



# San Luis Obispo Local Agency Formation Commission Meeting Agenda April 16, 2026, 9:00 am

## MEETING

APRIL 16, 2026 –  
9 A.M. BOARD OF  
SUPERVISORS CHAMBERS  
COUNTY GOVT. CENTER  
1055 MONTEREY STREET,  
SAN LUIS OBISPO, CA 93408

## CONTACT

ROB FITZROY  
EXECUTIVE OFFICER  
805-781-5795  
[SLO.LAFCO.CA.GOV](http://SLO.LAFCO.CA.GOV)

## COMMISSIONERS

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

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## MEETING PARTICIPATION

- **To submit a written comment**, mention the matter or agenda item number and send via email to [mmorris@slo.lafco.ca.gov](mailto:mmorris@slo.lafco.ca.gov) or fill out an online submission form on our website at [slo.lafco.ca.gov](http://slo.lafco.ca.gov), or U.S. mail at 1042 Pacific St, Suite A, San Luis Obispo, CA, 93401. All correspondence is distributed to each Commissioner and will become part of the official record of the Commission meeting.
- **To submit a pre-recorded verbal comment** call (805) 781-5795; state and spell your name, mention the agenda item number you are calling about, and leave your comment. Your comments will be distributed to each Commissioner and will become part of the official record of the Commission meeting.
- **To provide live comment**, attend the in-person meeting, fill out a “request to speak form” provided in the front and back of the meeting room, and hand it to the Commission Clerk prior to the beginning of that item. Each speaker will be limited to a three-minute presentation. During public hearings, applicants or their representatives will be given the opportunity to speak first after the staff report is given and questions of the Commission have been addressed.

### Other Notes:

- In compliance with the Americans with Disabilities Act (ADA), if you need special assistance to participate in this meeting, please contact the Clerk at 805-781-5795. Notification provided a minimum of 48 hours prior to the meeting will enable the Clerk to make reasonable arrangements to ensure accessibility to this meeting. Pursuant to the ADA, the meeting room is accessible to the physically disabled.
- It is required by Government Code Section 84308 that a participant in a LAFCO proceeding who has a financial interest in the decision and who has made a campaign contribution of more than \$500 to any Commissioner within 12 months prior to the proceeding must disclose the contribution. If you are affected, please notify Commission Staff before the hearing.



## MEETING AGENDA

### Pledge of Allegiance

### Call to Order/Roll Call

Approval of the Minutes: March 19, 2026 (Pages 4-9)

### Non-Agenda Public Comment Period

This is the period in which persons may speak on items that are not on the regular agenda. You may provide public comment using one of the three methods mentioned above in the “Meeting Participation” section.

### Consent Matters

**A-1: Third Quarter Fiscal Year 2025-2026 Budget Status and Work Plan Report (Pages 10-23)**

*Recommendation:*

Action: Review and approve the third quarter budget and work plan report for Fiscal Year 2025-2026 and direct the Executive Officer to file it with the County Auditor.

### Regular Matters

**B-1: LAFCO File No. 1-S-25: Municipal Service Review and Sphere of Influence Study for the California Valley Community Services District (Pages 24-93)**

*Recommendation:*

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

Action 2: Approve, by resolution, the California Valley Community Services District Municipal Service Review and Sphere of Influence Study (LAFCO File No. 1-S-25) as contained in Attachments A and B, and reaffirm the District’s Sphere of Influence as depicted in Attachment A, Exhibit C.

**B-2: LAFCO File No. 4-R-24: Annexation No. 32 to Nipomo Community Services District (Robins) (Pages 94-145)**

*Recommendation:*

Action 1: Find, by motion, the proposal to be categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15319, Class 19(a).

Action 2: Approve, by resolution, the proposed Annexation No. 32 to Nipomo Community Services District, as contained in Attachment A, subject to conditions of approval, and waive protest proceedings pursuant to Government Code Section 56662(a).

**B-3: Public Hearing to Consider Annual Workforce Vacancy Report in Compliance with Assembly Bill 2561 (Pages 146-147)**

*Recommendation:*

Action: Conduct the statutorily required public hearing regarding LAFCO’s current workforce vacancy status and receive and file the report below.



**B-4: Proposed Fiscal Year 2026-2027 Budget and Work Plan (Pages 148-159)**

*Recommendation:*

Action 1: Approve, by roll call vote, the Proposed Fiscal Year 2026-2027 Budget and Work Plan (Attachment A).

Action 2: Direct the Executive Officer, by roll call vote, to distribute the Proposed Budget and Work Plan to contributing agencies per Government Code requirements and set the Final Budget and Work Plan hearing for May 21, 2026.

**Closed Session Matters**

- C-1: Regular Public Employee Performance Evaluation**  
Pursuant to California Government Code Section 54957(b)  
Employee: Rob Fitzroy, Executive Officer

**Commissioner Comments**

**Legal Counsel Comments**

**Executive Officer Comments**

**Adjournment**

**Tentative Future Meeting Schedule, Subject to Change**

- May 2026 – Final Fiscal Year 2026-27 Budget and Work Plan, Garden Farms Community Water District MSR & SOI Study, Port San Luis Harbor District MSR & SOI Study, Ground Squirrel Hollow CSD MSR & SOI Study
- June 2026 – Squire Canyon CSD MSR & SOI Study and Linne CSD MSR & SOI Study
- July 2026 – TBD
- August 2026 – No Meeting



**SAN LUIS OBISPO  
LOCAL AGENCY FORMATION COMMISSION  
MARCH 19, 2026, MEETING MINUTES**

**Call to Order**

The San Luis Obispo Local Agency Formation Commission (LAFCO) meeting was called to order at 9:00 a.m. on Thursday, March 19, 2026, by Chairperson Heather Moreno in the Board of Supervisors Chambers at the County Government Center, 1055 Monterey Street, San Luis Obispo, CA 93408.

**Pledge of Allegiance**

**Roll Call**

**Present:** Chairperson Heather Moreno, Vice Chair Dave Watson, Commissioners Ed Eby, Navid Fardanesh, Dawn Ortiz-Legg, Ed Waage, and Alternate Commissioner Carla Wixom

**Absent:** Commissioner Steve Gregory, and Alternate Commissioners Michael Draze and Bruce Gibson

**Staff:** Rob Fitzroy, LAFCO Executive Officer  
Imelda Marquez-Vawter, LAFCO Senior Analyst  
Morgan Bing, LAFCO Analyst  
Holly Whatley, LAFCO Legal Counsel (remote)

**Approval of the Minutes:** February 19, 2026

**Chairperson Moreno** announced the consideration of approval of the February 19, 2026, Regular Meeting Minutes.

**Chairperson Moreno** asked for Commissioner comments, announcing that it was closed shortly after hearing none.

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

**Chairperson Moreno** asked for a motion to approve the minutes.

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

**Commissioner Waage** seconded the motion.

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

NAYS: None

ABSTAIN: None

The motion passed.

**Non-Agenda Public Comment Period**

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

**Regular Matters**

**A-1:** LAFCO File No. 8-S-25: Municipal Service Review and Sphere of Influence Study for the Port San Luis Harbor District

**Mr. Fitzroy** invited **Ms. Bing** to present the item.

**Chairperson Moreno** opened the item for Commissioner questions and comments.

**Vice Chair Watson** inquired about the District’s Capital Improvement Program.

**Mr. Fitzroy** invited **Will Friedman**, Harbor Director of the Port San Luis Harbor District (PSLHD), to respond.

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

**Commissioner Eby** inquired about the proposed Sphere of Influence (SOI) boundary.

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

**Commissioner Fardanesh** inquired about the proposed SOI.

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

**Commissioner Fardanesh** inquired about the population served by the District.

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

**Commissioner Fardanesh** inquired about alternative revenue streams considered and whether the PSLHD Board had publicly discussed the proposed SOI.

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

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

**Commissioner Fardanesh** inquired about the proposed SOI.

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

**Commissioner Ortiz-Legg** inquired about the potential implications of an SOI amendment.

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

**Chairperson Moreno** inquired about the District's services and facilities.

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

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

**Rachel Wilson** of Cayucos provided comment on the proposed SOI change.

**Sheri Hafer** of Atascadero provided comment on the proposed SOI change.

**Paul Choucalas** of Cayucos provided comment on the proposed SOI change.

**Nicole Dorfman** of Morro Bay provided comment on the proposed SOI change.

**Betty Winholtz** of Morro Bay provided comment on the proposed SOI change.

**James Warner** of Morro Bay provided comment on the proposed SOI change.

**Chairperson Moreno** invited **Mr. Friedman** to respond.

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

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

**Commissioner Eby** provided comment regarding the proposed SOI change.

**Commissioner Waage** inquired about District finances and sources of revenue.

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

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

**Commissioner Waage** provided comment on the proposed SOI change.

**Commissioner Wixom** provided comment on the proposed SOI change.

**Commissioner Ortiz-Legg** provided comment on the staff's recommendations.

**Commissioner Wixom** provided comment on the proposed SOI change.

**Commissioner Ortiz-Legg** inquired about the District's ability to charge fees.

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

**Vice Chair Watson** provided comment on the proposed SOI change.

**Commissioner Ortiz-Legg** provided comment on the proposed SOI change.

**Commissioner Fardanesh** provided comment on the proposed SOI change.

**Chairperson Moreno** provided comment regarding the need for further consideration of the proposed SOI change.

**Mr. Fitzroy** provided comment regarding the proposed Action Items and Commission options.

**Chairperson Moreno** made a motion directing staff to return at a future meeting with an updated PSLHD MSR and SOI Study that includes determinations for a coterminous SOI.

**Commissioner Fardanesh** seconded the motion.

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

NAYS: None

ABSTAIN: None

The motion passed unanimously.

**A-2:** LAFCO File No. 2-S-25: Municipal Service Review and Sphere of Influence Study for the Independence Ranch Community Services District

**Mr. Fitzroy** invited **Ms. Marquez-Vawter** to present the item.

**Chairperson Moreno** opened the item for Commissioner questions and comments and inquired about the District's missing audit.

**Ms. Marquez-Vawter** responded to questions and provided comment.

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

**Chairperson Moreno** opened the item for Commissioner questions and provided comment regarding District loan repayment.

**Commissioner Waage** made a motion in support of the staff recommendation for Item A-2, Action 1: Find, by motion, the Municipal Service Review and Sphere of Influence Study prepared for the Independence Ranch Community Services District (LAFCO File No. 2-S-25) to be exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Categorical Exemption Section 15306 and CEQA General Rule Exemption 15061(b)(3).

**Vice Chair Watson** seconded the motion.

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

NAYS: None

ABSTAIN: None

The motion passed unanimously.

**Commissioner Waage** made a motion in support of the staff recommendation for Item A-2, Action 2: Approve, by resolution, the Independence Ranch Community Services District Municipal Service Review and Sphere of Influence Study (LAFCO File No. 2-S-25) as contained in Attachments A and B, and reaffirm the District’s Sphere of Influence as depicted in Attachment A, Exhibit C, with corrections as discussed.

**Vice Chair Watson** seconded the motion.

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

NAYS: None

ABSTAIN: None

The motion passed unanimously.

**Commissioner Comments:** None.

**Legal Counsel Comments:** None.

**Executive Officer Comments:**

**Mr. Fitzroy** provided updates on future meetings, the upcoming CALAFCO Staff Workshop, and the Special District Alternate Election.

**Adjournment:** With no further business before the Commission, the meeting adjourned at 10:44 AM until the next meeting of the Commission in the Board of Supervisors Chambers at the County Government Center in San Luis Obispo.

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

Respectfully submitted,  
Melissa Morris, LAFCO Commission Clerk

DRAFT



# San Luis Obispo Local Agency Formation Commission

**TO: MEMBERS OF THE COMMISSION**

**FROM: ROB FITZROY, EXECUTIVE OFFICER**

**DATE: APRIL 16, 2026**

**SUBJECT: THIRD QUARTER FISCAL YEAR 2025-2026 BUDGET STATUS AND WORK PLAN REPORT**

## **RECOMMENDATION**

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**Action:** Review and approve the third quarter budget and work plan report for Fiscal Year 2025-2026 and direct the Executive Officer to file it with the County Auditor.

## **BUDGET OVERVIEW**

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This report is the third quarterly report for Fiscal Year (FY) 2025-2026 for the San Luis Obispo Local Agency Formation Commission (LAFCO). The LAFCO operating budget is comprised of four components: 1) salaries, payroll taxes, and benefits, 2) services and supplies, 3) revenues, and 4) fund balance and reserves. Day-to-day management of the budget is based on “bottom-line” principles that allow for variation within individual line-item accounts as long as the overall expenditures remain within the approved budget.

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

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

### **COMMISSIONERS**

Chairperson  
HEATHER MORENO  
County Member

Vice-Chair  
DAVID WATSON  
Public Member

DAWN ORTIZ-LEGG  
County Member

ED WAAGE  
City Member

STEVE GREGORY  
City Member

ED EBY  
Special District Member

NAVID FARDANESH  
Special District Member

### **ALTERNATES**

BRUCE GIBSON  
County Member

CARLA WIXOM  
City Member

VACANT  
Special District Member

MICHAEL DRAZE  
Public Member

### **STAFF**

ROB FITZROY  
Executive Officer

IMELDA MARQUEZ-VAWTER  
Senior Analyst

MORGAN BING  
Analyst

MELISSA MORRIS  
Commission Clerk

HOLLY WHATLEY  
Legal Counsel

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## QUARTERLY BUDGET SUMMARY

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**Executive Officer Comments.** The third quarter's budget actuals indicate that LAFCO continues to be in a strong budgetary position. Expenditures are as expected within the third quarter. With 75% of the fiscal year complete, revenues are 92% realized.

**Expenditures.** Overall, third-quarter expenditures are at 74%, with 75% of the fiscal year complete, as expected. A detailed budget report is provided in Attachment A. Below is a brief summary of line-item expenditures:

- Salaries and benefits are 77% expended.
- Services and Supplies are 62% expended.

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

- **January:** Microsoft Subscription \$52.52, Clerk Recorder \$164.98, USPS \$12.42, Annual Rebate Credit (-\$126.78)
- **February:** Microsoft Subscription \$52.52
- **March:** Microsoft Subscription \$52.52, Norton Subscription \$124.99, Clerk Recorder \$82.49, CSDA Quarterly Chapter Meeting \$83.52, USPS \$12.98

**Revenues.** Overall, revenues are 92% realized through the third quarter. Contributing agencies (Cities, Special Districts, and the County) have paid 100% of the LAFCO contributions billed in the first quarter by the County Auditor. Application fees have been 25% realized.

**Fund Balance (Reserves).** Fund Balance is the LAFCO reserve of funds for various expenditures. Fund Balance expenditure requires Commission approval. The current fund balance available is \$254,363.

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## WORK PLAN QUARTERLY UPDATE

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**Work Plan Update.** In conjunction with the FY 2025-2026 budget process, the Commission adopted an accompanying Work Plan for FY 2025-2026. Our adopted work prioritization is as follows:

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

Consistent with the priorities established by the Commission for the FY 2025-2026 Work Plan, during the third quarter, staff have been diligently working on the following items:

- Steinman Annexation to Cayucos Sanitary District (Continued Processing)
- Two Nipomo CSD Annexations (Continued Processing)
- CSA 23 Annexation (Post-Approval Items)
- City of SLO Detachment (Post-Approval Items)
- Special District Alternate Member Request for Nominations and Elections (In Progress)
- City of Paso Robles MSR & SOI Study (Approved in Q3)
- Estrella - El Pomar - Creston Water District MSR (Approved in Q3)
- Upper Salinas - Las Tablas Resource Conservation District MSR & SOI Study (Approved in Q3)
- Independence Ranch CSD MSR & SOI Study (Approved in Q3)
- California Valley CSD MSR & SOI Study (In progress, scheduled for hearing in Q4)
- Garden Farms Community Water District MSR & SOI Study (In progress, scheduled for hearing in Q4)
- Port San Luis Harbor District MSR & SOI Study (Continued, scheduled for hearing in Q4)
- Linne CSD MSR & SOI Study (In Progress)
- Squire Canyon CSD MSR & SOI Study (In Progress)
- Ground Squirrel Hollow CSD MSR and SOI Study (In Progress)
- Planning for the Statewide CALAFCO Conference at Cliffs Resort
- Conducted ongoing critical operations, invoicing, payroll, records management, office administration, and directory update
- Additional work efforts include attendance/presentations at various district public meeting to discuss LAFCO processes, response to numerous public inquiries regarding annexations, incorporations, and dissolutions, coordination with numerous districts and cities regarding potential future annexations, coordination with districts regarding activation/divestiture of powers, responses to Public Record Act requests, reorganizing our record management systems, and LAFCO maps/GIS Boundary Data maintenance

**Upper Salinas – Las Tablas Resource Conservation District Quarterly Status Update.** As part of the Commission’s approval of the Upper Salinas–Las Tablas Resource Conservation District (US-LTRCD) MSR and SOI Study, several conditions of approval were adopted. One condition requires LAFCO staff to include status updates in each regular Quarterly Budget and Work Plan report during the District’s LAFCO-established 12-month remediation period (February 2026 through February 2027). These updates are to address the District’s progress toward completing required audits and implementing financial remediation measures.

The following provides an update on the District’s audit and financial remediation efforts. The US-LTRCD has formally engaged Moss, Levy & Hartzheim LLP to conduct audits for the fiscal years ending in 2024 and 2025. The audit for the fiscal year ending in 2024 commenced on April 1 and is anticipated to be completed by the end of May. The audit for the fiscal year ending in 2025 is scheduled to begin on June 1. Formal management responses for both audits are expected to be completed by the end of August 2026.

**Significant Project Status Updates.** Below is a brief summary of the current status of significant applications currently in process or items that will be forthcoming in the near future:

- **San Simeon CSD Dissolution** – The San Simeon CSD submitted a Resolution of Application to LAFCO on May 30, 2024. As required by the Government Code, staff provided a 30-day review letter, a copy of which was provided to your Commission. The dissolution is currently on information hold. In brief, the County, the proposed successor agency, requested time to study the issue and would like to explore options. The LAFCO 30-day response letter details some of the items that need to be analyzed, much of which depends on how the County would like to proceed as the successor agency. The process requires a comprehensive analysis of existing and future governance structures and the services to be provided. The District and County have worked together and commenced a study to this end. The study is expected in early 2026. Subsequently, County staff will return to the Board of Supervisors to report on the study and obtain further direction. No date has been set for the Board of Supervisors. LAFCO continues to facilitate quarterly regional stakeholder agency meetings that include the County, Coastal Commission, Cambria CSD, State Parks, and others as needed. The most recent meeting was held on February 25, 2026, and the next meeting is scheduled for May 27, 2026. LAFCO continues to receive and respond to a number of public inquiries regarding this matter.
- **Dana Reserve Specific Plan** – The Commission approved the annexation into Nipomo CSD on November 14, 2024. All post-approval requirements are complete; however, within the 30-day statute of limitations, a lawsuit was filed against LAFCO related to the Environmental Impact Report. A settlement agreement was reached, and the LAFCO lawsuit was stayed. In November 2025, the County Board of Supervisors approved a number of changes consistent with the settlement agreement. The lawsuit against LAFCO is expected to be withdrawn after 90 days from the November approval. Staff will provide updates as necessary, likely by the next LAFCO meeting.
- **Annexation to County Service Area 23** – The County of SLO submitted a Resolution of Application to LAFCO on June 22, 2023. Staff deemed the application complete and issued a Certificate of Filing on December 4, 2024, and the item was approved on January 16, 2025. The Commission approved the proposal, and staff are working on post-approval items. A time extension request was approved by the Commission on December 18, 2025.
- **Shandon - San Juan Water District Annexation** – A landowner petition of application request to annex approximately 4,000 acres into the District has been formally submitted. The proposal was reviewed within the 30-day review period and placed on hold for multiple reasons. The primary issue with the proposed annexation, as identified by the County, is that it would require a boundary modification to the County Groundwater Sustainability Agency (GSA) boundary. Currently, the County does not allow any new wells within the Paso Robles Groundwater Basin within the County's GSA boundary; however, Shandon San Juan Water District does allow new wells if certain criteria are met. Should the County allow the boundary modification, it would allow increased groundwater extraction that was not otherwise allowed. This matter would have significant implications for the Paso Robles Groundwater Basin Groundwater Sustainability Plan and may trigger environmental review under the California Environmental Quality Act (CEQA). The County and the District are actively in discussions on this matter. Staff will keep the Commission apprised as this develops.

**Work Plan Projections.** Looking ahead, we expect the workload to remain high and staff to be operating at full capacity. We will be focused on MSRs and applications as allowed.

## **TENTATIVE FUTURE MEETING SCHEDULE**

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- May 2026- Final Fiscal Year 2026-27 Budget and Work Plan, Garden Farms Community Water District MSR & SOI Study, Port San Luis Harbor District MSR & SOI Study, Ground Squirrel Hollow CSD MSR & SOI Study
- June 2026 – Squire Canyon CSD MSR & SOI Study and Linne CSD MSR & SOI Study
- July 2026 – TBD
- August – No Meeting

## **ATTACHMENTS**

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**Attachment A:** Quarterly Budget Status Report

**Attachment B:** Credit Card Statements

# Attachment A

## Quarterly Budget Status Report

	Adopted FY 25-26	Expenditures / Revenue	Percent Expended / Revenue	Projected Year End
<b>Expenditures Summary</b>	<b>\$877,831</b>	<b>\$648,907</b>	<b>74%</b>	<b>\$858,207</b>
<b>Revenues Summary</b>	<b>\$877,831</b>	<b>\$810,348</b>	<b>92%</b>	<b>\$858,207</b>
<i>Services and Supplies Expenditure Details</i>				
Vehicle Stipend	\$5,400	\$4,154	77%	\$5,400
Vehicle Rental	\$500	\$689	138%	\$689
Computer Software	\$2,000	\$550	28%	\$1,000
Copying-Printing	\$300	\$0	0%	\$300
Commission Meeting Expenses	\$600	\$600	100%	\$745
LAFCO Insurance Policies	\$22,000	\$16,687	76%	\$16,687
IT Support	\$850	\$0	0%	\$850
Maintenance-Equipment	\$500	\$0	0%	\$300
Maintenance-Software	\$500	\$576	115%	\$576
CALAFCO/ SDRMA / Other Memberships	\$9,000	\$7,776	86%	\$7,776
Employee Mileage Reimbursement	\$200	\$89	44%	\$200
Commissioner Mileage Reimbursement	\$1,500	\$977	65%	\$1,500
Office Supplies	\$3,000	\$582	19%	\$3,500
Custodial Services	\$1,800	\$1,350	75%	\$1,800
County Auditor Services	\$10,500	\$10,215	97%	\$10,215
Legal Counsel	\$38,000	\$11,660	31%	\$32,000
Postage	\$1,000	\$1,076	108%	\$2,000
General / Commissioner Stipends	\$17,000	\$7,338	43%	\$11,000
Publication & Legal Notices	\$1,000	\$971	97%	\$1,000
Training	\$6,000	\$5,040	84%	\$5,040
Office Lease	\$42,000	\$31,500	75%	\$42,000
Large Equipment	\$3,000	\$0	0%	\$2,000
Small Equipment	\$1,000	\$0	0%	\$1,000
Telephone / Internet	\$3,000	\$2,557	85%	\$3,000
Travel Expenses	\$3,000	\$2,617	87%	\$3,000
<b>Services/ Supplies Subtotal</b>	<b>\$173,650</b>	<b>\$107,003</b>	<b>62%</b>	<b>\$153,578</b>
<b>Salary, Benefits and Taxes Expenditures</b>				
Salaries	\$427,610	\$328,708	77%	\$427,610
Federal Taxes - FICA Social Security	\$26,509	\$21,098	80%	\$26,509
Federal Taxes - Medicare	\$6,200	\$5,045	81%	\$6,200
SDI/SUI Employer Contribution	\$0	\$448	0%	\$448
SLOCPT Pension Rate	\$145,904	\$111,818	77%	\$145,904
Heath Insurance	\$69,600	\$53,654	77%	\$69,600
SLOCPT Pension Obligation Bond	\$18,358	\$13,456	73%	\$18,358
Deferred Compensation	\$10,000	\$7,680	77%	\$10,000
<b>Salary, Benefits and Taxes Subtotal</b>	<b>\$704,181</b>	<b>\$541,905</b>	<b>77%</b>	<b>\$704,629</b>
<b>Total Expenditures</b>	<b>\$877,831</b>	<b>\$648,907</b>	<b>74%</b>	<b>\$858,207</b>
<i>Revenues</i>				
Interest Earned	\$9,000	\$14,501	161%	\$20,000
Environmental Review Fees	\$3,000	\$1,000	33%	\$1,000
Sphere of Influence Fees	\$3,000	\$0	0%	\$0
Application Processing Fees	\$24,000	\$6,015	25%	\$12,015
Other Revenue (Transfer of Reserves)	\$50,000	\$0	0%	\$36,360
<i>Agency Contributions</i>				
Cities	\$262,944	\$262,944	100%	\$262,944
County	\$262,944	\$262,944	100%	\$262,944
Special Districts	\$262,944	\$262,944	100%	\$262,944
<b>Total Revenue</b>	<b>\$877,831</b>	<b>\$810,348</b>	<b>92%</b>	<b>\$858,207</b>
<b>Reserves Fund Balance</b>	<b>\$192,170</b>	<b>\$254,363</b>	<b>132%</b>	<b>\$218,003</b>

