Obispo County, south of the City of Paso Robles and north of the City of Atascadero.


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 Templeton 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 update the district's SOI to include all existing sphere areas and add Study Area #1 as depicted in Exhibit C of Attachment A of the LAFCO August 17, 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, fire, solid waste, parks & recreation, and street lighting, and deeming cemetery power and 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 August 17, 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 TCSD 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

8/21/23

Service Review Determinations per Government Code Section 56430 for the Templeton Community Services District

1. Growth and population projections for the affected area

- a. TCSD has an estimated population of 8,386. With an estimated build-out population of 9,172, TCSD is currently approximately 91% built out and could reach full build out by 2050.

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

- a. According to 2020 US Census data, the median household income of Templeton CDP is \$104,340. Therefore, the district does not qualify as a DUC.
- b. TCSD may wish to consider conducting a community survey, that could, in part, more accurately determine the MHI. 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** | TCSD is authorized to provide water service as it is described in government code section 61100 (a). To serve existing and future service demand, the TCSD has established water management policies and comprehensively schedules and finances all capital projects and equipment purchases through their CIP. Planned water system improvements are included in the District's CIP that was adopted by the Board of Directors. The Water Master Plan has prioritized the projects that are most needed to improve the system. The Water Master Plan is due for an update; TCSD have indicated that an update is planned within the next year or two.

TCSD can serve its current 3,000 connections of residential and non-residential/commercial lots with the current 2,066 AFY of water supply plus the

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Table 1: Water Demand Summary

Description	Connections	Available	Predicted	Water Reserved		Water Surplus (AFY)
		Water Supply (AFY) (Excludes Riparian)	20% Buffer (AFY)	Production for Existing Customers (AFY)	through Will Serve Commitments (AFY)	
Existing	3,000	2,066	413	1,294	359	0
Future (2040)	3,507	2,476	496	1,294	359	327

- b. **Wastewater** | TCSD is authorized to provide wastewater service as it is described in government code section 61100 (b). In addition, as part of the wastewater power TCSD manages stormwater in some areas including the District’s municipal operations, facilities, and two parks with retention basins. The Wastewater Master Plan also identifies and prioritizes projects that are most needed to improve District facilities. In 2019, TCSD successfully completed a significant capital improvement project called the ESFM and Lift Stations Project which returned the east side wastewater flows to the District owned Meadowbrook WWTP. Now that the projects identified in the 2013 Master Plan are complete, an update reflecting these major changes to the system would be appropriate. LAFCO

determines that TCSD has capability and capacity to adequately meet the needs existing and future wastewater demand.

Table 2: Wastewater Demand Summary

Description	Number of Connections	Existing Flows (MGD)	Capacity (MGD)
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- b. **Solid Waste** | TCSD is authorized to provide solid waste service as it is described in government code section 61100 (c). TCSD currently collects sufficient fees and has a Franchise Agreement with Mid-State Solid Waste and Recycling to provide solid waste services within the District in its entirety. LAFCO determines that TCSD has capability and capacity to adequately provide solid waste services.
- c. **Parks & Recreation** | TCSD is authorized to provide parks and recreation services as it is described in government code section 61100 (e). TCSD owns, operates, and maintains two parks, three facilities, and one community garden. TCSD has a Parks and Recreation Master Plan, which provides the necessary information to prioritize, sequence, and fund the acquisition and development of desired parks and amenities over the next 10 years (through 2026). The Recreation Facilities Master Plan is used to develop a realistic approach to providing recreation resources that would effectively respond to needs and desires of the community.

The most significant challenge that was identified in the Recreation Facilities Master Plan was TCSD's limited funding for recreation operation and maintenance functions which would conflict with the Districts ability to achieve its master planning goals due to the structure of existing and future revenues and expenditures as is described in the Master Plan. LAFCO determines that TCSD has capability and capacity to adequately provide parks and recreations services to existing facilities, and future facilities identified in the Master Plan would require additional sources of revenue to be realized.