# **Attahment B**

## Credit Card Statements



Account Summary




Billing Cycle		01/30/2026
Days In Billing Cycle		30
Previous Balance		\$184.51
Purchases	+	\$229.92
Cash	+	\$0.00
Balance Transfers	+	\$0.00
Special	+	\$0.00
Credits	-	\$126.78-
Payments	-	\$184.51-
Other Charges	+	\$0.00
Finance Charges	+	\$0.00

**NEW BALANCE \$103.14**

Credit Summary

Total Credit Line	\$10,000.00
Available Credit Line	\$9,896.86
Available Cash	\$0.00
Amount Over Credit Line	\$0.00
Amount Past Due	\$0.00
Disputed Amount	\$0.00

Account Inquiries

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

Payment Summary

<b>NEW BALANCE</b>	<b>\$103.14</b>
<b>MINIMUM PAYMENT</b>	<b>\$103.14</b>
<b>PAYMENT DUE DATE</b>	<b>02/25/2026</b>

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

Corporate Activity

				<b>TOTAL CORPORATE ACTIVITY</b>	<b>\$311.29-</b>
Trans Date	Post Date	Reference Number	Transaction Description	Amount	
01/20	01/21	70005606021555021390026	PAYMENT - THANK YOU SPOKANE WA	\$184.51-	
01/28	01/28	70005606028777028620741	REBATE CREDIT	\$126.78-	

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- \*

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



Account Number

#### #### ####

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

AMOUNT OF PAYMENT ENCLOSED

<b>Closing Date</b>	<b>New Balance</b>	<b>Total Minimum Payment Due</b>	<b>Payment Due Date</b>
01/30/26	\$103.14	\$103.14	02/25/26

\$

Grid for entering amount of payment enclosed



15414

MAKE CHECK PAYABLE TO:

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

Cardholder Account Summary				
ROBERT FITZROY #### #### ####	Payments & Other Credits \$0.00	Purchases & Other Charges \$52.52	Cash Advances \$0.00	Total Activity \$52.52

Cardholder Account Detail					
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
01/26	01/26	PPLN01	24011346026100025386220	MICROSOFT#G137158461 MICROSOFT.COM WA	\$52.52

Cardholder Account Summary				
MELISSA MORRIS #### #### ####	Payments & Other Credits \$0.00	Purchases & Other Charges \$177.40	Cash Advances \$0.00	Total Activity \$177.40

Cardholder Account Detail					
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
01/15	01/16	PPLN01	24343116015900014649119	AMS*SERVICE FEE 101653 888-9147768 FL	\$1.49
01/15	01/16	PPLN01	24343116015900014689404	AMS*SERVICE FEE 101653 888-9147768 FL	\$1.49
01/15	01/16	PPLN01	24343116015900015189396	SLO CLERK RECORDER 805-7815080 CA	\$81.00
01/15	01/16	PPLN01	24343116015900015186814	SLO CLERK RECORDER 805-7815080 CA	\$81.00
01/27	01/28	PPLN01	24137466028001354352044	USPS PO 0568770075 SAN LUIS OBIS CA	\$12.42

Finance Charge Summary / Plan Level Information										
Plan Name	Plan Description	FCM <sup>1</sup>	Average Daily Balance	Periodic Rate *	Corresponding APR	Finance Charges	Effective APR Fees **	Effective APR	Ending Balance	
<b>Purchases</b>										
PPLN01 001	PURCHASE	E	\$0.00	0.06024%(D)	21.9900%	\$0.00	\$0.00	0.0000%	\$103.14	
<b>Cash</b>										
CPLN01 001	CASH	A	\$0.00	0.06572%(D)	23.9900%	\$0.00	\$0.00	0.0000%	\$0.00	
* Periodic Rate (M)=Monthly (D)=Daily							Days In Billing Cycle: 30			
** includes cash advance and foreign currency fees							APR = Annual Percentage Rate			
<sup>1</sup> FCM = Finance Charge Method										
(V) = Variable Rate If you have a variable rate account the periodic rate and Annual Percentage Rate (APR) may vary.										



BL ACCT (

Account Num

Page 1 of 3






**Account Summary**

Billing Cycle		02/27/2026
Days In Billing Cycle		28
Previous Balance		\$103.14
Purchases	+	\$52.52
Cash	+	\$0.00
Balance Transfers	+	\$0.00
Special	+	\$0.00
Credits	-	\$0.00
Payments	-	\$103.14
Other Charges	+	\$0.00
Finance Charges	+	\$0.00
<b>NEW BALANCE</b>		<b>\$52.52</b>

**Credit Summary**

Total Credit Line	\$10,000.00
Available Credit Line	\$9,947.48
Available Cash	\$0.00
Amount Over Credit Line	\$0.00
Amount Past Due	\$0.00
Disputed Amount	\$0.00

**Account Inquiries**

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

**Payment Summary**

<b>NEW BALANCE</b>	<b>\$52.52</b>
<b>MINIMUM PAYMENT</b>	<b>\$52.52</b>
<b>PAYMENT DUE DATE</b>	<b>03/25/2026</b>

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

**Corporate Activity**

TOTAL CORPORATE ACTIVITY					\$103.14-
Trans Date	Post Date	Reference Number	Transaction Description	Amount	
02/17	02/18	70005606049555049400037	PAYMENT - THANK YOU SPOKANE WA	\$103.14-	

**Cardholder Account Summary**

ROBERT FITZROY #### #### ####	Payments & Other Credits \$0.00	Purchases & Other Charges \$52.52	Cash Advances \$0.00	Total Activity \$52.52
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**Cardholder Account Detail**

Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
02/26	02/26	PPLN01	24011346057100044418626	MICROSOFT#G142945203 MICROSOFT.COM WA	\$52.52

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- \*

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



**Account Number**

#### #### ####

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on back of this coupon

AMOUNT OF PAYMENT ENCLOSED

Closing Date	New Balance	Total Minimum Payment Due	Payment Due Date
02/27/26	\$52.52	\$52.52	03/25/26

\$

Grid for amount of payment enclosed



17183

MAKE CHECK PAYABLE TO:

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

Finance Charge Summary / Plan Level Information									
Plan Name	Plan Description	FCM <sup>1</sup>	Average Daily Balance	Periodic Rate *	Corresponding APR	Finance Charges	Effective APR Fees **	Effective APR	Ending Balance
<b>Purchases</b>									
PPLN01 001	PURCHASE	E	\$0.00	0.06024%(D)	21.9900%	\$0.00	\$0.00	0.0000%	\$52.52
<b>Cash</b>									
CPLN01 001	CASH	A	\$0.00	0.06572%(D)	23.9900%	\$0.00	\$0.00	0.0000%	\$0.00
* Periodic Rate (M)=Monthly (D)=Daily							Days In Billing Cycle: 28		
** includes cash advance and foreign currency fees							APR = Annual Percentage Rate		
<sup>1</sup> FCM = Finance Charge Method									
(V) = Variable Rate If you have a variable rate account the periodic rate and Annual Percentage Rate (APR) may vary.									



BL ACCT

Account Num

Page 1 of 3



Account Summary

Billing Cycle		03/31/2026
Days In Billing Cycle		32
Previous Balance		\$52.52
Purchases	+	\$356.50
Cash	+	\$0.00
Balance Transfers	+	\$0.00
Special	+	\$0.00
Credits	-	\$0.00
Payments	-	\$52.52-
Other Charges	+	\$0.00
Finance Charges	+	\$0.00

**NEW BALANCE \$356.50**

Credit Summary

Total Credit Line	\$10,000.00
Available Credit Line	\$9,643.50
Available Cash	\$0.00
Amount Over Credit Line	\$0.00
Amount Past Due	\$0.00
Disputed Amount	\$0.00

Account Inquiries

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

Payment Summary

NEW BALANCE	\$356.50
MINIMUM PAYMENT	\$356.50
PAYMENT DUE DATE	04/25/2026

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

Corporate Activity

TOTAL CORPORATE ACTIVITY				\$52.52-
Trans Date	Post Date	Reference Number	Transaction Description	Amount
03/20	03/20	000000LBX2603204647001	PAYMENT - THANK YOU	\$52.52-

Cardholder Account Summary

IMELDA MARQUEZ #### #### ####	Payments & Other Credits \$0.00	Purchases & Other Charges \$124.99	Cash Advances \$0.00	Total Activity \$124.99
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Cardholder Account Detail

Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
03/18	03/19	PPLN01	24692166077100948475809	NORTON *AP1679258324 NORTON.COM/CC AZ	\$124.99

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



Account Number

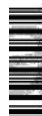
#### #### ####

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

AMOUNT OF PAYMENT ENCLOSED

Closing Date	New Balance	Total Minimum Payment Due	Payment Due Date
03/31/26	\$356.50	\$356.50	04/25/26

\$



5685

MAKE CHECK PAYABLE TO:

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

Cardholder Account Summary					
ROBERT FITZROY #### #### ####		Payments & Other Credits \$0.00	Purchases & Other Charges \$52.52	Cash Advances \$0.00	Total Activity \$52.52
Cardholder Account Detail					
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
03/26	03/26	PPLN01	24011346085100040918807	MICROSOFT#G148661581 MICROSOFT.COM WA	\$52.52

Cardholder Account Summary					
MORGAN BING #### #### ####		Payments & Other Credits \$0.00	Purchases & Other Charges \$82.49	Cash Advances \$0.00	Total Activity \$82.49
Cardholder Account Detail					
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
03/20	03/22	PPLN01	24343116079900019618765	SLO CLERK RECORDER 805-7815080 CA	\$81.00
03/20	03/22	PPLN01	24343116079900010118781	AMS*SERVICE FEE 101653 888-9147768 FL	\$1.49

Cardholder Account Summary					
MELISSA MORRIS #### #### ####		Payments & Other Credits \$0.00	Purchases & Other Charges \$96.50	Cash Advances \$0.00	Total Activity \$96.50
Cardholder Account Detail					
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
03/30	03/31	PPLN01	24000776090100005401769	SLOCSDA.SPECIALDISTRIC SLOCSDA.SPECI CA	\$83.52
03/30	03/31	PPLN01	24137466090001802841435	USPS PO 0568770075 SAN LUIS OBIS CA	\$12.98

Finance Charge Summary / Plan Level Information									
Plan Name	Plan Description	FCM <sup>1</sup>	Average Daily Balance	Periodic Rate *	Corresponding APR	Finance Charges	Effective APR Fees **	Effective APR	Ending Balance
<b>Purchases</b>									
PPLN01 001	PURCHASE	E	\$0.00	0.06024%(D)	21.9900%	\$0.00	\$0.00	0.0000%	\$356.50
<b>Cash</b>									
CPLN01 001	CASH	A	\$0.00	0.06572%(D)	23.9900%	\$0.00	\$0.00	0.0000%	\$0.00
* Periodic Rate (M)=Monthly (D)=Daily							Days In Billing Cycle: 32		
** includes cash advance and foreign currency fees							APR = Annual Percentage Rate		
<sup>1</sup> FCM = Finance Charge Method									
(V) = Variable Rate If you have a variable rate account the periodic rate and Annual Percentage Rate (APR) may vary.									



# San Luis Obispo Local Agency Formation Commission

**TO:** MEMBERS OF THE COMMISSION

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

**DATE:** APRIL 16, 2026

**SUBJECT:** LAFCO FILE NO. 1-S-25: MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY FOR THE CALIFORNIA VALLEY COMMUNITY SERVICES DISTRICT

## RECOMMENDATION

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

**Action 2:** Approve, by resolution, the California Valley Community Services District Municipal Service Review and Sphere of Influence Study (LAFCO File No. 1-S-25) as contained in Attachments A and B, and reaffirm the District's Sphere of Influence as depicted in Attachment A, Exhibit C.

## OVERVIEW

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

### COMMISSIONERS

Chairperson  
HEATHER MORENO  
County Member

Vice-Chair  
DAVID WATSON  
Public Member

DAWN ORTIZ-LEGG  
County Member

ED WAAGE  
City Member

STEVE GREGORY  
City Member

ED EBY  
Special District Member

NAVID FARDANESH  
Special District Member

### ALTERNATES

BRUCE GIBSON  
County Member

CARLA WIXOM  
City Member

VACANT  
Special District Member

MICHAEL DRAZE  
Public Member

### STAFF

ROB FITZROY  
Executive Officer

IMELDA MARQUEZ-VAWTER  
Senior Analyst

MORGAN BING  
Analyst

MELISSA MORRIS  
Commission Clerk

HOLLY WHATLEY  
Legal Counsel

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## CVCSO MSR AND SOI STUDY

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**Agency Overview:** CVCSO was formed in 1960 by an election after El Chicote Ranch was subdivided into more than 7,200 individual 2.5-acre “ranchos”. This community is an antiquated subdivision that has never been fully developed, and each year, many of the subdivided parcels are sold at tax auctions. Since its formation, the District's main responsibilities have been road maintenance and solid waste services.

**MSR Summary:** LAFCO staff prepared determinations for the seven MSR factors described in Government Code Section 56430 (Attachment A, Exhibit B). In summary, based on the buildout population projection of 15,899 and the 2025 population of 385, California Valley is considered 2% built out. The County General Plan disclosed challenges relating to future growth and development in the area due to significant constraints, including remoteness, poor access, inadequate roads, poor soils (alkaline), lack of water, and poor sewage drainage. As such, significant increases in population are not expected to occur in this area over the next 10 to 20 years.

LAFCO has established road maintenance and solid waste as CVCSO’s authorized powers as described under Government Code Section 61100(l) and (c). CVCSO is committed to continuing its responsibilities, with a newly expressed interest in activating water, weed abatement, and parks and recreation services. CVCSO has the capability and capacity to adequately provide solid waste services. However, CVCSO continues to see a decline in financial stability and failed Proposition 218 measures for road maintenance services. To ensure an adequate level of road maintenance service, it would be prudent for the District to increase road maintenance assessments or pursue alternative, stable, and long-term revenue sources.

CVCSO has approximately 271.6 miles of roadway. Most of the roads within the District are dirt with no systematic pavement or maintenance programming due to a lack of funding. The District’s road maintenance assessment rates have remained unchanged since 1998. Ongoing challenges with the current rate structure not keeping pace with inflation or rising service costs have made a substantial rate adjustment necessary. The CVCSO has held multiple Proposition 218 hearings without success and plans to attempt another assessment increase in June 2026. If CVCSO customers continue to oppose the proposed rate increases, the District’s long-term ability to provide road maintenance services may be jeopardized. In that scenario, alternative governmental structures may need to be considered.

It is important to emphasize that the California Valley Lot Acquisition Program (CVLAP) currently has a significant impact on the community and has the potential to do so in the future. With County approval of the Topaz Solar and California Valley Solar Ranch projects, a conservation program was created for the California Valley area. Conditions of approval of those solar projects required the establishment of the CVLAP, which provided funding for the acquisition and conservation of lots specifically within the boundaries of the District. To date, there are approximately 471 conserved lots that were entered into easements pursuant to the CVLAP, with thousands more identified for conservation. While the purpose and intent of the Program is limited to protecting biological and open space habitats, it is simultaneously impacting a small

existing community that has severely limited resources. The failure of recent road maintenance measures was partially attributed to opposition from entities such as the land trusts that hold a large number of conserved lots within the District. The vast majority of the existing District is proposed to be conserved in the future via a three-tier parcel ranking system discussed in the CVLAP Strategic Plan. This will encompass existing residential land uses and create significant challenges related to access, future development, and revenue streams for the existing community. To achieve the goals of both the CVCSO and conservation organizations, greater coordination and negotiations should occur amongst all affected agencies and parties.

To assess the District's financial health, key indicators, including Revenues vs. Expenditures, Operating Ratio, Liquidity Ratio, and Net Position, were analyzed. Overall, these financial indicators suggest that CVCSO is financially stable in meeting short-term financial obligations (liquidity ratio) and in balancing operating revenues and expenses for its single proprietary fund related to solid waste (operating ratio). However, the District's overall financial position (net position) is declining, and the CVCSO is depleting its fund balance (gross revenues vs. expenditures) by consistently drawing on its reserves year over year to fund its expenditures. At the beginning of the latest audited FY 2022-2023, the District's fund balance totaled approximately \$665,887, and declined to \$466,766 at fiscal year-end. More current fund balance information is not available. Maintenance and depreciation alone constitute a significant funding backlog, requiring the District to draw from reserves because annual revenues from the existing road assessment are insufficient to cover these costs. These challenges have been a general theme in the District's finances.

In addition, residents in the California Valley area rely on groundwater from private domestic wells and a community well managed by CVCSO, which provides non-potable water. To be consistent with state law, and to continue providing the community with non-potable or potable water, LAFCO recommends the District initiate a resolution of application to activate water as a function or class of service as described under Government Code Section 56824.10 through 56824.14. The CVCSO has indicated that it is working toward submitting an application to activate water, weed abatement, and parks and recreation services, the District has not provided an anticipated application submittal date. LAFCO would have a particular interest in the District's plan for financing the establishment of the new or different function or class of services and its ability to obtain sufficient revenues to carry out the services, given the financial challenges that have been described in the MSR and SOI Study. CVCSO should consider demonstrating adequate revenue to sustain existing expenses associated with authorized powers prior to requesting activation of new services and responsibilities.

**SOI Study Summary:** LAFCO staff also prepared determinations for the five SOI factors described in Government Code Section 56036 (Attachment A, Exhibit B). CVCSO's existing SOI is coterminous with its service area boundary. The District's SOI is proposed to remain unchanged, with no expansions or reductions.

**Agency Coordination/Public Comments:** Staff coordinated with CVCSO throughout the preparation of this MSR and SOI Study and received input from CVCSO via meetings, email correspondence, and review of the administrative review draft. A 21-day notice and public review and comment period were conducted between March 26, 2026, and April 16, 2026. No written

comments were received as of the staff report publishing date of April 9, 2026. All public comments received will become part of the official record of the Commission hearing.

**Recommendation:** Approve, by resolution, the California Valley Community Services District Municipal Service Review and Sphere of Influence Study (LAFCO File No. 1-S-25) as contained in Attachments A and B, and reaffirm the District’s Sphere of Influence as depicted in Attachment A, Exhibit C.

## **ENVIRONMENTAL DETERMINATION**

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LAFCO is the Lead Agency for the proposed MSR and SOI Study. The CVCSO MSR and SOI Study is categorically exempt from further review under CEQA under Section 15306 (Class 6 Exemption). This is based on the use of the MSR as data collection, service evaluation, and as part of a study that may lead to an action which the public agency has not yet approved, adopted, or funded. Furthermore, the District’s MSR and SOI Study is exempt from further review under Section 15061(b)(3) (General Rule Exemption). This is based on a determination that the MSR and SOI Study will have no possibility of significantly affecting the environment, given that no physical or land use changes are occurring as a result of the Study.

**Recommendation:** Find, by motion, the Municipal Service Review and Sphere of Influence Study prepared for the California Valley Community Services District (LAFCO File No. 1-S-25) to be exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Categorical Exemption Section 15306 and CEQA General Rule Exemption 15061(b)(3).

## **ATTACHMENTS**

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**Attachment A:** Draft LAFCO Resolution No. 2026-XX Approving the California Valley Community Services District Municipal Service Review and Sphere of Influence Study

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

Exhibit B: MSR and SOI Study Determinations

Exhibit C: District Boundary Map

**Attachment B:** California Valley Community Services District Municipal Service Review and Sphere of Influence Study

# **Attachment A**

Draft LAFCO Resolution No. 2026-XX  
Approving the California Valley  
Community Services District  
Municipal Service Review and Sphere  
of Influence Study

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

Thursday, April 16, 2026

**RESOLUTION NO. 2026-XX**

**RESOLUTION APPROVING THE CALIFORNIA VALLEY COMMUNITY SERVICES DISTRICT  
MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY**

The following Resolution is now offered:

**RECITALS**

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

**WHEREAS**, the Commission conducted a municipal service review to evaluate the availability and performance of governmental services provided by California Valley Community Services District, hereinafter referred to as the “District”, pursuant to California Government Code Section 56430, hereby incorporated by reference as contained in LAFCO File No. 1-S-25 California Valley Community Services District Municipal Service Review and Sphere of Influence Study included as Attachment B of the April 16, 2026, LAFCO Staff Report; and

**WHEREAS**, the Commission conducted a sphere of influence study for the District pursuant to California Government Code Section 56425, hereby incorporated by reference as contained in LAFCO File No. 1-S-25 California Valley Community Services District Municipal Service Review and Sphere of Influence Study included as Attachment B of the April 16, 2026, LAFCO Staff Report; and

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

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

**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 April 16, 2026; and

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

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

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

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

5. Pursuant to Government Code Section 56430(a), the Commission makes the written statement of determinations for municipal service reviews, included in Exhibit B of this resolution.
6. Pursuant to Government Code Section 56425(e), the Commission makes the written statement of determinations for the sphere of influence, included in Exhibit B of this resolution.
7. That the sphere of influence for the district be adopted pursuant to the map in Exhibit C of this resolution.
8. In adopting this sphere of influence for the District, pursuant to Government Code Section 56425(i), the Commission establishes that the only function or services provided by the district within its jurisdictional boundaries is roads maintenance and solid waste.
9. Road maintenance and solid waste are considered general terms used to identify the authorized powers of the district, and the powers are further described in Government Code Section 61100(l) and (c).
10. Pursuant to Government Code Section 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.
11. Completion of the 30-day reconsideration period provided under Government Code Section 56895.

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

AYES:

NAYS:

ABSENT:

ABSTAIN:

The foregoing resolution is hereby adopted.

---

Heather Moreno  
LAFCO Chairperson

Date

**ATTEST:**



# Exhibit A

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

# Notice of Exemption

To: ✓ Office of Planning and Research  
PO Box 3044, 1400 Tenth Street, Room 222  
Sacramento, CA 95812-3044

✓ County Clerk  
County of San Luis Obispo  
County Government Center  
San Luis Obispo, CA 93408

From: San Luis Obispo LAFCO  
Rob Fitzroy, Executive Officer  
1042 Pacific St. Suite A  
San Luis Obispo, CA 93401  
(805) 781 – 5795  
rfitzroy@slo.lafco.ca.gov

**Project Title:** LAFCO File No. 1-S-25 | California Valley Community Services District Municipal Service Review and Sphere of Influence Study

**Project Location:** California Valley Community Services District (CVCS D) is located in the southeastern unincorporated area of San Luis Obispo County.

**Description of Nature, Purpose, & Beneficiaries of Project:** The Local Agency Formation Commission (LAFCO) has prepared a Municipal Service Review (MSR) and Sphere of Influence (SOI) Study for the CVCS D pursuant to Government Code Section 56430 and Section 56425. The SOI is a 20-year growth boundary that includes areas that may be served by the District in the future. State law requires the MSR to be completed either prior to or concurrent with the SOI study. The MSR evaluates the public services provided by the District and is used as the basis for any changes to the SOI. The Commission took action to reaffirm the District’s SOI as depicted in Attachment A, Exhibit C of the LAFCO April 16, 2026, staff report found on the LAFCO website at <https://slo.lafco.ca.gov/>. The Commission also established that the active services provided by the District include road maintenance and solid waste.

**Name of Public Agency Approving Project:** The San Luis Obispo County LAFCO conducted a noticed public hearing on April 16, 2026, at 9:00 a.m. in the Board of Supervisors Chambers in San Luis Obispo at the County Government Center. Additional information is available on the LAFCO website at <https://slo.lafco.ca.gov/>.

**Exemption Status: (check one)**

<input type="checkbox"/> Ministerial (Sec. 21080(b)(1); 15268);	<input checked="" type="checkbox"/> Categorical Exemption: Section 15306
<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 checked="" type="checkbox"/> Other: General Rule Exemption, Section 15061(b)(3)

**Reasons Why Project is Exempt:** It has been determined with certainty that the MSR and SOI Study is categorically exempt under Class 6, Section 15306, and the MSR and SOI Study also qualifies for a general rule exemption under Section 15061(b)(3). There is no possibility that this MSR and SOI Study may have a significant effect on the environment because there are no land use changes associated with the documents; therefore, the CVCS D MSR and SOI Study is found to be exempt from CEQA pursuant to Section 15306 and Section 15061(b)(3) of the State Guidelines. LAFCO will file this Notice of Exemption upon approval of the MSR and SOI Study.

\_\_\_\_\_  
Rob Fitzroy, Executive Officer

\_\_\_\_\_  
Date

# Exhibit B

## MSR and SOI Study Determinations

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## **Municipal Service Review Determinations for the California Valley Community Services District (Government Code Section 56430)**

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

The CVCSO area is an antiquated subdivision with thousands of lots that are unlikely to be developed in the future. The General Plan disclosed challenges relating to future growth and development in the area due to its many problems, including remoteness, poor access, inadequate roads, poor soils (alkaline), lack of water, and poor sewage drainage. The County and the San Luis Obispo Council of Governments (SLOCOG) provided more recent buildout estimates in the 2050 Regional Growth Forecast for San Luis Obispo County, estimating a population of 385 in 2025. Based on the buildout population projection of 15,899 and the 2025 population of 385, California Valley is considered 2% built out. Significant increases in population are not expected to occur in this area over the next 10 to 20 years.

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

There are no DUCs within the CVCSO's service area, existing, or proposed SOI that meet the definition of a DUC as outlined in Government Code Section 56033.5 and as determined using the methodology described in this report.

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

**Roads** | CVCSO has approximately 271.6 miles of roadway. The District Maintained Road System is divided into two tiers, "Tier 1" and "Tier 2," based on observed traffic activity and level of maintenance. Most of the roads within the District are dirt roads with no systematic pavement or maintenance done due to a lack of funding. The District has indicated a need to increase fees associated with roadway infrastructure and maintenance. The District is also in need of new equipment to carry out its services. The District's road maintenance assessment rates have remained unchanged since 1998. Ongoing challenges with the current rate structure, not keeping pace with inflation and

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rising service costs, have made a substantial rate adjustment necessary. The CVCS D has held multiple Proposition 218 hearings without success and plans to attempt another assessment increase in June 2026. Additionally, the CVCS D has attributed the failure of recent road maintenance measures to opposition from entities such as the land trusts that hold a large number of conserved lots within the District. To achieve the goals of both the CVCS D and conservation organizations, greater coordination among all affected agencies and the County is essential.

CVCS D currently lacks the capability and capacity to adequately provide road maintenance services unless it can increase road maintenance assessments in the near future or find another reliable source of income. If the CVCS D customers continue to oppose the proposed rate increases, it could jeopardize the District's long-term ability to provide road maintenance services. In that scenario, alternative governmental structures may need to be considered. In order to provide an adequate level of service, the CVCS D should continue to identify solutions to address these funding issues.

**Solid Waste** | CVCS D provides solid waste service within the District. The residents of the District desire local control regarding the nature, extent, and cost of garbage collection and have found that the District can provide garbage collection and hauling service to its residents more effectively than other private or public agencies. CVCS D has adopted ordinance No. 2024-02 and solid waste collection policies that guide the District in providing garbage collection service to its residents. CVCS D currently collects sufficient fees for solid waste services, with the most recent rate increase last adopted in June 2025. CVCS D has the capability and capacity to adequately provide solid waste services. Should the CVCS D encounter challenges with providing solid waste hauling services in the future, the District could consider contracting out to private trash hauler companies.

**Unauthorized Services** | LAFCO has established roads maintenance and solid waste as CVCS D's authorized powers as described under Government Code Section 61100(l) and (c); all other services listed in Government Code Section 61100 are considered latent powers. The CVCS D owns and operates a community well that is located near the CVCS D

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Office at 13080 Soda Lake Road, Santa Margarita, CA 93453. The CVCS D uses this well to provide its residents with non-potable water and has been doing so for at least a decade. To be consistent with state law and to continue providing the community with non-potable or potable water, LAFCO recommends that the District initiate a resolution of application in the near future to activate water as a function or class of service as described under Government Code Section 56824.10 through 56824.14. The CVCS D has been in communication with LAFCO staff regarding application requirements and is working on submitting an application to activate water, weed abatement, and parks and recreation services. The CVCS D has not shared an anticipated application submittal date. LAFCO would have a particular interest in the District's plan for financing the establishment of the new or different function or class of services and its ability to obtain sufficient revenues to carry out the services, given the financial challenges that have been described in the MSR and SOI Study. The CVCS D should consider demonstrating enough revenue to sustain existing expenses before requesting activation of new services and responsibilities.

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

The District Board of Directors adopts an annual budget on a basis consistent with generally accepted accounting principles. The District is primarily funded through property taxes, assessments, charges for services, grants and contributions, and investment income. To assess the District's financial health, key indicators, including Revenues vs. Expenditures, Operating Ratio, Liquidity Ratio, and Net Position, were analyzed with the last 5-year audited financial statements (the latest FY 2023-2024 audit is still outstanding and is currently in progress). Regarding Revenues vs. Expenditures, from FY 2019-2020 through FY 2022-2023, the District consistently incurred expenditures that exceeded its revenues. An excess in expenditures over appropriations can be generally attributed to inflation and other rising costs and has led to a depleting fund balance. Operating Ratio, which compares annual operating revenues to operating expenses, showed the ratio slightly exceeded 1.0 in FY 2019-2020, and in the following FY 2020-2021 through FY 2022-2023, the ratio remained marginally below 1. Overall, across

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all audited fiscal years analyzed, the District consistently remained marginally below or above break-even with regard to its single proprietary fund for solid waste service. Liquidity Ratio, which measures current assets relative to current obligations, remained strong across all four available audited years, reflecting adequate short-term financial health. The District's Net Position, representing the difference between total assets and total liabilities, decreased by 12% over the four-year audited period, indicating a decline in financial position and stability. Overall, these financial indicators suggest that CVCSO is financially stable regarding short-term financial obligations but is declining in its financial position and depleting its fund balance.

CVCSO's financial decline may be primarily attributed to inflation and other rising costs. Revenues don't fully cover existing District expenditures and don't afford any budget for necessary vehicle and equipment upgrades to maintain the roads properly and consistently. The lack of revenue within the Roads Maintenance Fund has resulted in the District being able to provide only minimal maintenance to many District roads. Due to inflation over the 27 years since the assessment rates were last updated, the rates will need to increase significantly to cover costs. CVCSO has made multiple attempts to implement rate increases through Proposition 218 hearings; however, residents have consistently voted against the proposed changes. If CVCSO continues to see a decline in financial stability, and if CVCSO customers continue to oppose the proposed rate increases, the District's long-term ability to provide services may be jeopardized. In that scenario, alternative governmental structures may need to be considered.

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

There are opportunities for new and continued shared relationships and facilities between agencies for services within the CVCSO Boundary. Opportunities for increased and continued coordination may include:

- Coordination with other small special districts that specialize in road maintenance services to discuss ways to share knowledge, resources, and/or best practices.

- Continued coordination with IWMA to ensure the CVCSO effectively manages local solid waste programs.
- Coordination with the County, LAFCO, MKN Associates, State Water Resources Control Board, and Regional Water Quality Control Board regarding the District’s interest in exploring options to provide safe drinking water to the community due to groundwater issues in the community.
- Coordination with the County and Council of Governments (COG) on “Local Roads First” initiative to collaborate and identify opportunities to secure a new funding source for road maintenance services. This proposed new funding source is still in its early stages and requires a vote of the electorate in SLO County. If passed, funding for CSDs is not guaranteed but may become available in the future at the discretion of the Board of Supervisors.
- Coordination between the CVCSO, the County, and local land trusts to meet the goals of both the CVCSO (in providing road maintenance services) and conservation organizations (in preserving lots of high environmental value).

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

CVCSO is governed by a five-member Board of Directors that is 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. CVCSO maintains an up-to-date website that contains District information, documents, and updates. It is recommended that the CVCSO include an Enterprise System Catalog on its website as required by SB 272. The District is also in need of an additional full-time employee; however, budget limitations don’t allow for this at this time. In order to provide an adequate level of service, the CVCSO should continue to identify solutions to address these funding issues.

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

Other governmental structure options are available to CVCSO, if warranted, such as jurisdictional changes consisting of reorganizations, detachment, or dissolution. Should

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CVCSO continue to see a decline in financial stability, and if CVCSO customers continue to oppose the proposed rate increases, it could jeopardize the District's long-term ability to provide services. If the CVCSO continues to experience challenges with providing road maintenance or solid waste services, there are several considerations that could be explored, which are summarized in the "Other Matters Related to Efficient Service Delivery" section of the CVCSO MSR & SOI Study. Neither LAFCO nor the CVCSO sees the need to pursue a change of organization at this time. The options outlined in the report are presented as a tool to inform and guide initial discussions should the District pursue any of these options in the future. It is important to note that any change in the District's governmental structure would require significant analysis, coordination with affected parties, and community outreach.

## **Sphere of Influence Determinations for the California Valley Community Services District (Government Code Section 56425)**

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

Land uses within the District's coterminous SOI and service area are primarily designated as Residential Suburban, with additional areas zoned for Agriculture, Open Space, Recreation, Commercial Retail, and Public Facilities. Land surrounding the District is predominantly zoned Agriculture and Rural Lands. The CVCSO area is an antiquated subdivision with thousands of lots that are unlikely to be developed in the future. The General Plan disclosed challenges relating to future growth and development in the area due to its many problems, including remoteness, poor access, inadequate roads, poor soils (alkaline), lack of water, and poor sewage drainage. CVCSO should maintain a coterminous SOI and service area boundary.

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

Within the CVCSO service area, the District presently provides road maintenance and solid waste services; all other services listed in Government Code Section 61100 are considered latent powers. CVCSO has recently expressed interest in adding parks and recreation, water, and weed abatement powers to its active powers. The District may initiate a

resolution of application to activate a latent power as described under Government Code Section 56824.10 through 56824.14. The CVCS D has been in communication with LAFCO staff regarding application requirements and is working on submitting an application. The CVCS D has not shared an anticipated application submittal date. LAFCO would have a particular interest in the District’s plan for financing the establishment of the new or different function or class of services and its ability to obtain sufficient revenues to carry out the services, given the financial challenges that have been described in the MSR and SOI Study. The CVCS D should consider demonstrating enough revenue to sustain existing expenses before requesting activation of new services and responsibilities. CVCS D should maintain a coterminous SOI and service area boundary.

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

CVCS D has the capability and capacity to adequately meet existing service demand and some level of increased future service demand with regard to solid waste services. However, CVCS D continues to see a decline in financial stability and failed Proposition 218 measures for road maintenance services. In order to continue serving current and future road maintenance needs, the CVCS D is encouraged to continue with Proposition 218 measures to increase road maintenance assessments in the near future and identify solutions to address funding issues to provide needed improvements and upgrades. CVCS D should maintain a coterminous SOI and service area boundary.

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

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

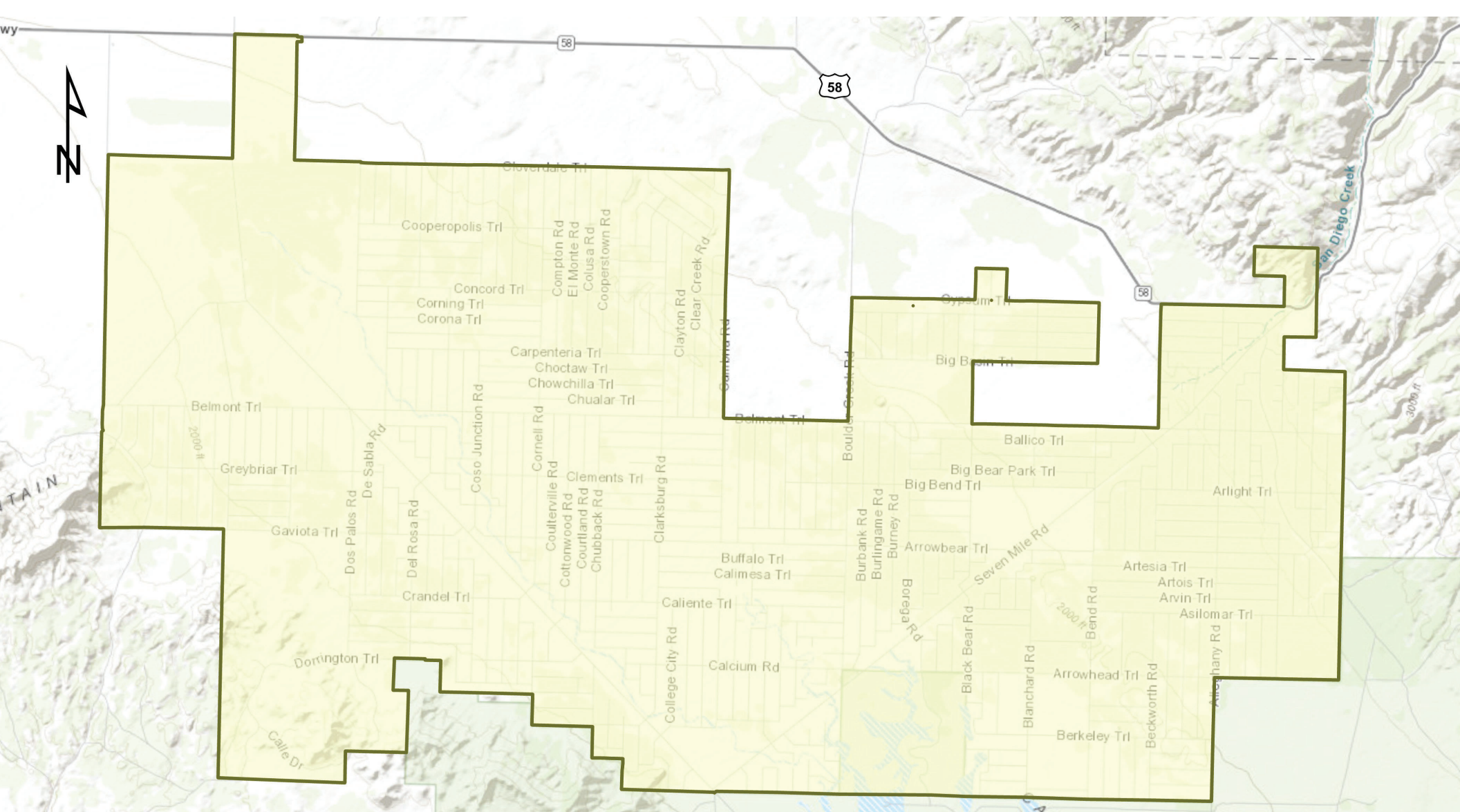
**5. For an update of the sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated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

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There are no DUCs within the CVCSD's service area, existing or proposed SOI that meet the definition of a DUC as outlined in Government Code Section 56033.5 and as determined using the methodology described in this report.

# Exhibit C

## District Boundary Map



# California Valley Community Services District

- LAFCO Boundaries**
- Sphere of Influence  
(Same as Service Area)
  - Service Area

Latest SOI Approval: 04/16/2026



Prepared By SLOLAFCO  
Name: Cal Valley CSD  
Date: 3/25/2026

B-1-22

# **Attachment B**

California Valley  
Community Services  
District Municipal Service  
Review and Sphere of  
Influence Study



## Public Review Draft

# California Valley Community Services District Municipal Service Review and Sphere of Influence Study

Prepared by

*The San Luis Obispo Local Agency Formation Commission*

Adopted \_\_\_\_, 2026

Resolution No. \_\_\_\_

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## ABOUT LAFCO

### Authority and Objectives

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

### Regulatory Responsibilities

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

## **Planning Responsibilities**

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

## **Sphere of Influence**

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

- 1) The present and planned land uses in the area, including agricultural and open-space lands.
- 2) The present and probable need for public facilities and services in the area.
- 3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- 4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
- 5) For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

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

## **Municipal Service Reviews**

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

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

## **LAFCO Decision-Making**

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

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

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

### **Alternate Commissioners**

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

### **Staff**

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

## Contact Information

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

## Acknowledgments

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

Humberto Renteria, California Valley Community Services District, Interim General Manager  
Jeff Minnery, California Valley Community Services District, Legal Counsel

DRAFT

## DISTRICT MSR & SOI STUDY

### Overview

This report represents San Luis Obispo LAFCO's scheduled municipal service review (MSR) for the California Valley Community Services District (CVCSD or District), located in the eastern portion of San Luis Obispo County (County). The report has been prepared by staff in accordance with the requirements of the Government Code. The purpose of this report is to produce an independent assessment of municipal services in this area over the next five years, or as necessary, relative to the Commission's regional growth management duties and responsibilities as established by the State Legislature. This includes evaluating the current and future relationship between the availability, demand, and adequacy of municipal services within the service areas of the CVCSD, 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 2015. The financial analysis has been set to cover the last five-year audited fiscal year period. The timeframe for the report has been generally oriented to cover the next five to seven-year period, 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 Profile

Agency Name	California Valley Community Services District
Formation	1960
Legal Authority	Government Code Section 61000 - 61850
Office Location	13080 Soda Lake Road, Santa Margarita, CA 93453
Website	<a href="https://www.californiavalley.org/">https://www.californiavalley.org/</a>
Interim General Manager	Humberto Renteria
Employees	4 Full-time
Public Meetings	Meetings are held on the 1 <sup>st</sup> Tuesday of each month at 10:00 AM at the Cal Valley Community Services District event space (Hall)/District Office, 13080 Soda Lake Road, Santa Margarita, CA 93453
Board of Directors	Five members elected to four-year terms
Active Powers	Roads Maintenance and Solid Waste
District Service Area	25,423 acres
Population Estimate	385 <sup>1</sup>

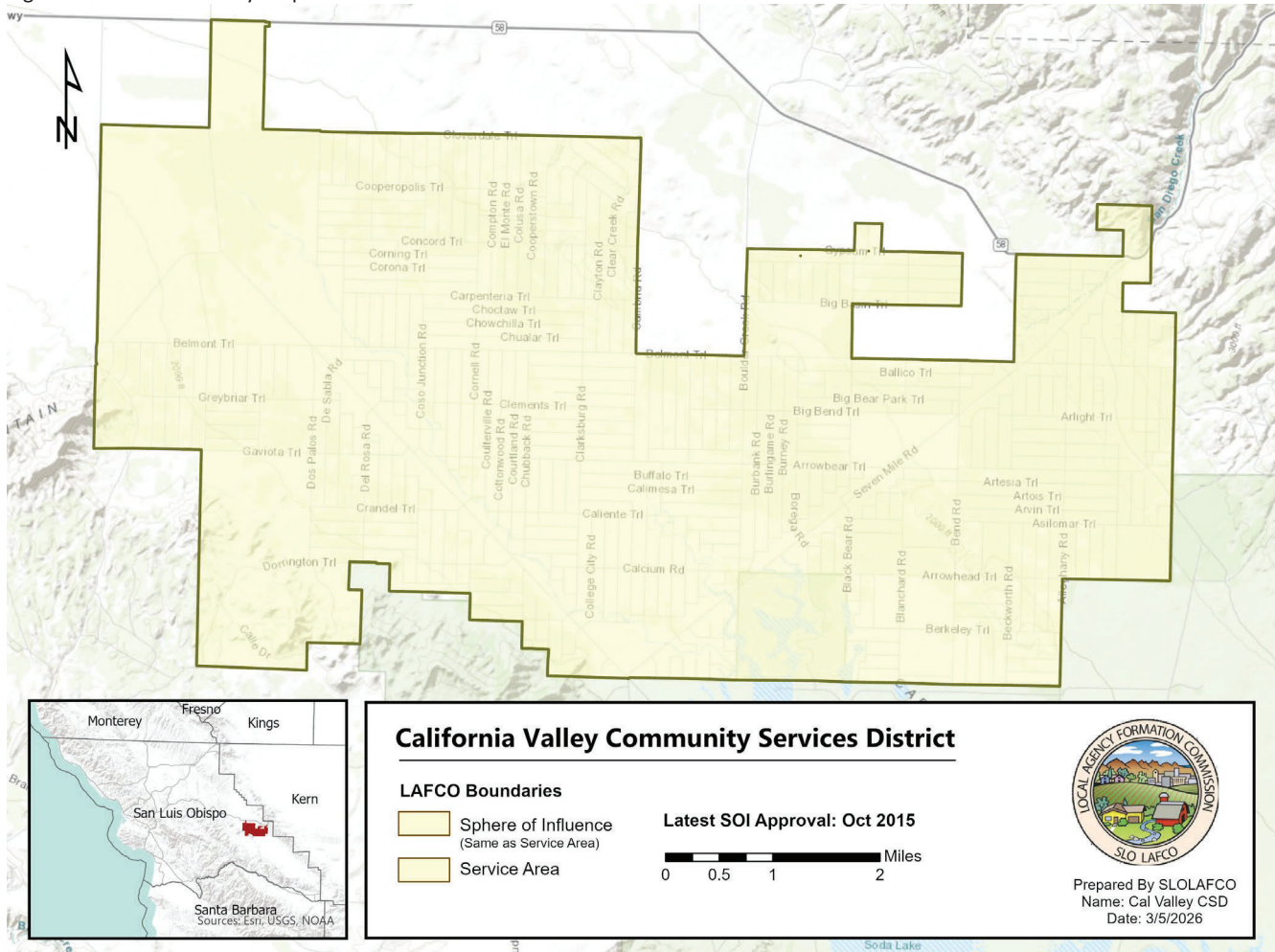
## Background

The California Valley Community Services District (CVCSD or District) was formed in 1960 by an election after El Chicote Ranch was subdivided into more than 7,200 2.5-acre “ranchos” and sold through nationwide advertising. This community is an antiquated subdivision that has never been fully developed, and each year, many of the subdivided parcels are sold at tax auctions. Since its formation, the District's main responsibilities have been road maintenance, and solid waste services. One annexation has occurred since the District’s formation. In 1981, LAFCO denied a proposal that would dissolve the CSD. In recent years the CVCSD has considered activating powers such as parks, recreation, weed abatement, and water; however, none have been successfully activated.

<sup>1</sup> 2025 Population Projection for California Valley Village, 2050 Regional Growth Forecast for San Luis Obispo County (Figure 118), San Luis Obispo Council of Governments, June 2017

## Boundary Map

Figure 1: District Boundary Map



## Present and Planned Land Use

Land Use within the District is subject to the California Valley Village Plan (CVVP), adopted by the County Board of Supervisors in February 2014, which is Part III of the Land Use and Circulation Elements of the County General Plan. The CVVP establishes a vision for the future that guides land use and transportation over the next 20 years. The Carrizo Area Plan also contains regional land use and circulation goals, policies, and programs that also apply to the California Valley village reserve area. The location and distribution of the land uses within the District are presented below in Figure 2.

Table 2 shows a summary of the different land use categories and the approximate acreage of each category within the California Valley Village Reserve Line (VRL). Urban reserve and VRL define growth

areas around unincorporated communities where, in some cases, special districts exist to provide some, but not all, of the services provided by incorporated cities. As seen in Figure 2 below, the VRL established for California Valley does not coincide with CVCSO's current coterminous service area and SOI boundary. In addition, most of the California Valley VRL is land designated as Residential Suburban. The subdivided portion of California Valley includes approximately 7,256 lots of 2.5 acres or slightly larger, covering a total area of approximately 25,500 acres. The CVVP identified several problems, such as remoteness, questionable prospects of developing an economic base other than as a retirement community, lack of community facilities, poor access, and shortages of potable water that must be resolved before additional growth can be anticipated. The community, however, appeals to those who wish to live in a remote rural setting and a dry climate. Further, the County plans to review development patterns in this area when the Shandon-Carrizo Area Plan is updated, to determine whether planning area standards Nos. 2, 3, and 4 for the Residential Suburban land use category should be repealed. These standards are found in Article 10 (Chapter 22.102.010 – California Valley Standards) of the Land Use Ordinance<sup>2</sup>.