- d. **Street Lighting** | TCSD is authorized to provide street lighting service as it is described in government code section 61100 (g), this is done through a contract with the Pacific Gas and Electric Company. LAFCO determines that TCSD has capability and capacity to adequately provide street lighting.
- e. **Cemetery** | TCSD is authorized to provide cemetery services as it is described in government code section 61100 (ab). TCSD has not been exercising this function for approximately eleven years. TCSD has expressed interest in pursuing deactivation of Cemetery Powers. LAFCO determines that TCSD is authorized to provide Cemetery Powers; however, given the circumstance, when adopting the proposed SOI for the TCSD, the Commission may deem Cemetery Power a latent service pursuant to Government Code § 56425(i).

4. Financial ability of agencies to provide services

- a. TCSD 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 TCSD had approximately \$55.173 million in cash and long-term investments.
- b. TCSD's net position has increased over the last 5-year audited period ending at 38.945 million in FY 2020-2021 with a 5-year average of 30.579 million. TCSD is financially stable despite increasing costs, limited revenues, and new regulatory requirements. LAFCO determines that TCSD is financially stable.

5. Status of and, opportunities for, shared facilities

- a. The development of areas within the TCSD service boundary may lead to shared

infrastructure with the County. Opportunities for shared facilities may include:

- i. Coordination between the District and nearby private water purveyors
 - ii. Coordinated open space preservation
 - iii. District and County parks and recreational facilities
 - iv. Preservation and enhancement of Agricultural Lands
- b. The potential to create shared relationships for providing some services is suggested and may be appropriate when providing certain services.
 - c. At present, the distinction between District and County services with the service boundary is clear.

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

- a. TCSD 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. TCSD maintains an up-to-date website compliant with SB929 and posts pertinent District information in accordance with current regulations.
- c. 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.
- d. LAFCO determines that TCSD 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 Templeton Community Services District