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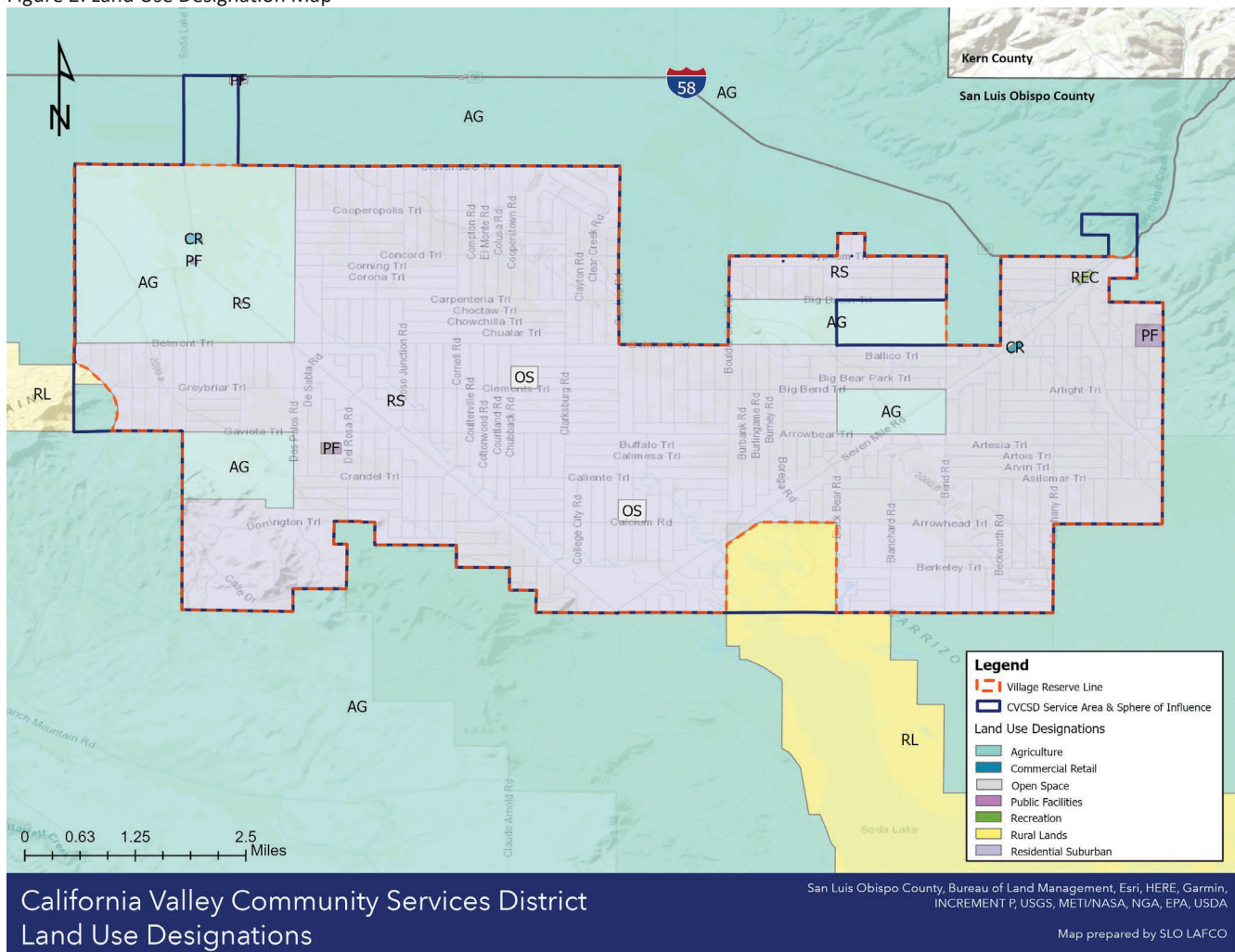
<sup>2</sup>[https://library.municode.com/ca/san\\_luis\\_obispo\\_county/codes/county\\_code?nodeId=TIT22LAUSOR\\_ART10COPLST\\_CH\\_22.102CAARCOVI\\_22.102.010CAVAST](https://library.municode.com/ca/san_luis_obispo_county/codes/county_code?nodeId=TIT22LAUSOR_ART10COPLST_CH_22.102CAARCOVI_22.102.010CAVAST)

Table 2: Land Use Designations by Acreage<sup>3</sup>

Land Use Category	Acreage
Agriculture	4,134.81
Rural Lands	0
Recreation	7.80
Open Space	80.79
Residential Rural	0
Residential Suburban	20,239.92
Residential Single Family	0
Residential Multi Family	0
Office and Professional	0
Commercial Retail	14.45
Commercial Services	0
Industrial	0
Public Facilities	57.20
Dalidio Ranch	0
<b>Total</b>	<b>24,534.97</b>

<sup>3</sup> California Valley Land Use Designation Map Acreage Breakdown, Adopted February 2014

Figure 2: Land Use Designation Map



## Population Profile

The California Valley Village Plan establishes a vision for the future of the community that guides development and includes an analysis of population projections. The plan estimated a population of 3,722 by 2025, which was found to exceed more recent population projections as seen in Table 3. The plan also projected an absorption capacity of 41,434, which is the potential planning area population resulting from unconstrained growth and fully-occupied development to the maximum permitted in each land use category.<sup>4</sup> However, the area is an antiquated subdivision with thousands of lots that are undevelopable for a variety of reasons. The General Plan disclosed challenges relating to future

<sup>4</sup> California Valley Village Plan, Adopted February 2014

growth and development in the area due to its many problems, including remoteness, poor access, inadequate roads, poor soils (alkaline), lack of water, and poor sewage drainage. The County of San Luis Obispo (County) and the San Luis Obispo Council of Governments (SLO COG) provided more recent buildout estimates in the 2050 Regional Growth Forecast for San Luis Obispo County. Based on SLO COG’s buildout projection of 15,899 and the 2025 population of 385, California Valley is considered 2% built out. Significant increases in population are not expected to occur in this area over the next 10 to 20 years. In addition, numerous lots have been entered into conservation easements as a result of the California Valley Lot Acquisition Program<sup>5</sup>, which renders them undevelopable.

Table 3: Population Projections for California Valley Village Plan <sup>6</sup>

Year	Population	Five-year Increment % Increase	Estimated % Built-out
2010	356	-	2.2%
2015	358	0.56%	2.3%
2020	367	2.51%	2.3%
2025	385	4.90%	2.4%
2030	394	2.34%	2.5%
2035	403	2.28%	2.5%
2040	404	0.25%	2.5%
2045	407	0.74%	2.6%
2050	411	0.98%	2.6%
<b>Indefinite Buildout Year</b>	15,899	-	100%

<sup>5</sup> In the late 1980s, the County Board of Supervisors recognized that several areas throughout the county had allowed land subdivisions that were inappropriate. Supervisors established a policy that sought to place many of these properties into conservation, by allowing conservation organizations such as land trusts to purchase the properties for permanent conservation purposes. Conservation efforts were further accelerated upon completion of the Topaz Solar and California Valley Solar Ranch projects. Conditions of approval required the establishment of the California Valley Lot Acquisition Program which provided funding and prioritization for the acquisition and conservation of lots.

<sup>6</sup> 2050 Regional Growth Forecast for San Luis Obispo County (Figures 11 and 118), San Luis Obispo Council of Governments, June 2017

## Disadvantaged Unincorporated Communities

LAFCO is required to evaluate Disadvantaged Unincorporated Communities (DUCs) as part of this MSR, including the location and characteristics of any such community. DUCs are defined in Government Code Section 56033.5 as inhabited territories (containing 12 or more registered voters) where the annual median household income (MHI) is less than 80% of the statewide annual MHI<sup>7</sup>. Once the locations of the DUCs have been identified, LAFCOs are further required to evaluate any present and probable need for services related to sewer, municipal/ industrial water, or structural fire protection of any DUC within the existing SOI. The legislative intent is to prohibit selective annexations by cities of tax-generating land uses while leaving out underserved, inhabited areas with infrastructure deficiencies and a lack of access to reliable potable water and wastewater services.

To identify the MHI for locations within the unincorporated areas of the County, and to identify those that meet the DUC MHI threshold, LAFCO uses U.S. Census American Community Survey (ACS) five-year reports for Census Block Groups (CBG)<sup>8</sup> and Census Designated Places (CDP)<sup>9</sup> data. Once a CBG or a CDP meets the DUC MHI threshold, LAFCO must then verify that those areas are inhabited as specified in Government Code Section 56033.5 using registered voter data from the County Clerk-Recorder.

Using this methodology, there were no DUCs within the CSD's service area, existing or proposed SOI boundaries that meet this definition. However, the CVCS is within a large Census Block Group that encompasses a large area, including the southeastern portion of the County near the Carrizo Plains, La Panza Range, and Santa Margarita Lake areas; if the CVCS community were surveyed separately, it is possible that it could meet the definition of disadvantaged unincorporated communities.

## Social or Economic Communities of Interest in the Area

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

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<sup>7</sup> California's MHI is \$84,097; 80% of the state's MHI is \$67,277. Therefore, the threshold for a DUC is an MHI less than is \$67,277.

<sup>8</sup> CBGs are a group of blocks within a census tract with populations of 600 to 3,000 people.

<sup>9</sup> CDPs are a statistical geography representing closely settled, unincorporated communities that are locally recognized and identified by name.

## Accountability

CVCSO is an independent special district governed by a five-member Board of Directors, each elected to a four-year term. Directors receive \$100.00 as compensation for each regular, adjourned, or special meeting of the Board of Directors. In addition, they receive \$50.00 for each standing committee meeting and \$50.00 for attending each required training session or other functions or meetings when requested by the Board. The District President, or an appointed Board Member in the President’s absence, receives \$100.00 for attending meetings of County or State agencies. Board Member compensation cannot exceed \$100.00 per day or \$600.00 in any month. The Board holds regular meetings on the first Tuesday of the month at the CVCSO Board Room located at 13080 Soda Lake Road, California Valley, CA 93453. Special Meetings, if needed, are held and noticed at least 24 hours prior. The Board Room is open to the public who wish to attend meetings in person; meetings are not available via teleconference. Agendas and board packets are officially posted on the CVCSO website and the District’s office window; however, they are not sent via email to specific individuals as they do not maintain a mailing list through their website. Every agenda for a regular meeting provides an opportunity for members of the public to directly address the board.

Table 4: Board of Directors

Board Member	Title	Term Expiration
<b>Ruth Legaspi</b>	President	2024 – 2028
<b>Piper Wilson</b>	Vice President	2022 - 2026
<b>Nacy Glowski</b>	Director	2024 – 2028
<b>Roberta Petersen</b>	Director	2024 – 2028
<b>Stephen McVicar</b>	Director	2022 - 2026

CVCSO has several committees that help shape the District’s needs and guide District operations. There’s a total of five committees (Safety, Finance, Policy, Solid Waste Collection / Disposal, and Roads Committees). The CVCSO posts each committee’s meeting agendas, including dates, times, locations, and committee member names, on the website.

The District currently employs 1 full-time Interim General Manager and 3 additional full-time staff. The District indicated that staffing levels are not considered adequate to support service delivery within

their service area. The District is in need of an additional full-time employee; however, budget limitations don't allow for this at this time.

CVCS D maintains a website that is in compliance with Senate Bill 929<sup>10</sup>, with the exception of fulfilling requirements associated with publishing an Enterprise System Catalog, as seen in Table 5 below. Approved minutes of the Board's regular meetings are made available for public access on the website. The District also reports that all Form 700 financial disclosure statements are current and in compliance with state requirements.

Table 5: Website Requirements for Special Districts

Requirements	CVCS D Website
<b>Contact Information</b>	✓
<b>Most Recent Agenda</b> <i>(posted 72 hours in advance of each upcoming meeting)</i>	✓
<b>Financial Transaction Report<sup>11</sup></b>	✓
<b>Compensation Report</b>	✓
<b>Enterprise System Catalog</b> <i>(as required by SB 272)</i>	✗

## Services & Capacity

### Authorized Services

CVCS D's governance authority is established under Government Code Section 61000. This principal act identifies a range of services and facilities that a community services district may provide. Under Government Code Section 56425(i), when LAFCO adopts, updates, or amends a sphere of influence (SOI) for a special district, it must also determine the nature, location, and extent of the functions or

<sup>10</sup> SB 929 was written with the intention of improving transparency and public access to basic information about special districts' activities. Under SB 929, all independent special districts must create a website with the district's contact information. In addition, all districts must conform to any other legal requirements applicable to their districts' website.

<sup>11</sup> Financial Transaction Report must be submitted within seven months after the close of the fiscal year— CVCS D does report to the State Auditor Controller's Office and provides a link to their site annually.

services the district is authorized to provide. In accordance with Government Code Section 56050.5, any service authorized by the district's principal act that is not currently being exercised is considered a latent power and requires LAFCO approval to be activated in the future.

The last MSR and SOI Study for CVCSD, adopted in 2015, established the District's authority to provide two services: road maintenance and solid waste management. This current MSR and SOI Study reaffirms these as active powers for the CVCSD:

- Roads Maintenance – (Government Code Section 61100 (I))
- Solid Waste – (Government Code Section 61100 (c))

All other services listed under Government Code Section 61100 are considered latent powers of the District. This "Services and Capacity" section analyzes present and long-term infrastructure demands and resource capabilities of the local agency. LAFCO reviews and evaluates 1) the resources and services that are currently available, and 2) the ability of the District to expand such resources and services in line with increasing demands. An adequate supply of services should be documented to support areas in the sphere, envisioned for eventual annexation and service by a jurisdiction.

## Roads Maintenance

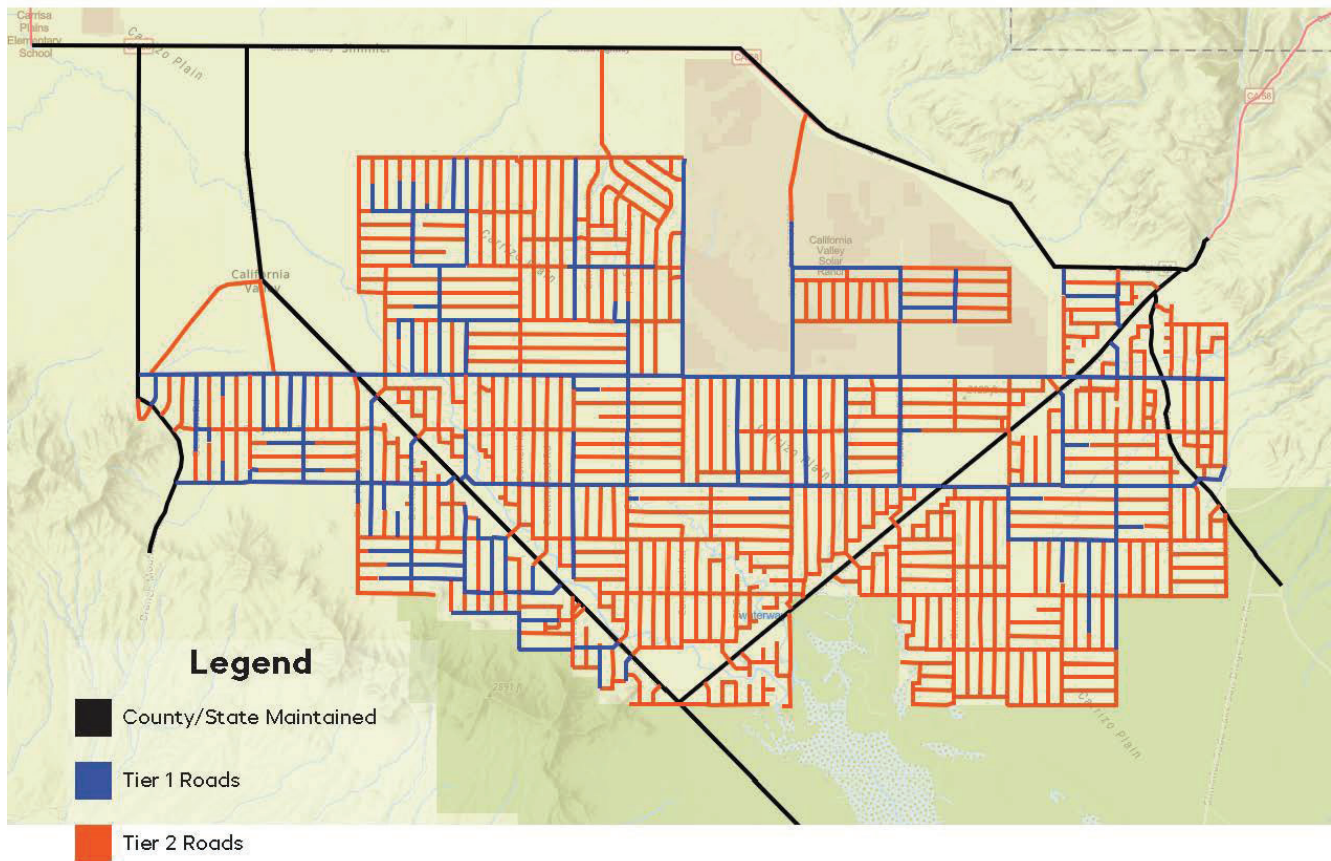
CVCSD is authorized to provide street maintenance services as it is described in Government Code Section 61100(I). CVCSD has approximately 271.6 miles of roadway, excluding major roads maintained by the County or State.<sup>12</sup> Approximately 17.9 miles are maintained by the County, and State Highway 58, which crosses the northern border for approximately 2.4 miles, is maintained by Caltrans. The CVCSD maintains the rest of the road network within the service area. The District's maintained road system is divided into two tiers, Tier 1 and Tier 2, based on observed traffic activity and level of maintenance. Maintenance of Tier 1 roads includes watering, grading, rolling, mowing, and the addition of gravel material as needed. Maintenance of Tier 2 roads includes watering, grading, rolling, and mowing. Figure 3 depicts the roads within the District's jurisdiction. The 2024 Road Maintenance Engineering Report, prepared by CLAD Consulting, Inc. for CVCSD, contains a full list of the roads associated with Tier 1 and Tier 2.

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<sup>12</sup> Road Maintenance Engineering Report prepared by CLAD for CVCSD, April 2024

Figure 3: District Maintained Road System Map<sup>13</sup>

### CVCS D - District Maintained Road System



The District completes road maintenance activities by discussing the roads that need repair work at a Board of Directors meeting, and when the budget allows, it hires a contractor to complete the road maintenance work. Most of the roads within the District are dirt roads with no systematic pavement or maintenance done due to a lack of funding. The District has indicated a need to increase fees associated with roadway infrastructure and maintenance. The current rate structure and amounts for the District’s road maintenance assessment have been in place since 1998. Due to inflation over the 27 years since the assessment rates were last updated, the rates will need to increase significantly to cover costs. In addition, the District is in need of new equipment to carry out its services. Their equipment is outdated and inadequate for the District's needs, i.e., they report having a roller for asphalt, but not for dirt. In April 2024, the District hired CLAD Consulting, Inc. to prepare an Engineering Report for

<sup>13</sup> Attach A of the Road Maintenance Engineering Report prepared by CLAD for CVCS D, April 2024

CVCS D Proposition 218 Procedures for Road Maintenance Special Assessment. The report found that between 1998 and 2023, the California Consumer Price Index (CPI) increased by about 203%, while the District was only allowed to incorporate inflationary adjustments of up to 2% per year without having to incur the expense of repeating the Proposition 218 process. Therefore, the District proposed no more than a 203% increase in its annual road maintenance assessment, causing Tier 1 to increase from \$33/year to \$100/year, and Tier 2 to increase from \$29.70/year to \$90.00/year. In June 2024, a Proposition 218 hearing was held, where it was found that the increase to road maintenance fees had failed to receive voter approval. The CVCS D plans to hold a 218 hearing in June 2026 in an attempt to increase assessments once again. If the CVCS D customers oppose the proposed rate increase, it could jeopardize the District's long-term ability to provide road maintenance services. In that scenario, alternative governmental structures may need to be considered, as is further discussed in the "[Other Matters Related to Efficient Service Delivery](#)" section of this report.

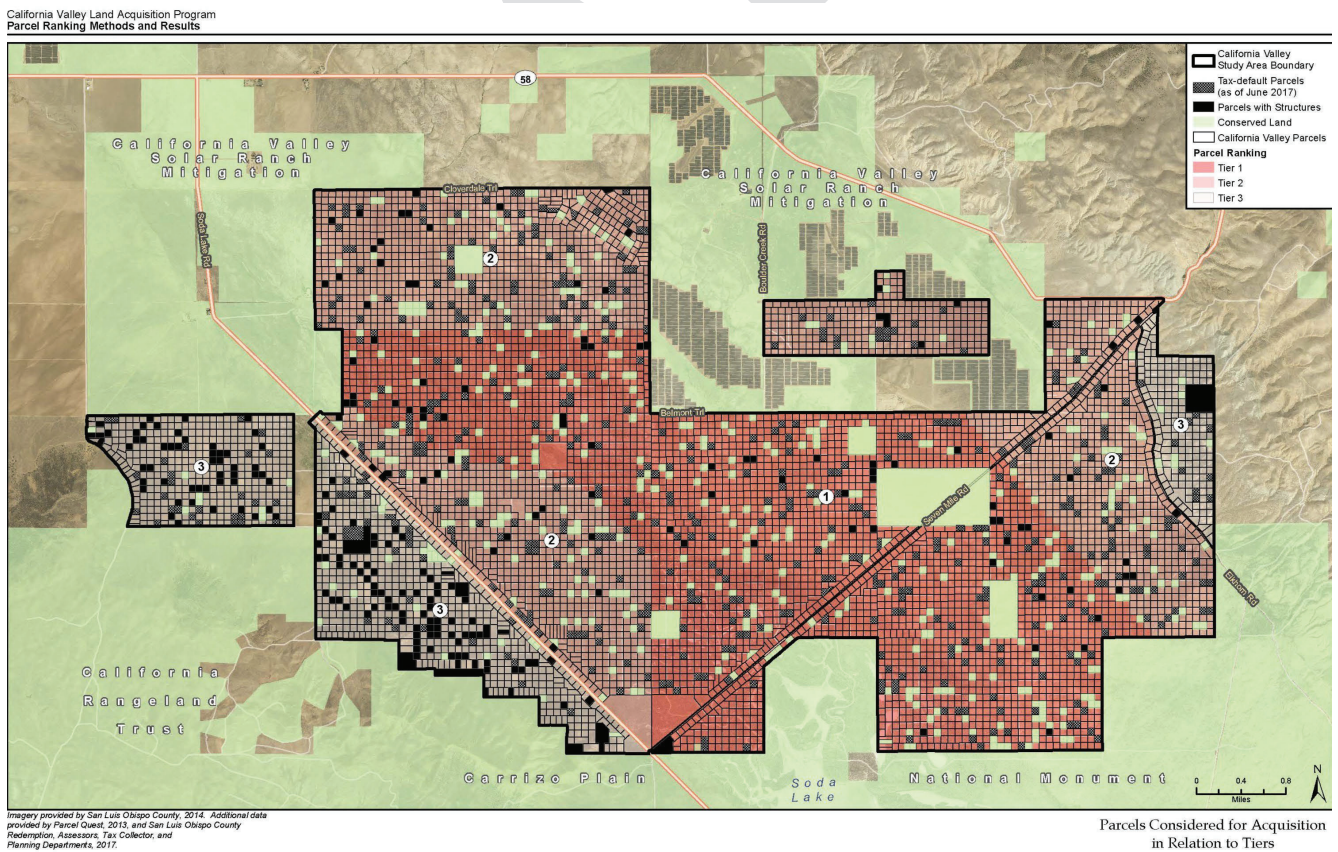
Another challenge that the CVCS D faces is an increased number of requests for road fee waivers for the approximately 471 conserved lots within the District's service area boundary. In the late 1980s, the County Board of Supervisors recognized that several areas throughout the County had been allowed to subdivide inappropriately. In response, the County established a policy that sought to place many of these properties into conservation by allowing conservation organizations such as land trusts to purchase the properties for permanent conservation purposes. State law allows properties placed into conservation easements to be exempt from general property taxes, exemption from local fees is at the discretion of the local governing body. Conservation efforts were further accelerated upon completion of the Topaz Solar and California Valley Solar Ranch projects. As part of their conditions of approval, the California Valley Lot Acquisition Program was established, which provided funding and prioritization for the acquisition and conservation of lots.

It is legally difficult to waive road maintenance fees for lots placed in conservation, and it creates ongoing challenges with the current rate structure not keeping pace with inflation and rising service costs. Additionally, the CVCS D has attributed the failure of recent road maintenance measures to opposition from entities such as the land trusts that own a large number of conserved lots. Meanwhile, this reluctance from the CVCS D to waive fees has had a negative impact on conservation organizations' ability to acquire lots of high environmental value for permanent conservation. To achieve the goals of

both the CVCSD and conservation organizations, greater coordination among all affected agencies and the County is essential.

It is important to emphasize that the California Valley Lot Acquisition Program currently has a significant impact on the community and has the potential to do so in the future. The impacts of this program should, therefore, be reflected in the CSD’s planning. While the purpose and intent of the California Valley Lot Acquisition Program are well understood and its scope is limited to mitigate biological and open space impacts, it is simultaneously impacting a small existing community that has severely limited resources. As shown in Figure 4, the vast majority of the existing CSD is slated to be conserved in the future, through a three-tier parcel ranking system. This will encompass existing residential land uses and create significant challenges related to access, future development, and revenue streams.

Figure 4: California Valley Acquisition Program Parcel Ranking Methods and Results<sup>14</sup>



<sup>14</sup> Page 29 of the California Valley Acquisition Program Strategic Plan, March 2019

## Solid Waste & Recycling

CVCSO is authorized to provide solid waste and recycling service as it is described in Government Code Section 61100 (c). The residents of the District have expressed a preference for local control regarding the nature, extent, and cost of garbage collection, and the District has determined that it can provide garbage collection and hauling service to its residents more effectively than other public or private agencies. CVCSO utilizes the Chicago Grade Landfill, which is the nearest landfill located at 2290 Homestead Road, Templeton, CA 93465. CVCSO has adopted ordinance No. 2024-02 and solid waste collection policies that guide the District in providing garbage collection service to its residents. The District collects trash every Wednesday unless severe weather or equipment breakdown delays collection. If these events occur, the District makes every attempt to collect the next day. CVCSO has also implemented a recycling program, where residents can have recyclables picked up on the first Monday of every other month in accordance with CVCSO's adopted Guidelines, Solid Waste, and Recycling Policies. The District has been averaging 13.5 tons of trash each month, with the goal to reduce trash by 20% each month, according to CVCSO's recycling policy 5060.30. The District was not able to determine whether it is meeting this policy/goal. Funding for solid waste and recycling services comes primarily from fees charged to residents. CVCSO currently collects sufficient fees for solid waste services, with the most recent rate increase last approved in June 2025. The area being served with solid waste service is consistent with the boundaries of the District. Should the CVCSO encounter challenges with providing solid waste hauling services in the future, the District could consider contracting out to private trash hauler companies.

CVCSO is a member of the Integrated Waste Management Authority (IWMA), which is a Joint Powers Authority (JPA) formed in 1994 by San Luis Obispo County and the Cities and Community Service Districts within it to more effectively manage local solid waste programs. IWMA provides CVCSO with the following:

- Serves as a bridge between local government and solid waste industry professionals.
- Equips the community to manage their resources responsibly through public education and outreach.
- Designs and implements programs for the community to stay compliant with mandated state laws regarding resource management.

## Unauthorized Services

In accordance with Government Code Section 56425 (i), when LAFCO adopts, updates, or amends a SOI for a special district, it must also determine the nature, location, and extent of the functions or services the District is authorized to provide. LAFCO has established roads maintenance and solid waste as CVCS D's authorized powers as described under Government Code Section 61100 (l) and (c); all other services listed in Government Code Section 61100 are considered latent powers. The CVCS D owns and operates a community well that is located near the CVCS D Office at 13080 Soda Lake Road, Santa Margarita, CA 93453. The CVCS D uses this well to provide its residents with non-potable water and has been doing so for at least a decade. To be consistent with state law and to continue providing the community with non-potable water, LAFCO recommends that the district initiate a resolution of application to activate water as a function or class of service as described under Government Code Section 56824.10 through 56824.14. The CVCS D should consider demonstrating enough revenue to sustain existing expenses associated with authorized powers before requesting activation of new services and responsibilities. LAFCO staff have embedded this recommendation within the [MSR and SOI Determinations](#).

## Agency Interest in Activating a New Function or Service

In recent years, the CVCS D has considered adding parks and recreation, water, and weed abatement powers to the list of services. A brief description is provided below regarding the latent powers that the District is interested in activating.

- 1) Water: California Valley area residents' water source consists of groundwater from private domestic wells and a community well managed by CVCS D, which provides non-potable water to residents. As previously disclosed, CVCS D providing non-potable water warrants the need to activate water as a function or class of service as described under Government Code Section 56824.10 through 56824.14. However, this section describes CVCS D's interest in providing the community with potable water. Many domestic wells, as well as the CVCS D community well, are in areas where groundwater quality does not meet California Drinking Water Standards listed in Title 22 of the California Code of Regulations, leading many residents to avoid using/drinking their well water. The District has reported that many residents must travel to

nearby municipalities to purchase and transport drinking water back to their homes, with the nearest municipalities being the City of Paso Robles or Templeton, located about one hour away by car.

To address this, CVCSO sought funding to improve the community's water infrastructure and provide safe drinking water. CVCSO received grant funding from the Division of Financial Assistance (DFA) of the California State Water Resources Control Board (SWRCB). In addition, the California Urban Water Agencies (CUWA) serves as a Technical Assistance Provider (TAP) to help CVCSO and the community identify solutions to their water supply challenges. CUWA engaged MKN & Associates, Inc. (MKN) to conduct a characterization of water quality/supply issues and a limited alternatives analysis, including well sampling, community outreach, water quality analysis, and potential field testing (e.g., test well and/or monitoring well program), culminating in the development of an Engineering Report to identify a preferred alternative for potable water supply. The Study and Technical memorandum identified a total of ten alternatives, and of these, three were selected as alternatives representing the most feasible solutions for the community that balance water supply quality, availability, access, and cost. The options that were recommended for further consideration are listed below:

- Alternative 1 - Strategic Community Well Construction – Centralized Fill Station
- Alternative 2 - Strategic Community Well Construction – Localized Fill Station
- Alternative 10 - Bottled Water Deliveries

The Study and Technical memorandum were finalized on October 10, 2025. The most viable solutions will be further evaluated in the Engineering Report that follows this technical memorandum. Work efforts remain ongoing.

- 2) Parks and Recreation: Two neighboring Solar Companies provided a one-time funding gift to the District to construct a park for future use. In 2013, the CVCSO came forward to LAFCO with an application to activate parks and recreation power, the application was withdrawn, and application fees were reimbursed. The District has a renewed interest in the activation of parks and recreation powers to enhance leisure opportunities in the CVCSO community, where no recreational options currently exist for children or adults. As of the FY 2024-25 Budget, the CVCSO has \$26,426.99 in the "Park/Topaz Contributions" Fund.

- 3) Weed Abatement: The District has expressed an interest and need to activate weed abatement as a service. The 2025 Madre Fire burned approximately 80,779 acres and extended over large portions of the southeastern SLO County boundary, according to Cal Fire. CVCS D has expressed concern regarding recent fires and is interested in taking proactive steps to abate weeds and rubbish throughout the community.

On December 1, 2025, the CVCS D Policy Committee met to discuss and take action on creating policies for the three above-mentioned latent powers. The Committee's recommendation was to prioritize the activation of weed abatement and water. If the CVCS D and its residents are interested in providing any of the above-mentioned latent powers, then the District may initiate a resolution of application to activate a latent power as described under Government Code Section 56824.10 through 56824.14. The CVCS D has been in communication with LAFCO staff regarding application requirements. However, the CVCS D should consider demonstrating enough revenue to sustain existing expenses associated with authorized powers before requesting activation of new services and responsibilities. The Commission considers the following key information in reviewing a request to activate a new or additional function/class of service:

- 1) Whether the special district will have sufficient revenues to carry out the proposed new or different functions of the class of services;
- 2) Whether another local agency already provides substantially similar services or facilities to the territory where the District proposes to exercise that latent power;
- 3) The plan for providing services for a new or different function of class of service. Government Code section 56824.12 states the Plan for Services should include the following:
  - Total estimated cost to provide the new or different function or class of services.
  - Estimated cost of the new or different function or class of services to customers within the district's boundaries.
  - Identification of existing providers, if any, and the potential fiscal impact to the customers of those existing providers.
  - Summary of whether the new or different function or class of services will be within all or part of the jurisdictional boundaries.

- A plan for financing the establishment of the new or different function or class of services.
- Alternatives for the establishment of the new or different function or class of services.

## Shared Facilities

There are ongoing opportunities for collaboration between agencies to enhance service delivery within the CVCSO boundary. The County and the District currently coordinate efforts to deliver services efficiently and avoid duplication. At this time, the roles and responsibilities of the District and the County are clearly defined within the service area. Looking forward, there are several areas where increased coordination and shared use of facilities could benefit the community, including:

- 1) Coordination with other small special districts that specialize in road maintenance services to discuss ways to share knowledge, resources, and/or best practices.
- 2) Continued coordination with IWMA to ensure the CVCSO effectively manages local solid waste programs.
- 3) Coordination with the County, LAFCO, MKN Associates, State Water Resources Control Board, and Regional Water Quality Control Board regarding the District's interest in exploring options to provide safe drinking water to the community due to groundwater issues in the community.
- 4) Coordination with the County and Council of Governments (COG) on "Local Roads First"<sup>15</sup> initiative to collaborate and identify opportunities to secure a new funding source for road maintenance services. This proposed new funding source is still in its early stages and requires a vote of the electorate in SLO County. If passed, funding for CSOs is not guaranteed but may become available in the future at the discretion of the Board of Supervisors.
- 5) Coordination between the CVCSO, the County, and local land trusts to meet the goals of both the CVCSO (in providing road maintenance services) and conservation organizations (in preserving lots of high environmental value).

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<sup>15</sup> Local Roads First: Roadmap to transportation independence comes from what are known as "[Self-Help Counties](#)". These counties, twenty-five throughout California, have chosen to fund transportation projects and infrastructure improvements within their local communities by implementing local sales tax measures. These counties have taken the initiative to generate additional revenue specifically for transportation-related needs. Self Help Counties also gain greater access to grant funds From State and Federal entities.

## Finance

LAFCO is required to make a determination regarding the financial ability of the CVCS D to provide public services. This section provides a general overview of the District's financial health and establishes the context for LAFCO's financial determinations. To evaluate the District's overall financial condition, LAFCO utilizes the following key financial indicators:

- *Revenues vs. Expenditures*: Assessment of governmental fund revenues and expenditures to account for all or most general activities;<sup>16</sup>
- *Operating Ratio*: Assessment of operating revenues relative to operating expenditures;<sup>17</sup>
- *Liquidity Ratio*: Analysis of assets and liabilities to gauge short-term financial stability;
- *Net Position*: Measurement of the District's overall financial worth.

The primary data sources for this evaluation are the District's audited financial statements from Fiscal Years (FY) 2019-2020 through FY 2022-2023 and the Operating Budget Report for FY 2024-25. Typically, LAFCO uses the last 5-year audited period; however, the latest audit for FY 2023-2024 is overdue. The CVCS D indicated the FY 2023-2024 audit is currently in progress by Brown Armstrong Accountancy Corporation. The CVCS D does not have an anticipated completion date.

## **Operating Budget**

The District adopts an annual budget on or before June 30<sup>th</sup> of each fiscal year. The Board of Directors retains the authority to amend the budget by motion at any time during each fiscal year. All appropriations lapse at the end of the fiscal year. The District's budget documents are made publicly available on the District's website. CVCS D uses fund accounting to maintain control over resources that have been segregated for specific activities as well as to ensure compliance with legal requirements. The District maintains the following fund categories:

- a. General Fund: is used to account for the general operations and administration of the District.

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<sup>16</sup> Governmental fund types are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies and the acquisition or construction of general capital assets.

<sup>17</sup> Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds principal revenues and expenses.

- b. Road Maintenance Fund: is used to account for road maintenance assessments and for road system maintenance expenses.
- c. Solid Waste Collection / Disposal Services Fund (Proprietary Fund): is used to account for billing, collection, and disposal of the District members' trash.
- d. Topaz Fund: Topaz Solar Farms (Opti Solar) provided a one-time funding gift to the District to construct a park for future use.
- e. Local Agency Investment Fund (LAIF)<sup>18</sup>: is a voluntary program that the CVCS D participates in, and CVCS D further has established investment policies which generally limit deposits to the previous Federal Deposit Insurance Corporation determined limit of \$250,000.

The 2024 Road Maintenance Engineering Report, prepared by CLAD Consulting, Inc., relied on the FY 2023-2024 CVCS D budget, where it was found that the District must pull from its savings account annually to cover basic road maintenance operations due to the current low assessments collected from landowners. No line items have been included in the annual budgets to account for the significant vehicle replacements needed for the road maintenance operations. However, maintenance and depreciation alone constitute a significant funding backlog for the District, for which the District must draw from reserves because annual revenues from the existing road assessment are insufficient to cover these costs. These challenges have been a general theme in the District's finances.

The 2024 Road Maintenance Engineering Report denotes a 203% increase in the CPI between 1998 and 2023, a span in which the District's road maintenance special assessment has not changed at all. Therefore, the District proposed no more than a 203% increase in its annual road maintenance assessment, causing Tier 1 to increase from \$33/year to \$100/year, and Tier 2 to increase from \$29.70/year to \$90.00/year. In June 2024, the District held a Proposition 218 hearing, where the proposed increase to road maintenance fees did not pass. The District now plans to conduct another

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<sup>18</sup> The Local Agency Investment Fund (LAIF), a voluntary program created by statute, began in 1977 as an investment alternative for California's local governments and special districts and it continues today under Treasurer Fiona Ma's administration. The enabling legislation for the LAIF is Section 16429.1 et seq. of the California Government Code. This program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars, using the investment expertise of the State Treasurer's Office professional investment staff at no additional cost to the taxpayer.

Proposition 218 hearing in June 2026 to again seek approval of the voters for an increase in road maintenance assessments.

### **Audited Financial Statements**

CVCSO hires an outside accounting firm to perform an annual audit in accordance with established governmental accounting standards. This includes auditing CVCSO's financial statements with respect to verifying overall assets, liabilities, and net position. These audited statements provide quantitative measures in assessing CVCSO's short and long-term fiscal health with a specific focus on delivering its active service functions. LAFCO has used the four most recent available audited financial statements to conduct its evaluation of the District's Financial Health, separated into four categories (Revenues and Expenditures, Agency Assets, Agency Liabilities, and Agency Net Position). Over the past four available audited years, CVCSO's financial statements have included several schedules of findings and questioned costs, all of which have since been addressed and corrective measures implemented. These findings are primarily related to the following areas:

- Depreciation Expense for Capital Assets was not booked during the Financial Closing Process
- Lack of Accounting Policy and Procedures
- Lack of Accounting Records for Capital Assets
- Lack of Monitoring and Internal Controls for Over Payroll
- Lack of Monitoring and Internal Controls over Information Technology and Electronic Data Processing
- Lack of Accounting Policy and Procedures
- Lack of Accounting Records for Capital Assets
- Lack of Monitoring and Internal Controls for Pay Rate Changes
- Lack of Monitoring and Internal Controls over Information Technology and Electronic Data Processing

On February 17, 2026, the CVCSO Policy Committee reviewed its policy book and committed to meeting twice a month to continuously update its policies.

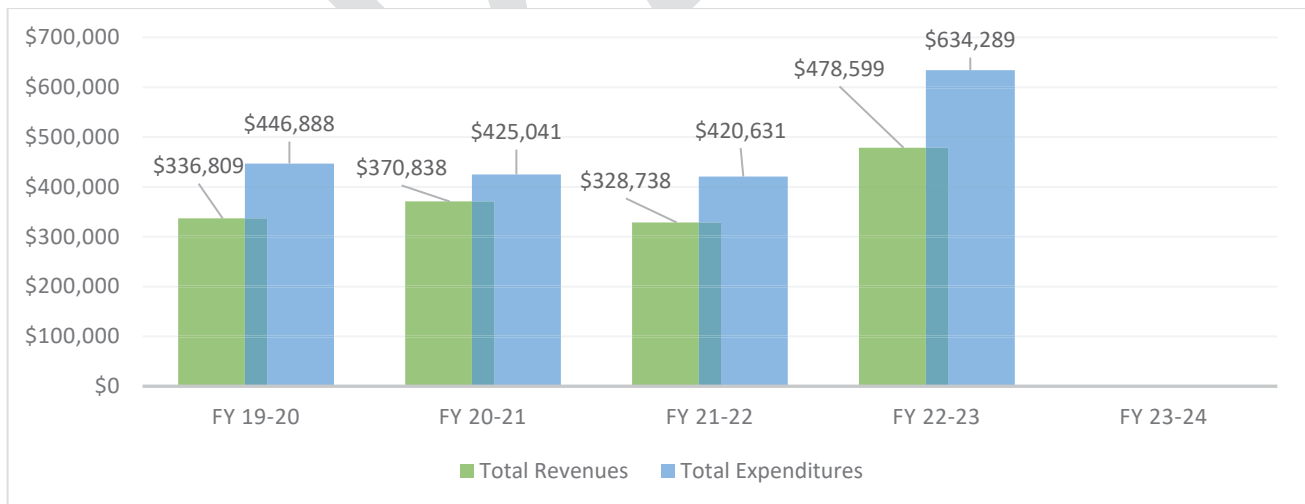
### ***Revenues and Expenditures***

The District is primarily funded through property taxes, assessments, charges for services, grants, contributions, and investment income. The County bills and collects taxes, road assessments, and solid

waste trash liens for the District. The District bills for solid waste services. As shown in Figure 5 below, from FY 2019-2020 through FY 2022-2023, the District consistently incurred governmental fund<sup>19</sup> expenditures that exceeded its revenues. As of FY 2022-2023, the largest category with excess in expenditures was within the General Fund, associated with capital outlay<sup>20</sup> for an excess of \$178,384. In general, due to staff turnover and other District management issues, the District’s finances are not well understood. District staff were not able to explain why and what the exceedance was related to. In the previous FY 2021-2022, the largest category with excess in expenditures was within the Road Maintenance Fund, associated with capital outlay in the amount of \$48,617. Similarly, District staff could not explain this expense.

An excess in expenditures over appropriations can be generally attributed to inflation and other rising costs and has led to a depleting fund balance. Revenues don’t fully cover existing District expenditures and don’t afford any budget for necessary vehicle and equipment upgrades to maintain the roads properly and consistently for the District’s 7,239 APNs. The lack of revenue within the Roads Maintenance Fund has resulted in the District only being able to provide minimal maintenance to many District roads.

Figure 5: Audited Revenues and Expenditures



<sup>19</sup> Governmental Funds are used to account for all or most government’s general activities, including the collection and disbursement of earmarked monies and the acquisition or construction of general capital assets.

<sup>20</sup> This financial classification represents significant investments intended for long-term use within the organization. These expenditures are crucial for maintaining and expanding an entity’s productive capacity over many years.

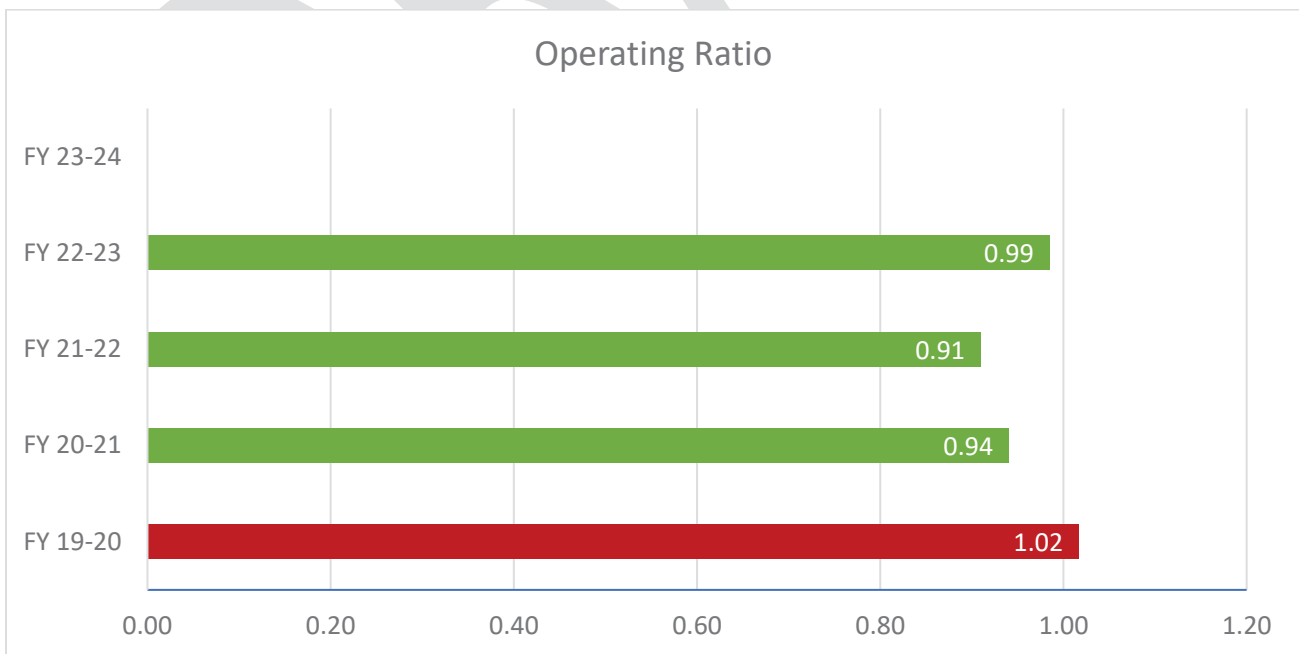
To assess the District’s ability to meet its financial obligations, Figure 6 displays the Operating Ratio for the past four available audited fiscal years (with the latest year still outstanding). This ratio—calculated as annual operating expenses divided by annual operating revenues—serves as a basic indicator of financial performance:

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

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds’ principal revenues and expenses. The CVCSO reports only one proprietary fund, the Solid Waste Collection/Disposal Services Fund. The Road Maintenance Fund is excluded from the operating ratio calculation in accordance with CVCSO auditing procedures. Throughout the audited period analyzed, the ratio exceeded 1.0 in FY 2019-2020, indicating that the District operated at a slight deficit. In the subsequent audited years, the ratio remained marginally below 1, showing that operating revenues slightly surpassed operating expenses.

Overall, across all audited fiscal years analyzed, the District consistently remained marginally below or above break-even regarding its proprietary fund. CVCSO currently collects sufficient fees for solid waste services, with the most recent rate increase last approved in June 2025.

Figure 6: Operating Ratio



**Assets and Liabilities**

An agency’s assets represent resources that provide current, future, or potential economic benefits. These assets may include items the agency owns or amounts owed to the agency. In this section, agency assets will be reviewed in two separate categories as defined below:

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

Over the past four available audited years, CVCSD’s total assets have decreased, ending with \$945,367 at the end of FY 2022-2023. Approximately 60% of these assets are classified as current, primarily consisting of cash and investments expected to be liquidated within a year. The remaining assets are classified as capital assets, mainly representing infrastructure and construction in progress.

Table 6: Audited Assets

Category	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	% Change	Average
Current Assets	898,672	813,602	770,073	564,840	-	-37%	761,797
Non-Current Assets	200,090	188,311	227,710	380,527	-	90%	249,160
<b>Total Assets</b>	<b>1,098,762</b>	<b>1,001,913</b>	<b>997,783</b>	<b>945,367</b>	-	-14%	<b>808,765</b>

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

- Current Liabilities: an agency's short-term financial obligations due to be paid within a year
- Long-Term Liabilities: an agency’s long-term financial obligations that are due more than a year away

At the close of FY 2022-2023, CVCSD’s audited liabilities totaled approximately \$24,526. Of this amount, current liabilities (obligations due in the near term) accounted for \$24,526, or 100% of total liabilities. Between FY 2019-2020 through FY 2022-2023, the CVCSD did not report any long-term financial obligations that are due more than a year away.