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

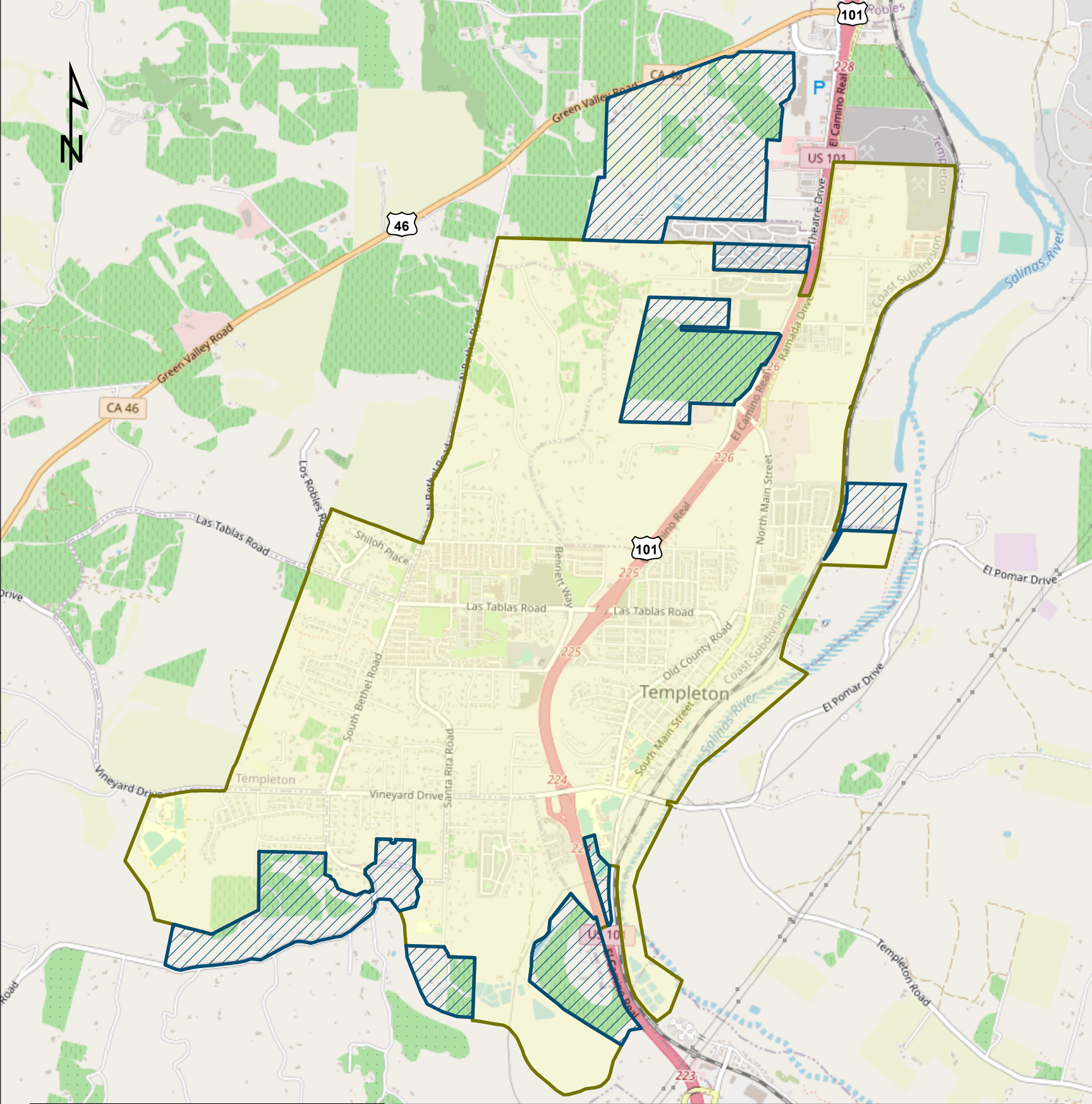
-
- a. Land uses within the District's existing SOI are predominantly residential, commercial, and agriculture. Other land uses include industrial, public facilities, office and professional, and recreation.
 - b. Study Area #1, which is proposed for inclusion in TCSD's SOI, is zoned Agriculture and is largely undeveloped. According to TCSD, water resources including wells will occupy portions of the site. Later, portions of the land that are not needed for wells may be used for other purposes. This site contains approximately 42% prime agricultural land as defined by government code section 56064, should the District pursue annexation in the future, they may be subject to LAFCO Policy 12 which requires 1:1 mitigation on prime land to be converted from agricultural use.
- 2. Present and probable need for public facilities and services in the area.**
- a. There is a present need and anticipated continued need for the service being provided by the TCSD in the existing SOI area.
 - b. Study Area #1 being proposed for inclusion in the sphere would not need services as typically expected with an SOI amendment due to the nature of the project. Rather, the project site would help TCSD better serve the existing community and increase water availability. The proposed SOI amendment would also be included and eventually annexed to help serve the community and alleviate the District from paying property and improvement tax as allowed under the California Constitution Article 13, Section 1, a local government is exempt and does not pay property taxes once annexed.
- 3. Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**
- a. TCSD has capability and capacity to adequately meet existing service demand and some level of increased future service demand within the existing SOI area.
 - b. There are no capacity or adequacy concerns identified in relation to the SOI Study Area #1 because no future development is intended in this area. Inclusion of this SOI area may in fact lead to increased capacity in water services, as the District plans to utilize the site to develop additional water resources.

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. There are no District relevant social or economic communities of interest in the existing SOI area and the proposed SOI Study Area #1.

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.

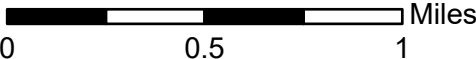
- a. Unincorporated territory surrounding the District may qualify as disadvantaged. Should future annexations or service extensions be proposed, special consideration will be given to any DUCs affected by the annexation consistent with GC §56375(8)(A) and LAFCO policy.



Templeton Community Services District

- LAFCO Boundaries**
-  Sphere of Influence
 -  Service Area

Latest SOI Approval: Aug 2023



Miles



Prepared By SLOLAFCO
Name: Templeton CSD
Date: 7/20/2023