Table 7: Audited Liabilities

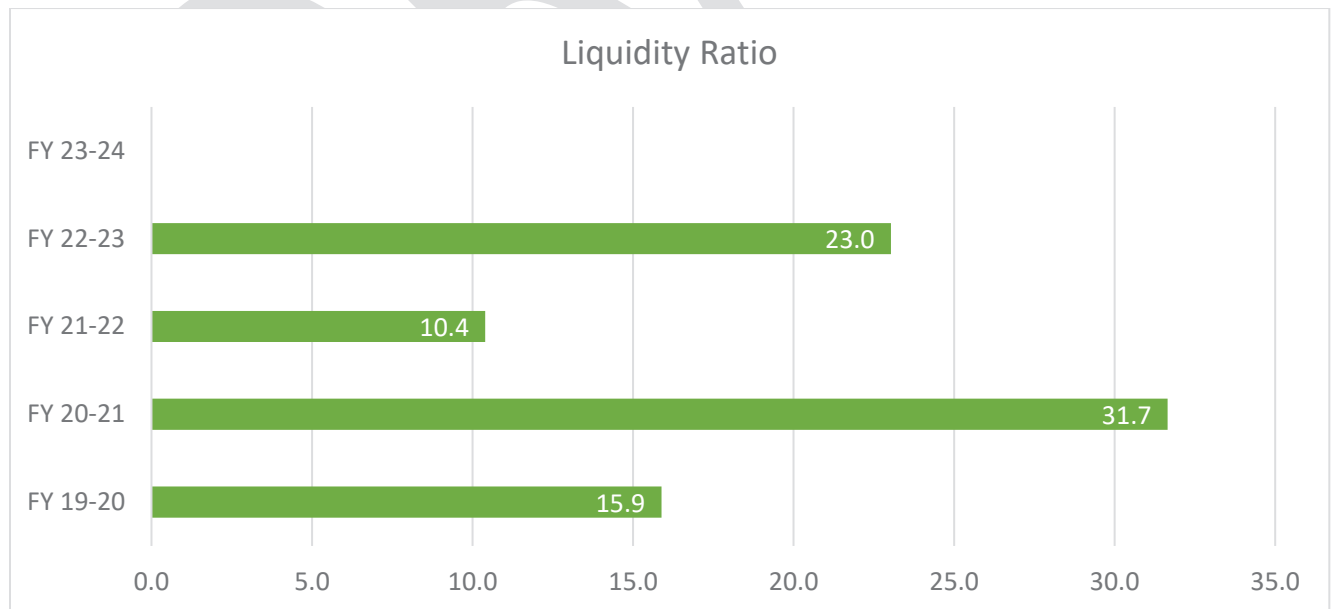
Category	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	% Change	Average
Current liabilities	56,573	25,705	74,069	24,526	-	-57%	45,218
Non-Current Liabilities	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>56,573</b>	<b>25,705</b>	<b>74,069</b>	<b>24,526</b>	<b>-</b>	<b>-57%</b>	<b>36,175</b>

Figure 7 illustrates the District’s Liquidity Ratios from FY 2019-2020 through FY 2022-2023. This ratio measures the District’s ability to meet its short-term financial obligations by comparing unrestricted current assets to current liabilities.

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

Generally, the higher the ratio, the greater the District’s short-term financial stability. Over the four-year period shown in Figure 7, the District’s liquidity ratio has consistently remained above 1.0, demonstrating a stable ability to meet short-term obligations.

Figure 7: Liquidity Ratio



**Net Position**

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

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

Net position is presented in three categories, which focus on the accessibility and restrictions of the underlying assets:

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

As of June 30, 2023, CVCS D’s net position totaled \$920,841, reflecting a gradual decrease over the past four available audited fiscal years. This decrease indicates a gradual decline in the District’s financial position.

Table 8: Audited Net Position

Category	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	% Change	Average
<b>Net Investment in Capital Assets</b>	200,090	188,311	227,710	380,527	-	90%	249,160
<b>Restricted</b>	-	-	-	-	-	-	-
<b>Unrestricted</b>	842,099	787,897	696,004	540,314	-	-36%	716,579
<b>Total Net Position</b>	<b>1,042,189</b>	<b>976,208</b>	<b>923,714</b>	<b>920,841</b>	-	-12%	<b>772,590</b>

## **Other Matters Related to Efficient Service Delivery**

Other governmental structure options are available to the CVCS D, if warranted, such as jurisdictional changes consisting of reorganizations that may involve consolidation or dissolution. Any proposed changes of organization or reorganization for a CSD may be initiated by petition of local voters or landowners within the proposal area; a resolution of subject/affected agencies; or by LAFCO action, depending on the action being proposed. There are different initiation threshold requirements for the various proposal types, as well as corresponding protest provisions following LAFCO approval, with specified minimum protest thresholds to require subsequent voter approval or termination of the proposal with a sufficient majority protest. A key issue to be determined when considering any potential governmental structure option for a special district involves the identification of a successor agency that is authorized, capable, and willing to sustain the provision and level of services provided by the dissolved district. A proposed reorganization involving dissolution/annexation, or a consolidation/merger, would transfer the extinguished district's assets and facilities to the successor agency, along with responsibilities for any bonded indebtedness. A plan for service would also be required from the annexing agency/successor agency with these types of jurisdictional changes.

Should the CVCS D experience challenges with providing road maintenance or solid waste services, there are several considerations that could be explored, which consist of but are not limited to the following. Neither LAFCO nor the CVCS D sees the need to pursue a change of organization at this time. The purpose of this section is to daylight the situation and establish a baseline of information, should the community or District seek a change of organization in the future. The responsibility for addressing this situation rests with the District and the community. It is important to note that any options summarized below would require significant analysis, coordination with affected parties, and community outreach. The options outlined below are presented as a tool to inform and guide initial discussions as to how the District's challenges may be addressed.

### *Governmental Structure Options*

- 1) Continue to operate as a CSD with road maintenance and solid waste services. CVCS D is committed to continuing its responsibilities as a CSD, with a newly expressed interest in activating water, weed abatement, parks, and recreation services. The CVCS D has the capability

and capacity to adequately provide solid waste services. However, CVCS D continues to see a decline in financial stability and failed Proposition 218 measures for road maintenance services. To achieve an adequate level of service for road maintenance, it would be prudent for the District to increase road maintenance assessments or pursue alternative, stable, and long-term revenue sources. The CVCS D has attributed the failure of recent road maintenance measures to opposition from entities such as the land trusts that hold a large number of conserved lots within the District that were entered into conservation easement pursuant to the California Valley Lot Acquisition Program, an outcome related to the County's approval of nearby solar farms. To achieve the goals of both the CVCS D and conservation organizations, greater coordination and negotiations should occur amongst all affected agencies, including the County. CVCS D should consider demonstrating enough revenue to sustain existing expenses associated with authorized powers before requesting activation of new services and responsibilities.

- 2) Continue to operate as a CSD, but detach the lots that have been placed into or are planned to be placed into conservation through the California Valley Lot Acquisition Program. The CVCS D, or the land trusts that own the conserved lots, could consider initiating an application to detach the approximately 471 lots currently placed into conservation, or are planned to be placed into conservation, through the County's California Valley Lot Acquisition Program. This option would allow the land trusts to be removed from the District's service area boundary and no longer be subject to the CVCS D assessment fees currently being charged for road maintenance. In this scenario, the CVCS D would forgo revenue generated by the 471 conserved lots; however, the land trusts would in turn be excluded from the District's Proposition 218 road assessment measures, potentially increasing the likelihood of voter approval. This scenario could, however, create complications. Detaching conserved lots could create islands within the CVCS D boundary. In addition, if only existing conserved lots are proposed for detachment, it could result in a frequent need to detach future lots as they are placed into conservation. Lastly, even with these lots detached, it is still possible that voter approval for increasing road maintenance fees is not obtained. This option would require coordination and negotiations amongst all affected agencies, including the CVCS D, conservation organizations, the County, and LAFCO.

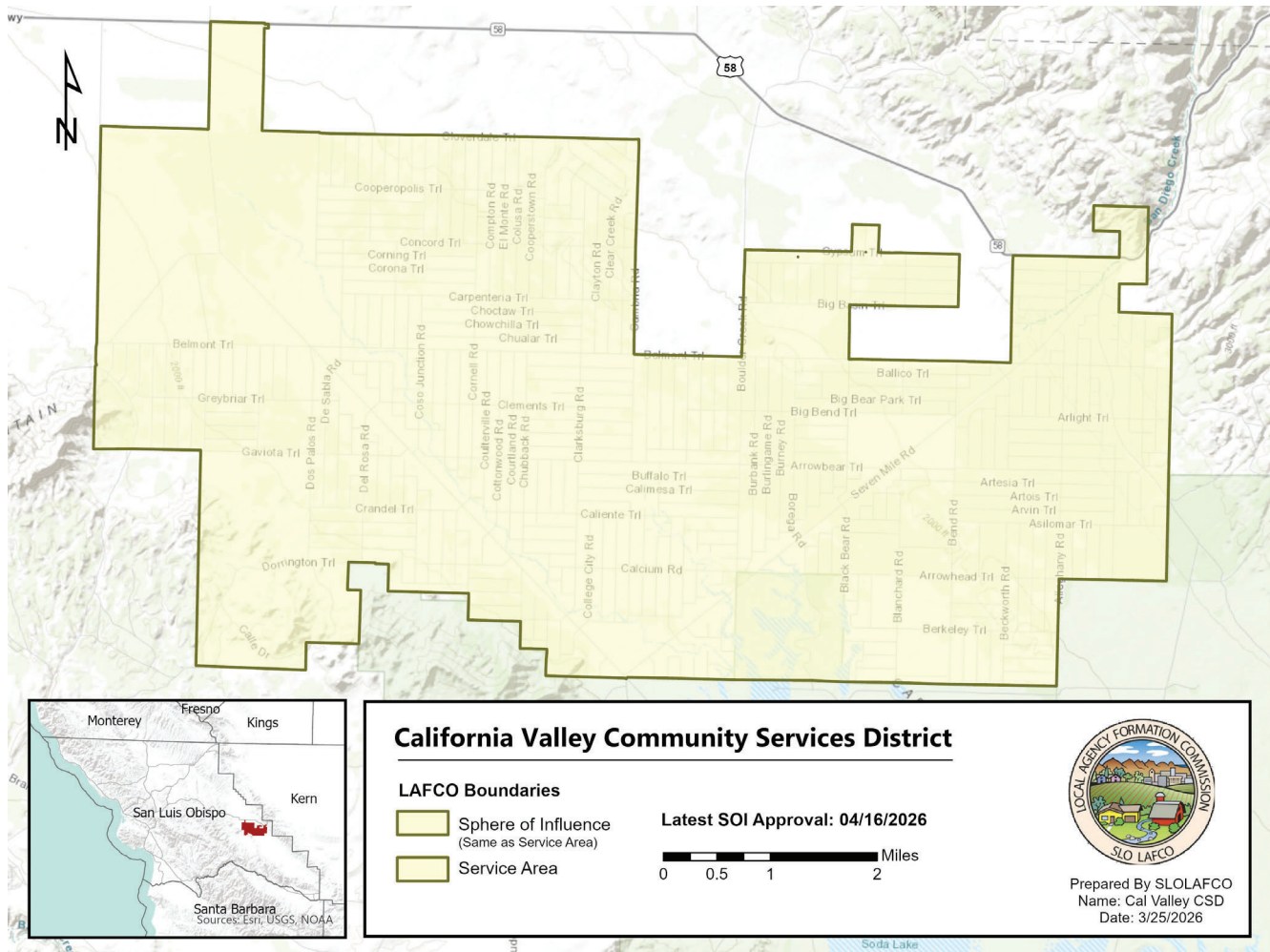
- 3) Continue to operate as a CSD by divesting road maintenance service. The CVCSO could consider divesting one or more of its active powers. It was found that the District is struggling to provide adequate road maintenance services; however, it does provide adequate solid waste services. These circumstances may warrant consideration of divesting road maintenance services and leaving the CVCSO with solid waste power. In this scenario, road maintenance could be provided through County Service Area 21, which provides road maintenance for unincorporated areas within the County.
- 4) Exploration of future consolidation or dissolution/annexation with existing neighboring agencies. CVCSO's financial decline could be primarily attributed to inflation and other rising costs. Revenues do not cover existing District expenditures and do not allow any budget for necessary vehicle and equipment upgrades to maintain the roads properly and consistently. The lack of revenue within the Roads Maintenance Fund has resulted in the District only being able to provide minimal maintenance to many District roads. Due to inflation over the 27 years since the assessment rates were last updated, the rates will need to increase significantly to cover costs. CVCSO has made multiple attempts to implement rate increases through Proposition 218 hearings; however, residents and land trusts who own land within the CSD have consistently voted against the proposed changes. If the CVCSO continues to see a decline in financial stability and if CVCSO customers continue to oppose the proposed rate increases, it could jeopardize the District's long-term ability to provide services. In that scenario, dissolution could be considered. However, as previously stated, a key issue to be determined when considering dissolution is the identification of a successor agency that is authorized, capable, and willing to sustain the provision and level of services provided by the dissolved district.

## Sphere of Influence

### **Existing & Proposed SOI**

CVCSO's existing SOI, last adopted in October 2015, is coterminous with its service area boundary and is depicted in Figure 8 below. The District covers approximately 25,423 acres within the California Valley community. The District's SOI is expected to remain unchanged, with no expansions or reductions.

Figure 8: Recommended Sphere of Influence Boundary



# DETERMINATIONS

## Municipal Service Review Determinations

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

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

The CVCSO area is an antiquated subdivision with thousands of lots that are unlikely to be developed in the future. The General Plan disclosed challenges relating to future growth and development in the area due to its many problems, including remoteness, poor access, inadequate roads, poor soils (alkaline), lack of water, and poor sewage drainage. The County and the San Luis Obispo Council of Governments (SLOCOG) provided more recent buildout estimates in the 2050 Regional Growth Forecast for San Luis Obispo County, estimating a population of 385 in 2025. Based on the buildout population projection of 15,899 and the 2025 population of 385, California Valley is considered 2% built out. Significant increases in population are not expected to occur in this area over the next 10 to 20 years.

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

There are no DUCs within the CVCSO's service area, existing, or proposed SOI that meet the definition of a DUC as outlined in Government Code Section 56033.5 and as determined using the methodology described in this report.

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

**Roads** | CVCSO has approximately 271.6 miles of roadway. The District Maintained Road System is divided into two tiers, "Tier 1" and "Tier 2," based on observed traffic activity and

level of maintenance. Most of the roads within the District are dirt roads with no systematic pavement or maintenance done due to a lack of funding. The District has indicated a need to increase fees associated with roadway infrastructure and maintenance. The District is also in need of new equipment to carry out its services. The District's road maintenance assessment rates have remained unchanged since 1998. Ongoing challenges with the current rate structure, not keeping pace with inflation and rising service costs, have made a substantial rate adjustment necessary. The CVCS D has held multiple Proposition 218 hearings without success and plans to attempt another assessment increase in June 2026. Additionally, the CVCS D has attributed the failure of recent road maintenance measures to opposition from entities such as the land trusts that hold a large number of conserved lots within the District. To achieve the goals of both the CVCS D and conservation organizations, greater coordination among all affected agencies and the County is essential.

CVCS D currently lacks the capability and capacity to adequately provide road maintenance services unless it can increase road maintenance assessments in the near future or find another reliable source of income. If the CVCS D customers continue to oppose the proposed rate increases, it could jeopardize the District's long-term ability to provide road maintenance services. In that scenario, alternative governmental structures may need to be considered. In order to provide an adequate level of service, the CVCS D should continue to identify solutions to address these funding issues.

**Solid Waste** | CVCS D provides solid waste service within the District. The residents of the District desire local control regarding the nature, extent, and cost of garbage collection and have found that the District can provide garbage collection and hauling service to its residents more effectively than other private or public agencies. CVCS D has adopted ordinance No. 2024-02 and solid waste collection policies that guide the District in providing garbage collection service to its residents. CVCS D currently collects sufficient fees for solid waste services, with the most recent rate increase last adopted in June 2025. CVCS D has the capability and capacity to adequately provide solid waste services. Should the CVCS D encounter challenges with providing solid waste hauling services in the future, the District could consider contracting out to private trash hauler companies.

**Unauthorized Services** | LAFCO has established roads maintenance and solid waste as CVCS D's authorized powers as described under Government Code Section 61100 (l) and (c); all other services listed in Government Code Section 61100 are considered latent powers. The CVCS D owns and operates a community well that is located near the CVCS D Office at 13080 Soda Lake Road, Santa Margarita, CA 93453. The CVCS D uses this well to provide its residents with non-potable water and has been doing so for at least a decade. To be consistent with state law and to continue providing the community with non-potable or potable water, LAFCO recommends that the District initiate a resolution of application in the near future to activate water as a function or class of service as described under Government Code Section 56824.10 through 56824.14. The CVCS D has been in communication with LAFCO staff regarding application requirements and is working on submitting an application to activate water, weed abatement, and parks and recreation services. The CVCS D has not shared an anticipated application submittal date. LAFCO would have a particular interest in the District's plan for financing the establishment of the new or different function or class of services and its ability to obtain sufficient revenues to carry out the services, given the financial challenges that have been described in the MSR and SOI Study. The CVCS D should consider demonstrating enough revenue to sustain existing expenses before requesting activation of new services and responsibilities.

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

The District Board of Directors adopts an annual budget on a basis consistent with generally accepted accounting principles. The District is primarily funded through property taxes, assessments, charges for services, grants and contributions, and investment income. To assess the District's financial health, key indicators, including Revenues vs. Expenditures, Operating Ratio, Liquidity Ratio, and Net Position, were analyzed with the last 5-year audited financial statements (the latest FY 2023-2024 audit is still outstanding and is currently in progress). Regarding Revenues vs. Expenditures, from FY 2019-2020 through FY 2022-2023, the District consistently incurred expenditures that exceeded its revenues. An excess in expenditures over appropriations can be generally attributed to inflation and other rising costs and has led to a depleting fund balance. Operating Ratio, which compares annual operating revenues to

operating expenses, showed the ratio slightly exceeded 1.0 in FY 2019-2020, and in the following FY 2020-2021 through FY 2022-2023, the ratio remained marginally below 1. Overall, across all audited fiscal years analyzed, the District consistently remained marginally below or above break-even with regard to its single proprietary fund for solid waste service. Liquidity Ratio, which measures current assets relative to current obligations, remained strong across all four available audited years, reflecting adequate short-term financial health. The District's Net Position, representing the difference between total assets and total liabilities, decreased by 12% over the four-year audited period, indicating a decline in financial position and stability. Overall, these financial indicators suggest that CVCSO is financially stable regarding short-term financial obligations but is declining in its financial position and depleting its fund balance. CVCSO's financial decline may be primarily attributed to inflation and other rising costs. Revenues don't fully cover existing District expenditures and don't afford any budget for necessary vehicle and equipment upgrades to maintain the roads properly and consistently. The lack of revenue within the Roads Maintenance Fund has resulted in the District being able to provide only minimal maintenance to many District roads. Due to inflation over the 27 years since the assessment rates were last updated, the rates will need to increase significantly to cover costs. CVCSO has made multiple attempts to implement rate increases through Proposition 218 hearings; however, residents have consistently voted against the proposed changes. If CVCSO continues to see a decline in financial stability, and if CVCSO customers continue to oppose the proposed rate increases, the District's long-term ability to provide services may be jeopardized. In that scenario, alternative governmental structures may need to be considered.

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

There are opportunities for new and continued shared relationships and facilities between agencies for services within the CVCSO Boundary. Opportunities for increased and continued coordination may include:

- Coordination with other small special districts that specialize in road maintenance services to discuss ways to share knowledge, resources, and/or best practices.

- Continued coordination with IWMA to ensure the CVCSD effectively manages local solid waste programs.
- Coordination with the County, LAFCO, MKN Associates, State Water Resources Control Board, and Regional Water Quality Control Board regarding the District’s interest in exploring options to provide safe drinking water to the community due to groundwater issues in the community.
- Coordination with the County and Council of Governments (COG) on “Local Roads First” initiative to collaborate and identify opportunities to secure a new funding source for road maintenance services. This proposed new funding source is still in its early stages and requires a vote of the electorate in SLO County. If passed, funding for CSDs is not guaranteed but may become available in the future at the discretion of the Board of Supervisors.
- Coordination between the CVCSD, the County, and local land trusts to meet the goals of both the CVCSD (in providing road maintenance services) and conservation organizations (in preserving lots of high environmental value).

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

CVCSD is governed by a five-member Board of Directors that is 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. CVCSD maintains an up-to-date website that contains District information, documents, and updates. It is recommended that the CVCSD include an Enterprise System Catalog on its website as required by SB 272. The District is also in need of an additional full-time employee; however, budget limitations don’t allow for this at this time. In order to provide an adequate level of service, the CVCSD should continue to identify solutions to address these funding issues.

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

Other governmental structure options are available to CVCSD, if warranted, such as jurisdictional changes consisting of reorganizations, detachment, or dissolution. Should CVCSD

continue to see a decline in financial stability, and if CVCSO customers continue to oppose the proposed rate increases, it could jeopardize the District's long-term ability to provide services. If the CVCSO continues to experience challenges with providing road maintenance, or solid waste services, there are several considerations that could be explored, which are summarized in the "[Other Matters Related to Efficient Service Delivery](#)" section of this report. Neither LAFCO nor the CVCSO sees the need to pursue a change of organization at this time. The options outlined in the report are presented as a tool to inform and guide initial discussions should the District pursue any of these options in the future. It is important to note that any change in the District's governmental structure would require significant analysis, coordination with affected parties, and community outreach.

## **Sphere of Influence Determinations**

In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development of local governmental agencies to advantageously provide for the present and future needs of the county and its communities, the Commission shall develop and determine the Sphere of Influence of each local agency, as defined by Government Code Section 56425, and enact policies designed to promote the logical and orderly development of areas within the sphere. In determining the Sphere of Influence of each local agency, the Commission shall consider and prepare a written statement of its determinations with respect to the following:

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

Land uses within the District's coterminous SOI and service area are primarily designated as Residential Suburban, with additional areas zoned for Agriculture, Open Space, Recreation, Commercial Retail, and Public Facilities. Land surrounding the District is predominantly zoned Agriculture and Rural Lands. The CVCSO area is an antiquated subdivision with thousands of lots that are unlikely to be developed in the future. The General Plan disclosed challenges relating to future growth and development in the area due to its many problems, including remoteness, poor access, inadequate roads, poor soils (alkaline), lack of water, and poor sewage drainage. CVCSO should maintain a coterminous SOI and service area boundary.

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

Within the CVCSO service area, the District presently provides road maintenance and solid waste services; all other services listed in Government Code Section 61100 are considered latent powers. CVCSO has recently expressed interest in adding parks and recreation, water, and weed abatement powers to its active powers. The District may initiate a resolution of application to activate a latent power as described under Government Code Section 56824.10 through 56824.14. The CVCSO has been in communication with LAFCO staff regarding application requirements and is working on submitting an application. The CVCSO has not shared an anticipated application submittal date. LAFCO would have particular interest in the District's plan for financing the establishment of the new or different function or class of services and its ability to obtain sufficient revenues to carry out the services, given the financial challenges that have been described in the MSR and SOI Study. The CVCSO should consider demonstrating enough revenue to sustain existing expenses before requesting activation of new services and responsibilities. CVCSO should maintain a coterminous SOI and service area boundary.

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

CVCSO has the capability and capacity to adequately meet existing service demand and some level of increased future service demand with regard to solid waste services. However, CVCSO continues to see a decline in financial stability and failed Proposition 218 measures for road maintenance services. In order to continue serving current and future road maintenance needs, the CVCSO is encouraged to continue with Proposition 218 measures to increase road maintenance assessments in the near future and identify solutions to address funding issues to provide needed improvements and upgrades. CVCSO should maintain a coterminous SOI and service area boundary.

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

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

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

There are no DUCs within the CVCSO's service area, existing or proposed SOI that meet the definition of a DUC as outlined in Government Code Section 56033.5 and as determined using the methodology described in this report.

### **California Environmental Quality Act**

The California Environmental Quality Act (CEQA) is contained in the Public Resources Code Section 21000, et seq. Under this law, public agencies are required to evaluate the potential environmental effects of their actions. The CVCSO MSR and SOI Study is exempt from CEQA review pursuant to Section 15306 of the CEQA Guidelines, Class 6 – Information Collection and Section 15061 (b)(3) the General Rule Exemption. This report is based on the use of the MSR as a tool for data collection and service evaluation. The MSR and SOI Study will not result in any significant environmental impact, as it does not authorize new municipal service powers. Additionally, the study does not involve changes to land use or introduce activities that would affect the environment.



# San Luis Obispo Local Agency Formation Commission

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HEATHER MORENO  
County Member

Vice-Chair  
DAVID WATSON  
Public Member

DAWN ORTIZ-LEGG  
County Member

ED WAAGE  
City Member

STEVE GREGORY  
City Member

ED EBY  
Special District Member

NAVID FARDANESH  
Special District Member

## ALTERNATES

BRUCE GIBSON  
County Member

CARLA WIXOM  
City Member

VACANT  
Special District Member

MICHAEL DRAZE  
Public Member

## STAFF

ROB FITZROY  
Executive Officer

IMELDA MARQUEZ-VAWTER  
Senior Analyst

MORGAN BING  
Analyst

MELISSA MORRIS  
Commission Clerk

HOLLY WHATLEY  
Legal Counsel

**TO: MEMBERS OF THE COMMISSION**

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

**DATE: APRIL 16, 2026**

**SUBJECT: LAFCO FILE NO. 4-R-24: ANNEXATION NO. 32 TO NIPOMO  
COMMUNITY SERVICES DISTRICT (ROBINS)**

## **RECOMMENDATION**

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**Action 1:** Find, by motion, the proposal to be categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15319, Class 19(a).

**Action 2:** Approve, by resolution, the proposed Annexation No. 32 to Nipomo Community Services District, as contained in Attachment A, subject to conditions of approval, and waive protest proceedings pursuant to Government Code Section 56662(a).

## **PROJECT OVERVIEW**

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**Project Applicant:** Landowner Petition of Application by Tracy Robins

**Certificate of Filing:** Issued on March 20, 2026

**Acreage and General Location:** The approximately 10.379-acre property is located at 1707 Lyn Road, immediately adjacent to the Nipomo Community Services District (NCSD) and west of Highway 101. The proposed annexation area is within NCSD's Sphere of Influence (SOI) and will remain in the unincorporated area of San Luis Obispo County (County) as seen in Attachment C.

**Assessor Parcel Number (APN):** 091-063-039

**Summary:** If approved, this proposal would annex APN 091-063-039 into NCSD to enable the District to provide services to the two existing homes on the property. NCSD is an independent special district that is authorized to provide water, wastewater, street lighting, drainage, landscape maintenance, and solid waste

services. At this time, annexation is proposed only for water and solid waste services, as wastewater service is not currently available at this location. On November 20, 2025, the District submitted an annexation agreement and a Plan for Services (Attachment D) on behalf of the landowner, outlining its plan for providing water and solid waste service to the annexation area.

**Timeline of Events:** On August 19, 2024, the landowner applied to LAFCO through a petition of application for annexation into NCSD.

On August 22, 2024, LAFCO distributed referrals for the proposal to all affected agencies.

On September 17, 2024, within the 30-day response requirement period, staff provided the applicant with a 30-day review letter, placing the project on hold until the items identified in the letter were addressed/submitted to allow continued processing of the application.

On September 19, 2024, the Commission formally received notice, at a Commission meeting, of the petition of application initiated by the landowner, as required by Government Code Section 56857.

On October 22, 2024, the County Board of Supervisors approved a property tax exchange of 3.73638% to be transferred to NCSD for Annexation No. 32.

On November 12, 2025, the NCSD Board of Directors approved a property tax exchange of 3.73638% be transferred to NCSD for Annexation No. 32.

On November 12, 2025, the NCSD Board of Directors approved an annexation agreement with the landowner and approved the Plan for Service for the proposed annexation (Attachment D).

On March 20, 2026, the application met submission requirements and allowed staff to issue a Certificate of Filing.

On March 26, 2026, notice of the proposed annexation was mailed to all landowners and registered voters within 300 feet of the proposed annexation property boundary. The mailing was sent out at least 21 days in advance of the hearing. An advertisement was also published in the *New Times* 21 days in advance of the hearing. In addition, notice was provided to the applicants, the County, affected agencies, and other interested parties.

## **ACTION 1 | ENVIRONMENTAL DETERMINATION**

LAFCO, as the Lead Agency, proposes to determine the proposal Categorical Exempt pursuant to State CEQA Guidelines Section 15319 Class 19(a). This exemption applies to annexations to a city or special district of areas containing existing public or private structures developed to the density allowed by the current zoning or pre-zoning of either the gaining or losing governmental agency, whichever is more restrictive, provided, however, that the extension of utility services to the existing facilities would have a capacity to serve only the existing facilities. The project does

not present any cumulative impacts, unusual circumstances, damage to scenic highways, listing on hazardous waste site lists compiled pursuant to Government Code Section 65962.5, or indications that it may cause a substantial adverse change in the significance of a historical resource that would make the foregoing exemptions inapplicable.

**Recommendation:** Find, by motion, the proposal to be categorically exempt from CEQA pursuant to CEQA Guidelines Section 15319, Class 19(a).

## **ACTION 2 | ANNEXATION**

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**Annexation:** When evaluating a proposal, the Commission is required to consider all factors specified in Government Code Section 56668 (applicable to all proposals) and 56668.3 (specific to district annexations). The factors in the aforementioned code sections, along with Commission policies, standards, and procedures, allow the Commission to continue to exercise its powers in a manner that encourages and provides planned, well-ordered, and efficient urban development patterns with consideration of preserving open space and agricultural lands. All factors and applicable LAFCO policies were addressed within Attachment B. The analysis contained therein, as well as all information contained in the record to date, was used to inform the recommendation for approval.

**Need for Organized Community Services:** NCSO provides services including water, wastewater, solid waste, limited street lighting, limited drainage, and limited landscape maintenance. At this time, annexation is proposed only for water and solid waste services, as wastewater service is not currently available at this location. If wastewater service becomes available in the future, the landowner would be required to coordinate directly with the District to obtain service. No additional LAFCO proceedings would be required.

The applicant is requesting annexation to NCSO due to the failure of the property's existing groundwater production well and ongoing water quality and reliability issues. The existing well is no longer producing and has become sanded, leaving the property without a functional on-site water source. For the past two years, the property owner has relied on trucked water in order to provide a stable supply of water to the property.

Since the property is already within NCSO's SOI, the owner is seeking annexation rather than drilling a new well in order to comply with the Stipulation and Judgment in the Santa Maria Valley Groundwater Adjudication. That judgment requires all new urban uses within an SOI or service area to obtain water service from the local public water supplier, which in this case is NCSO.

There is no reasonable alternative manner of providing the requested services to the proposed annexation area. There are no other public service providers able to serve the proposed annexation area. NCSO is the local public water supplier in this case and is therefore bound by the Stipulation.

The annexation represents a logical and reasonable boundary adjustment. The area is fully within NCSO's SOI, and the District's facilities are the closest available water service. System extensions can be made directly into the annexation area at the owner's expense, and the expansion does not require service to any remote or isolated properties. There will be no expenditure of District

monies.

NCSD has the capacity to meet the service demand. The Plan for Services (Attachment D) confirms that the District is willing to provide service and has adequate water supplies to serve the project at build out, including during multiple dry years. The owner funded system improvements will deliver water to the project without any impact on existing customers.

**Recommendation:** Approve, by resolution, the proposed Annexation No. 32 to the Nipomo Community Services District, as contained in Attachment A, subject to conditions of approval, and waive protest proceedings pursuant to Government Code Section 56662(a).

1. The applicant, Tracy Robins, shall comply with all terms and conditions stated in the Nipomo Community Services District Annexation Agreement and Plan for Services that was issued for APN 091-063-039.
2. This condition applies to the extent allowed by law. The landowner, Tracy Robins, and the affected agency, Nipomo Community Services District, shall defend, indemnify, hold harmless, and release the San Luis Obispo Local Agency Formation Commission (LAFCO), its officers, employees, attorneys, or agents from any claim, action or proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul, in whole or in part, LAFCO's action on the proposal or on the environmental documents submitted to or prepared by LAFCO in connection with the proposal. This indemnification obligation shall include, but not be limited to, damages, costs, expenses, attorneys' fees, and expert witness fees that may be asserted by any person or entity, including the Applicant, arising out of or in connection with the application. In the event of such indemnification, LAFCO expressly reserves the right to provide its own defense at the reasonable expense of the applicant.

**Alternatives for Action:** At the conclusion of its consideration, the Commission may approve the request, with or without amendment, wholly, partially, or conditionally, or disapprove the request. The Commission has discretion in light of the whole record to make its decision. The following alternative actions are available:

**Alternative One:**

Continue consideration to the next regular meeting for reasons determined by the Commission.

**Alternative Two:**

Disapprove the change of organization proposal with direction to staff to return to the next regular meeting with a conforming resolution for adoption.

If approved, following a 30-day reconsideration period provided under Government Code Section 56895, the annexation will become effective upon filing the Certificate of Completion with the Clerk Recorder pursuant to Government Code Section 56020.5. Government Code Section 57001 allows up to one year for a Certificate of Completion to be filed with the Clerk-Recorder, otherwise, the action is deemed abandoned. LAFCO may grant extensions based on a reasonable

request by the applicant. The time frame for an extension is at LAFCO's discretion based on the circumstances of the proposal.

## **Attachments**

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**Attachment A:** Draft LAFCO Resolution 2026-XX Approving the Annexation

Exhibit A: Notice of Exemption pursuant to CEQA Guidelines Section 15319, Class 19 (a)

Exhibit B: Annexation Map and Legal Description

**Attachment B:** LAFCO Proposal Review Factors - Government Code Sections 56668 and 56668.3

**Attachment C:** Vicinity Map

**Attachment D:** NCSD Resolution No. 2025-1749 Approving the Annexation Agreement and Plan for Services

# Attachment A

Draft LAFCO Resolution 2026-XX Approving  
the Annexation

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

Thursday, April 16, 2026

**RESOLUTION NO. 2026-XX**

**RESOLUTION APPROVING ANNEXATION NO. 32 TO THE NIPOMO COMMUNITY SERVICES  
DISTRICT (ROBINS) | LAFCO NO. 4-R-24**

The following resolution is now offered and read:

**RECITALS**

**WHEREAS**, on August 19, 2024, Tracy Robins filed a petition to initiate proceedings and an application with the San Luis Obispo County Local Agency Formation Commission, hereinafter referred to as “Commission”, pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH); and

**WHEREAS**, the application before the Commission seeks approval of a change of organization of approximately 10.379-acres of unincorporated territory in the County of San Luis Obispo, hereinafter referred to as “County”, involving annexation into the Nipomo Community Services District (NCS D) (LAFCO File No. 4-R-24); and

**WHEREAS**, the affected territory as proposed includes one lot currently within a legal parcel identified by the County’s Assessor’s Office as 091-063-039; and

**WHEREAS**, on September 19, 2024, the Commission formally received notice of the petition of application initiated by the landowner as required by Government Code Section 56857. Subsequently, a 60-day period began in which the NCS D had an opportunity to terminate the annexation if any financial or service-related concerns existed as outlined in Government Code Section 56857. The NCS D did not request termination during this period, allowing the application to continue to be processed by staff; and

**WHEREAS**, on October 22, 2024, the County Board of Supervisors approved a property tax

exchange of 3.73638% after Educational Revenue Augmentation Funds to be transferred to the NCSD pursuant to the Revenue and Taxation Code Section 99; and

**WHEREAS**, on November 12, 2025, the NCSD Board Approved Resolution No. 2025-1748 accepting the negotiated exchange of 3.73638% property tax revenue and annual tax incrementation; and

**WHEREAS**, on March 20, 2026, the Executive Officer filed a Certificate of Filing deeming the application as acceptable for filing; and

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

**WHEREAS**, the Executive Officer conducted an analysis of the proposal and prepared a report including staff's recommendations therein, and presented staff's findings for Commission consideration; and

**WHEREAS**, the matter was set for public hearing at 9:00 a.m. on April 16, 2026, and the public hearing was duly conducted and determined, and a decision was made on April 16, 2026; and

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

**WHEREAS**, the reasons for the proposed annexation are as follows:

- 1) It will enable the applicant to obtain water and solid waste services from the NCSD to meet the needs of the existing development. The request is due to the failure of the property's on-site groundwater production well and ongoing water quality and reliability concerns. The existing well has ceased producing and has become sanded, leaving the property without a functional potable water source. As a result, for the past two years

the property owner has relied on trucked-in water to maintain a stable supply. Annexation to NCSD would provide a long-term, reliable solution for service.

**WHEREAS**, the Commission determined that the proposed annexation is categorically exempt from review under the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15319 Class 19(a). This exemption applies because the proposal involves an annexation to a city or special district of areas containing existing public or private structures developed to the density allowed by the current zoning or pre-zoning of either the gaining or losing governmental agency whichever is more restrictive, provided, however, that the extension of utility services to the existing facilities would have a capacity to serve only the existing facilities; and

**WHEREAS**, the Commission has considered all factors required to be considered by Government Code Sections 56668, 56668.3, as well as adopted local policies and procedures and adopts as its written statements of determinations and record therein, the determinations set in the Executive Officer's Staff Report dated April 16, 2026, attachments and testimony, and said record and determinations being incorporated by reference herein as though set forth in full; and

**WHEREAS**, the Commission duly considered the proposal and finds that the proposed annexation into the NCSD's service area should be approved.

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

1. That the recitals set forth hereinabove are true, correct, and valid.
2. That the Notice of Exemption prepared for this proposal is complete and adequate, having been prepared in accordance with the provisions of CEQA, and is hereby determined to be sufficient for the Commission's actions as contained in Exhibit A hereto.
3. That the map and legal description approved by this Commission is attached hereto, marked as Exhibit B and incorporated by reference herein as though set forth in full.

4. That the Executive Officer of this Commission is authorized and directed to mail copies of this resolution in the manner provided by law.
5. That pursuant to Government Code Section 56662(d), the Commission waives protest proceedings and orders the annexation subject to requirements of CKH, because (a) the territory is uninhabited, (b) the proposal is accompanied by proof that the single owner of all land has given his written consent to the proposal, and (c) the NCS D has not submitted written opposition to a waiver of protest proceedings.
6. That Annexation No. 32 to the Nipomo Community Services District, is hereby approved with the following conditions:
  1. The applicant, Tracy Robins, shall comply with all terms and conditions stated in the Nipomo Community Service's District Annexation Agreement and Plan for Services that was issued for APN 091-063-039.
  2. This condition applies to the extent allowed by law. The landowner, Tracy Robins, and the affected agency, Nipomo Community Services District, shall defend, indemnify, hold harmless, and release the San Luis Obispo Local Agency Formation Commission (LAFCO), its officers, employees, attorneys, or agents from any claim, action or proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul, in whole or in part, LAFCO's action on the proposal or on the environmental documents submitted to or prepared by LAFCO in connection with the proposal. This indemnification obligation shall include, but not be limited to, damages, costs, expenses, attorneys' fees, and expert witness fees that may be asserted by any person or entity, including the Applicant, arising out of or in connection with the application. In the event of such indemnification, LAFCO expressly reserves the right to provide its own defense at the reasonable expense of the applicant.
7. Completion of the 30-day reconsideration period provided under Government Code Section 56895.

8. The effective date shall be the date of recordation of the Certificate of Completion. The Certificate of Completion must be recorded within one calendar year unless an extension is requested and approved by the Commission.
9. The Commission hereby directs staff to file a Notice of Exemption within five working days of this Resolution in compliance with Section 15062 of Title 14 of the California Code of Regulations.

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

AYES:

NAYS:

ABSENT:

ABSTAIN:

The foregoing resolution is hereby adopted.

\_\_\_\_\_  
Heather Moreno, Chairperson      Date  
Local Agency Formation Commission

**ATTEST:**

\_\_\_\_\_  
Rob Fitzroy      Date  
LAFCO Executive Officer

**APPROVED AS TO FORM AND LEGAL EFFECT:**

\_\_\_\_\_  
Holly Whatley      Date  
LAFCO Legal Counsel

# Exhibit A

Notice of Exemption pursuant to CEQA  
Guidelines Section 15319, Class 19 (a)

# 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. 4-R-24 | Annexation No. 32 to Nipomo Community Services District (Robins)

**Project Location:** The project site encompasses approximately 10.379 acres located at 1707 Lyn Road in Arroyo Grande, CA (Assessor Parcel Number 091-063-039). The property lies directly adjacent to the Nipomo Community Services District (NCS D) service area, and west of Highway 101. The site is located more than three miles south of the City of Arroyo Grande.

**Description of Nature, Purpose, & Beneficiaries of Project:** On August 19, 2024, the landowner submitted a petition to LAFCO proposing annexation of APN 091-063-039 into NCS D to obtain water service, as the existing on-site groundwater well on the property has failed and left the property dependent on trucked water for the past two years. Although NCS D provides multiple services, only water and existing solid waste collection would apply to this annexation, as wastewater infrastructure is not available at this location. Because the property lies within NCS D’s Sphere of Influence and the Santa Maria Valley Groundwater Adjudication requires new urban uses in this area to be served by the local public water supplier, annexation is the only feasible option. NCS D is the nearest and only public provider capable of serving the site, and the boundary change represents a logical extension of existing service areas. The District has adequate water supply capacity, and owner-funded system extensions will deliver service without cost to NCS D or impacts to current customers.

**Name of Public Agency Approving Project:** The San Luis Obispo County LAFCO conducted a noticed public hearing on April 16, 2026, at 9:00 a.m. in the Board of Supervisors Chambers in San Luis Obispo at the County Government Center. Additional information is available on the LAFCO website at <https://slo.lafco.ca.gov/>.

**Exemption Status: (check one)**

<input type="checkbox"/> Ministerial (Sec. 21080(b)(1); 15268);	<input checked="" type="checkbox"/> Categorical Exemption: Section 15319 Class 19(a)
<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:

**Reasons Why Project is Exempt:** Pursuant to CEQA Guidelines Section 15319 Class 19(a), annexations to a city or special district of areas containing existing public or private structures developed to the density allowed by the current zoning or pre-zoning of either the gaining or losing governmental agency whichever is more restrictive, provided, however, that the extension of utility services to the existing facilities would have a capacity to serve only the existing facilities. There are no circumstances under Section 15300.2 that would make the foregoing exemptions inapplicable.

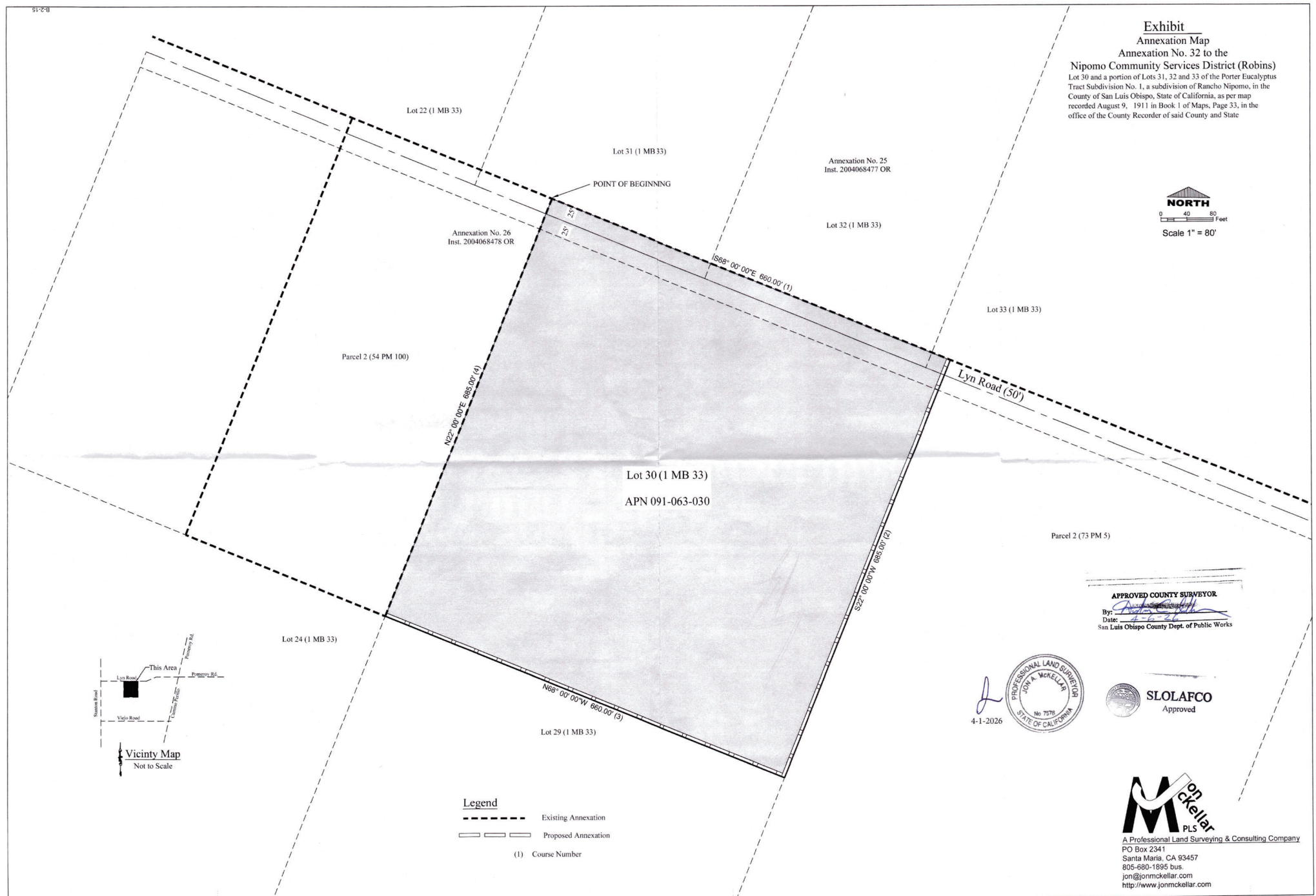
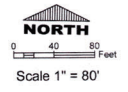
\_\_\_\_\_  
 Rob Fitzroy, Executive Officer

\_\_\_\_\_  
 Date

# Exhibit B

## Annexation Map and Legal Description

**Exhibit**  
 Annexation Map  
 Annexation No. 32 to the  
 Nipomo Community Services District (Robins)  
 Lot 30 and a portion of Lots 31, 32 and 33 of the Porter Eucalyptus  
 Tract Subdivision No. 1, a subdivision of Rancho Nipomo, in the  
 County of San Luis Obispo, State of California, as per map  
 recorded August 9, 1911 in Book 1 of Maps, Page 33, in the  
 office of the County Recorder of said County and State



**Legend**  
 - - - - - Existing Annexation  
 \_\_\_\_\_ Proposed Annexation  
 (1) Course Number

APPROVED COUNTY SURVEYOR  
 By: *[Signature]*  
 Date: 4-1-2026  
 San Luis Obispo County Dept. of Public Works



**Jon McKellar**  
 PLS  
 A Professional Land Surveying & Consulting Company  
 PO Box 2341  
 Santa Maria, CA 93457  
 805-680-1895 bus.  
 jon@jonmckellar.com  
 http://www.jonmckellar.com

Exhibit \_\_\_\_\_

Annexation No. 32 to the  
Nipomo Community Services District (Robins)

Legal Description

Lot 30 and a portion of Lots 31, 32, and 33 of the Porter Eucalyptus Tract Subdivision No. 1, a subdivision of Rancho Nipomo, in the County of San Luis Obispo, State of California, as per map recorded August 9, 1911 in Book 1 of Maps, Page 33, in the office of the County Recorder of said County and State, more particularly described as follows:

Beginning at the Northeast corner of the Patterson Annexation No. 26 to the Nipomo Community Services District, the Certificate of Completion recorded August 2, 2004 as Instrument No. 2004068478 Official Records of said County and State, said point of beginning also being a point of intersection with the northeasterly prolongation of the northwesterly line of said Lot 30 with the southwesterly line of the Robertson Annexation No. 25 to the Nipomo Community Services District, the Certificate of Completion recorded August 2, 2004 as Instrument No. 2004068477 Official Records of said County and State; thence, departing said Annexation No. 26 and along the southwesterly line of said Annexation No. 25,

- 1) S68° 00' 00"E, 660.00 feet to the intersection with the northeasterly prolongation of the southeasterly line of said Lot 30; thence, departing said Annexation No. 25,
- 2) S22° 00' 00"W, along said prolongation and the southeasterly line of said Lot 30, 685.00 feet to the Southeast corner of said Lot 30; thence,
- 3) N68° 00' 00"W, along the southwesterly line of said Lot 30, 660.00 feet to the Southwest corner of said Lot, said corner also being the Southeast corner of said Annexation No. 26; thence,
- 4) N22° 00' 00"E, along the northwesterly line of said Lot 30 and its northeasterly prolongation and along said southeasterly line of said Annexation No 26, 685.00 feet to the Point of Beginning.

Containing 10.379 acres more or less

End of Description

This description was prepared by me or under my direction in conformance with the requirements of the Professional Land Surveyors act this 1st day of April, 2026.

  
 \_\_\_\_\_  
 Jon McKellar  
 PLS 7578



APPROVED COUNTY SURVEYOR

By:   
 Date: 4-6-26  
 San Luis Obispo County Dept. of Public Works



SLOLAFCO  
Approved

# Attachment B

LAFCO Proposal Review Factors -  
Government Code Sections 56668 and  
56668.3

# Attachment B

## LAFCO Proposal Review Factors - Government Code Sections 56668 & 56668.3

### Annexation No. 32 to Nipomo Community Services District (Robins) – LAFCO No. 4-R-24

#### Factor (a)

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

#### Response.

##### *Population and Population density:*

The proposed annexation would extend services to a property already developed with two existing residences. No new development or increase in the number of dwelling units is proposed as part of this annexation.

Based on the average household size of 2.31<sup>1</sup> persons per dwelling unit in the in unincorporated areas of the County of San Luis Obispo (County), the annexation area is estimated to contain approximately 5 residents. If annexed into the Nipomo Community Services District (NCSD), this would represent an approximate population increase of 0.036% to NCSD’s existing population of 13,771 people.<sup>2</sup>

##### *Land Area and Land Use:*

The proposed annexation area is zoned Residential Rural (RR) under the County General Plan. No zoning changes are proposed. The site is located in the South County Planning Area of the Land Use Element (LUE) and is outside the Nipomo Urban Reserve Line.

##### *Per Capita Assessed Valuation:*

The total assessed value of the parcel containing the proposed annexation area, as determined by the County Assessor, is \$190,868. The amount of property tax revenue to be transferred from the County to NCSD shall be as per the approved Tax Exchange Agreements. On October 22, 2024, the County approved a property tax agreement through Resolution No. 2024-243. On November 12, 2025, NCSD approved a property tax exchange agreement

<sup>1</sup> Table E-5 | Population and Housing Estimates for Cities, Counties, and the State, 2020-2024, from the State of California Department of Finance identifies the average household size in the unincorporated areas of the County as 2.31 persons per unit, May 2024

<sup>2</sup> NCSD’s 2020 Urban Water Management Plan

through Resolution No. 2025-1748. The property tax agreements include the following provisions:

- No base property tax revenue shall be transferred from the County to the NCSD
- Annual tax increments shall be transferred from the County to the NCSD effective the date of the roll year specified by the California Board of Equalization, anticipated fiscal year 2025-26, and each fiscal year thereafter in the amount of 3.73638 percent after Education Revenue Augmentation Funds.

*Topography, Natural Boundaries, and Drainage Basins:*

The parcel has an average slope of approximately 5% and contains no major topographical features. The surrounding West Nipomo area is characterized by undulating terrain, which may become increasingly susceptible to local pond formations as development progresses. However, the subject parcel is already developed with two residences, and no new development is proposed as part of this proposal for annexation.

*Proximity to Other Populated Areas:*

The annexation area is located at 1707 Lyn Road, Arroyo Grande, CA, directly adjacent to NCSD, and west of Highway 101. The site is more than three miles south of the City of Arroyo Grande. The surrounding area consists primarily of rural residential properties.

*Likelihood of Significant Growth in the Area, and in Adjacent Incorporated and Unincorporated Areas, During the Next 10 Years:*

The annexation area is already developed with two residences, and no new development is proposed as part of the proposal for annexation. The project would not result in new jobs in the area that would require new housing. The project does not propose new roads or infrastructure for undeveloped or underdeveloped areas that would indirectly result in population growth.

**Factor (b)**

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

2) "Services," as used in this subdivision, refers to governmental services, whether or not the services are services which would be provided by local agencies subject to this division, and includes the public facilities necessary to provide those services.

**Response.**

NCSD provides services including water, wastewater, solid waste, limited street lighting, limited drainage, and limited landscape maintenance. At this time, annexation is proposed only for water and solid waste services, as wastewater service is not currently available at this location. If wastewater service becomes available in the future, the landowner would be required to coordinate directly with the District to obtain service. No additional LAFCO proceedings would be required.

The applicant is requesting annexation to NCSD due to the failure of the property's existing groundwater production well and ongoing water quality and reliability issues. The existing well is no longer producing and has become sanded, leaving the property without a functional on-site water source. For the past two years, the property owner has relied on trucked water in order to provide a stable supply of water to the property.

Since the property is already within NCSD's SOI, the owner is seeking annexation rather than drilling a new well in order to comply with the Stipulation and Judgment in the Santa Maria Valley Groundwater Adjudication. That judgment requires all new urban uses within an SOI or service area to obtain water service from the local public water supplier, which in this case is NCSD.

There is no reasonable alternative manner of providing the requested services to the proposed annexation area. There are no other public service providers able to serve the proposed annexation area. NCSD is the local public water supplier in this case and is therefore bound by the Stipulation.

The annexation represents a logical and reasonable boundary adjustment. The area is fully within NCSD's SOI, and the District's facilities are the closest available water service. System extensions can be made directly into the annexation area at the owner's expense, and the expansion does not require service to any remote or isolated properties. There will be no expenditure of District monies.

NCSD has the capacity to meet the service demand. The Plan for Services (Attachment D) confirms that the District is willing to provide service and has adequate water supplies to serve the project at build-out, including during multiple dry years. The owner-funded system improvements will deliver water to the project without any impact on existing customers.

<p><b>Factor (c)</b></p> <p>The <b>effect of the proposed action</b> and of alternative actions <b>on adjacent areas, on mutual social and economic interests</b>, and on the <b>local governmental structure of the county</b>.</p>	<p><b>Response.</b></p> <p>There is no reasonable alternative manner of providing the requested services to the proposed annexation area. No other public service providers are capable of serving the site. Under the requirements of the Stipulation in the Santa Maria Valley Water Adjudication, new urban users, such as the applicant, are required to obtain water service from the nearest public service provider, which in this case is NCSD.</p> <p>All of the infrastructure necessary to serve the project will be designed and constructed at the applicant’s expense. The water system improvements funded by the landowner will be capable of delivering the necessary water service to the area without any negative impact on existing NCSD customers.</p>
<p><b>Factor (d)</b></p> <p>The conformity of both the proposal and its anticipated effects with both the adopted <b>commission policies on providing planned, orderly, efficient patterns of urban development</b>, and the policies and priorities set forth in Section 56377.</p>	<p><b>Response.</b></p> <p>Applicable Commission Policies are listed and analyzed below:</p> <p><u>Section 2.1 General Policies</u></p> <p><b>Policy 2.1.1.</b> <i>The Commission shall endeavor to balance the need to efficiently provide public services with the sometimes-competing interests of discouraging urban sprawl, preserving prime agriculture land and open space (Gov. Code Section 56001 and 56301).</i></p> <p><b>Analysis.</b> The NCSD has confirmed that it is both willing and able to provide the requested services, as detailed in factors (b) and (k) of this attachment. The annexation area is contiguous to the District’s existing service area boundary and is within the District’s SOI. The area does not contain prime agricultural land as defined under Government Code Section 56064, nor does it include Open-Space Lands as defined under Government Code Section 56059.</p> <p><b>Policy 2.1.3.</b> <i>Cities and Special Districts are discouraged from annexations outside of their Sphere of Influence unless the need for services is clearly demonstrated (Gov. Code Section 56375.5).</i></p> <p><b>Analysis.</b> The proposed annexation area is within NCSD’s SOI.</p>

**Policy 2.1.4.** *Jurisdictions are encouraged to create places to live that integrate various land uses as a way of providing for a diverse social and economic community.*

**Analysis.** The annexation area is within the County's Residential Rural land use category and is already developed with two residences. No new development is proposed as a part of this proposal for annexation. No zoning changes are proposed.

**Policy 2.1.5.** *The Commission prefers urban development within Cities and the Urban Reserve Line of unincorporated communities as opposed to development in the unincorporated area (Gov. Code Section 56001).*

**Analysis.** The annexation area is located outside of the Nipomo Urban Reserve Line. However, the annexation area is already developed with two residences, and no new development is proposed as part of this proposal for annexation.

**Policy 2.1.8.** *The Commission normally will require annexation to a municipality rather than annexation to a sanitation, sanitary, community service, or water district in the unincorporated area (Gov. Code Section 56001).*

**Analysis.** The annexation area is located more than three miles south of the City of Arroyo Grande and is immediately contiguous to NCSD's existing service area boundary and within the District's SOI. NCSD's existing water main infrastructure is located directly adjacent to the annexation area on Lyn Road. The proposed annexation to NCSD is logical and efficient, as District facilities are the closest available public water infrastructure and would extend directly into the proposed annexation area at the owner's expense.

**Policy 2.1.10.** *Impacts on affordable housing, impact of the creation of new jobs on affordable housing stock, within the annexation area, and in neighboring jurisdictions. Demonstration that the effects of the proposed project on affordable housing have been mitigated (Gov. Code Section 56001). The Commission recognizes that providing a range of housing opportunities for persons and families of all incomes is an important factor in promoting orderly development.*

**Analysis.** The proposed annexation area is already developed with two existing residences. No new development is proposed as part of the proposal for annexation.

Therefore, the proposal does not create impacts related to affordable housing, nor does it result in the creation of new jobs.

**Policy 2.1.11** *In any proposal requiring water service, the Commission requires that the agency to which the annexation is proposed should demonstrate the availability of an adequate, reliable, and sustainable supply of water. In cases where a phased development is proposed, the agency should demonstrate that adequate service capacity will be provided as needed for each phase. In cases where a proposed annexation will be served by an onsite water source, the proponent should demonstrate its adequacy (Gov. Code Section 56668 (k)).*

**Analysis.** NCSD has the ability to meet the need for the requested water service. The proposed Plan for Service (Attachment D) demonstrates that NCSD has sufficient water to serve the annexation area at build-out and beyond, even in a multiple dry year scenario. Factor (l) of this attachment further details the availability of water within the District.

Section 2.3 Special District Annexation Policies

**Policy 2.3.1.** *Special districts are encouraged to annex unincorporated islands as well as land that is mostly surrounded by a jurisdiction. (Gov. Code Sections 56001 & 56375.3).*

**Analysis.** NCSD's SOI is a plan for the probable future service area of the District. The intent of NCSD's SOI is to create a more contiguous District service area boundary with fewer unincorporated islands. The proposed annexation area is within the District's SOI and is therefore consistent with this intent while promoting the logical and orderly development of the District.

**Policy 2.3.2.** *Prior to annexation of territory within an agency's Sphere of Influence, the Commission encourages development on vacant or underutilized parcels already within the boundaries of a jurisdiction. The agency should provide LAFCO with a build-out estimate or inventory and document how it was prepared.*

**Analysis.** In December 2021, NCSD adopted its 2020 Urban Water Management Plan (UWMP) update, which includes an inventory of potential build out under the County's General Plan. As part of this analysis, the District evaluated every undeveloped parcel in the District's current service area to ensure adequate water

was available to serve these parcels in the future. The UWMP also assumed that parcels currently within the District's service area that are currently served by private wells would be connected.

According to the UWMP, there are a total of 259 parcels, representing 646 gross acres, that are not currently served or are undeveloped within the District's current service area. The UWMP determined that the District's water supply to serve the existing service area, including potential future infill development, was available and adequate, even after multiple dry years. The proposed Plan for Service further demonstrates that the District has sufficient available water to serve the annexation area at build-out and beyond, even in a multiple dry year scenario.

***Policy 2.3.3.*** *A demonstrated need exists for the required services, and there is no reasonable alternative manner of providing these services.*

**Analysis.** The owner proposes to annex into NCSD due to water quality and reliability issues with their existing groundwater production well. There is no reasonable alternative manner of providing the requested services to the proposed annexation area. No other public service providers are capable of serving the site. Under the requirements of the Stipulation in the Santa Maria Valley Water Adjudication, new urban users, such as the applicant, are required to obtain water service from the nearest public service provider, which in this case is NCSD.

***Policy 2.3.4.*** *The proposed annexation represents a logical and reasonable expansion of the district.*

**Analysis.** The annexation area is within NCSD's SOI and is immediately adjacent to NCSD's current service area boundary. The District's existing infrastructure is immediately adjacent to the project area on Lyn Road. The District's Plan for Service also demonstrates that the District has sufficient available water to serve the area at build-out and beyond, even in a multiple dry year scenario.

***Policy 2.3.5.*** *The proposed annexation reflects the plans of the adjacent governmental agencies.*

**Analysis.** The proposed annexation area is within the unincorporated County and is

located within NCSD's SOI and adjacent to the current District service boundary.

***Policy 2.3.6.*** *The proposed annexation does not represent an attempt to annex only revenue producing property.*

**Analysis.** The applicant is requesting annexation to NCSD due to water quality and reliability issues with their existing groundwater production well. Since the property is already within NCSD's SOI, the owner is seeking annexation to comply with the Stipulation and Judgment in the Santa Maria Valley Groundwater Adjudication, which states that within the SOI or service area, new urban uses shall obtain water service from the local public water supplier, which in this case is NCSD. The proposed annexation does not represent an attempt to annex only revenue producing property.

***Policy 2.3.7.*** *The proposed boundaries must be definite and certain and conform to lines of assessment whenever possible.*

**Analysis.** As described in factor (f), the boundaries of the annexation area have been deemed definite and certain by the County Surveyor and will adhere to assessor parcel lines; APN 091-063-039. The annexation map is attached as Attachment A, Exhibit B of the staff report.

***Policy 2.3.8.*** *The district has the capability of meeting the need for services and has submitted studies and information documenting its capabilities.*

**Analysis.** The District has the ability to meet the need for requested services. The proposed Plan for Service demonstrates that the District has sufficient available water to serve the project at build-out and beyond, even in a multiple dry year scenario. Water system improvements to be constructed at the expense of the owner will be able to deliver the necessary water to the annexation area, without any negative impact on existing customers. Please refer to factors (b) and (k) of this attachment for more information regarding the need for services and NCSD's ability to provide services.

Section 2.11 Commission Administrative Policies

“Application Policies” were deemed met and sufficient on March 20, 2026, when the Certificate of Filing was issued.

Government Code Section 56377

**56377.** *In reviewing and approving or disapproving proposals that could reasonably be expected to include, facilitate, or lead to the conversion of existing open-space lands to uses other than open-space uses, the commission shall consider all of the following policies and priorities:*

*(a) Development or use of land for other than open-space uses shall be guided away from existing prime agricultural lands in open-space use toward areas containing nonprime agricultural lands unless that action would not promote the planned, orderly, efficient development of an area.*

*(b) Development of existing vacant or nonprime agricultural lands for urban uses within the existing jurisdiction of a local agency or within the sphere of influence of a local agency should be encouraged before any proposal is approved that would allow for or lead to the development of existing open-space lands for non-open-space uses which are outside of the existing sphere of influence or the local agency.*

**Analysis.** The project area does not contain prime agricultural land as defined under Government Code Section 56064 or Open-Space Lands as defined under Government Code Section 56059.

**Factor (e)**

The effect of the proposal on maintaining the physical and economic **integrity of agricultural lands**, as defined by Section 56016.

**Response.**

The annexation area does not include land within the Agriculture land use designation, land subject to a Williamson Act contract, or Agricultural lands as defined in the Government Code Section 56016. The parcel is within the unincorporated County and has already been developed with two existing residences.

<p><b>Factor (f)</b></p> <p>The <b>definiteness and certainty of the boundaries</b> of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.</p>	<p><b>Response.</b></p> <p>The boundaries for the proposed annexation area have been deemed definite and certain by the County Surveyor and will adhere to assessor parcel lines; APN 091-063-039. The annexation map is attached as Attachment A, Exhibit B of the staff report. The proposed annexation will remain within the unincorporated County; therefore, it does not create an island or corridor of unincorporated territory.</p>
<p><b>Factor (g)</b></p> <p>A <b>regional transportation plan</b> adopted pursuant to Section 65080.</p>	<p><b>Response.</b></p> <p>The 2023 San Luis Obispo Council of Governments (SLOCOG) Regional Transportation Plan (RTP) was adopted pursuant to requirements of Government Code Section 65080. The annexation area is closest to U.S. Highway 101, which is analyzed in the RTP.</p> <p>U.S. 101 is the most important highway in the region. Major concerns for the future of the South County subregion include increased congestion and delays, and a physically constrained right of way that offers limited room for expansion. The route provides connections to major recreational travel destinations in beach communities, giving rise to seasonal variations in traffic and heavy Friday and weekend recreational traffic. Weekday peak period congestion is attributed primarily to commuters driving to and from work in the City of San Luis Obispo or northern Santa Barbara County. Key highway improvements on U.S. 101 to improve traffic flow and support housing production are expected to be constructed by 2028. No significant transportation related impacts are expected to occur as a result of this project.</p>
<p><b>Factor (h)</b></p> <p>The proposal's <b>consistency</b> with the city or county <b>general and</b></p>	<p><b>Response.</b></p> <p>The County General Plan sets policy direction for allowable land use on both public and private lands within the unincorporated areas and acts to provide applicable review bodies</p>

<p><b>specific plans.</b></p>	<p>with appropriate guidance and direction in making future land use decisions. The annexation area is consistent with the County General Plan, as the parcel is already developed and no changes to land uses are proposed.</p>
<p><b>Factor (i)</b></p> <p>The <b>Sphere of Influence</b> of any local agency that may be applicable to the proposal being reviewed.</p>	<p><b>Response.</b></p> <p>A SOI is a plan for the probable physical boundaries and service area of a local agency, as determined by LAFCO per Government Code Section 56076. The approximately 10.379 acre parcel is currently in NCSD’s SOI and is now proposed to be annexed into the NCSD’s service area. The proposal does not conflict with the SOI of any other jurisdiction.</p>
<p><b>Factor (j)</b></p> <p>The <b>comments of any affected local agency</b> or other <b>public agency</b>.</p>	<p><b>Response.</b></p> <p>No comments or resolutions raising objections to the proposal have been received by any affected local agency or other public agency.</p>
<p><b>Factor (k)</b></p> <p>The <b>ability</b> of the newly formed or receiving entity <b>to provide the services</b> that are the subject of the application to the area, including the sufficiency of revenues for those services, following the proposed boundary change.</p>	<p><b>Response.</b></p> <p>When applying for a change of organization, a Plan for Services is required in accordance with Government Code Section 56653. NCSD submitted a Plan for Services in November 2025, included as Attachment D. At this time, annexation is proposed only for water and solid waste services, as wastewater service is not currently available at this location. If wastewater service becomes available in the future, the landowner would be required to coordinate directly with the District to obtain service. No additional LAFCO proceedings would be required.</p> <p>The District stated that they have the ability to meet the need for the requested services. The proposed Plan for Service demonstrates that the District has sufficient available water to serve the annexation area at build-out and beyond, even in a multiple dry year scenario. Water system improvements to be constructed at the expense of the owner will be able to deliver the necessary water to the annexation area, without any negative impact on existing customers.</p>

<p><b>Factor (l)</b></p> <p>Timely <b>availability of water</b> supplies adequate for projected needs as specified in Section 65352.5.</p>	<p><b>Response.</b></p> <p>The proposed Plan for Service demonstrates that the District has sufficient water available to serve the property at build-out and beyond, even in a multiple dry year scenario. The proposed annexation can and will be served with water from the Nipomo Supplemental Water Project. The District's 2020 UWMP Update includes estimated water demands for new annexations. The project will not exceed the estimated annexation development demands included in the UWMP Update.</p>
<p><b>Factor (m)</b></p> <p>The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the <b>regional housing needs</b> as determined by the appropriate council of governments, consistent with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7.</p>	<p><b>Response.</b></p> <p>The proposed annexation would result only in the extension of District water service a short distance to property that is already developed with two existing residences. No new development is proposed as a part of this proposal for annexation. Therefore, this proposal will have no effect on the County achieving its regional housing needs allocation.</p>
<p><b>Factor (n)</b></p> <p>Any information or <b>comments from the landowner or landowners, voters, or residents</b> of the affected territory.</p>	<p><b>Response.</b></p> <p>LAFCO did not receive any comments from landowners, voters, or residents prior to the release of the staff report.</p>

<p><b>Factor (o)</b></p> <p>Any information relating to <b>existing land use designations.</b></p>	<p><b>Response.</b></p> <p>The annexation area is within the County's Residential Rural land use category. No zoning changes are proposed.</p>
<p><b>Factor (p)</b></p> <p>The extent to which the proposal will promote <b>environmental justice.</b> As used in this subdivision, "environmental justice" means the fair treatment and meaningful involvement of people of all races, cultures, incomes, and national origins, with respect to the location of public facilities and the provision of public services, to ensure a healthy environment for all people such that the effects of pollution are not disproportionately borne by any particular populations or communities.</p>	<p><b>Response.</b></p> <p>The proposal for annexation promotes environmental justice by enabling fair access to safe water for people within the annexation area. The landowner proposes annexation into NCSD in order to connect to the District's water system, due to water quality issues with the existing groundwater production well. Because the annexation area is located within the District's SOI, the landowner is required to seek water service in accordance with the Stipulation and Judgement in the Santa Maria Valley Groundwater Adjudication. Section VI E.1 of the Stipulation requires that new urban users within a public agency's SOI or service area obtain water service from the local public water supplier, and it further mandates that such service be provided on a reasonable and non-discriminatory basis.</p>
<p><b>Factor (q)</b></p> <p>Information contained in a <b>local hazard mitigation plan,</b> information contained in a safety</p>	<p><b>Response.</b></p> <p>The County's Multi-Jurisdictional Hazard Mitigation Plan was adopted in October 2019 and establishes the County's emergency policies and procedures in the event of a disaster and addresses the allocation of resources and protection of the public in the event of an</p>

element of a general plan, and any maps that identify land as a **very high fire hazard zone** pursuant to Section 51178 or maps that identify land determined to be in a state responsibility area pursuant to Section 4102 of the Public Resources Code, if it is determined that such information is relevant to the area that is the subject of the proposal. (Amended by Stats. 2019, Ch. 360)

emergency.

The Safety Element of the General Plan for the County of San Luis Obispo (approved December 1999) addresses a wide range of natural and human-caused hazards and consists of goals and policies aimed to reduce the risks associated with these hazards, such as loss of life, injuries, property damage, and economic and social dislocation.

The state provides wildland and watershed fire protection within State Responsibility Areas (SRAs); it does not provide structure protection, rescue and emergency service, or hazardous materials response. Counties provide fire services at their discretion, and service levels vary from county to county. SLO County chose to protect residents and property within its jurisdiction by creating County Fire in partnership with CAL FIRE. The affected territory is within a State Responsibility Area and would be considered a “Moderate” fire hazard severity zone; predictions are based on factors including fuel availability, topography, fire history, and climate<sup>3</sup>. Based on the County’s emergency response times, it will take approximately 5 to 10 minutes to respond to a call regarding fire or life safety.

**56668.3**

(a) If the proposed change of organization or reorganization includes a city detachment or district annexation, except a special reorganization, and the proceeding has not been terminated based upon receipt of a resolution requesting termination pursuant to either Section 56751 or Section 56857, factors to be considered by

**Response.**

(a)(1) The proposed annexation will be for the interest of the landowner and NCSD. If approved, the property would be annexed, and the landowner would obtain water and solid waste services from NCSD. In addition, water system improvements to be constructed at the expense of the landowner will be able to deliver the necessary water to the annexation area without any negative impact on existing customers.

(a)(2) Not applicable as the proposal consists of a district annexation and not a detachment.

(a)(3) The commission considered the factors specified in Government Code Section 56668, as seen in this document.

(a)(4) The Commission did not receive any resolutions from any affected agency raising objections to the action.

<sup>3</sup> Cal Fire Fire Hazard Severity Zone Viewer Maps, September 2023

the commission shall include all of the following:

**(1)** In the case of district annexation, whether the proposed annexation will be for the interest of landowners or present or future inhabitants within the district and within the territory proposed to be annexed to the district.

**(2)** In the case of a city detachment, whether the proposed detachment will be for the interest of the landowners or present or future inhabitants within the city and within the territory proposed to be detached from the city.

**(3)** Any factors which may be considered by the commission as provided in Section 56668.

**(4)** Any resolution raising objections to the action that may be filed by an affected agency.

**(5)** Any other matters which the commission deems material.

(a)(5) There are no other matters which the Commission has deemed material.

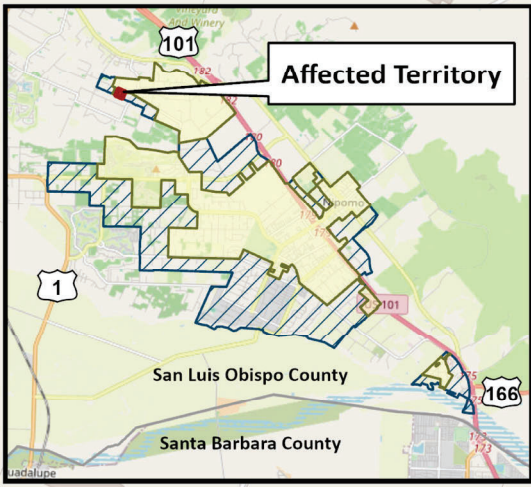
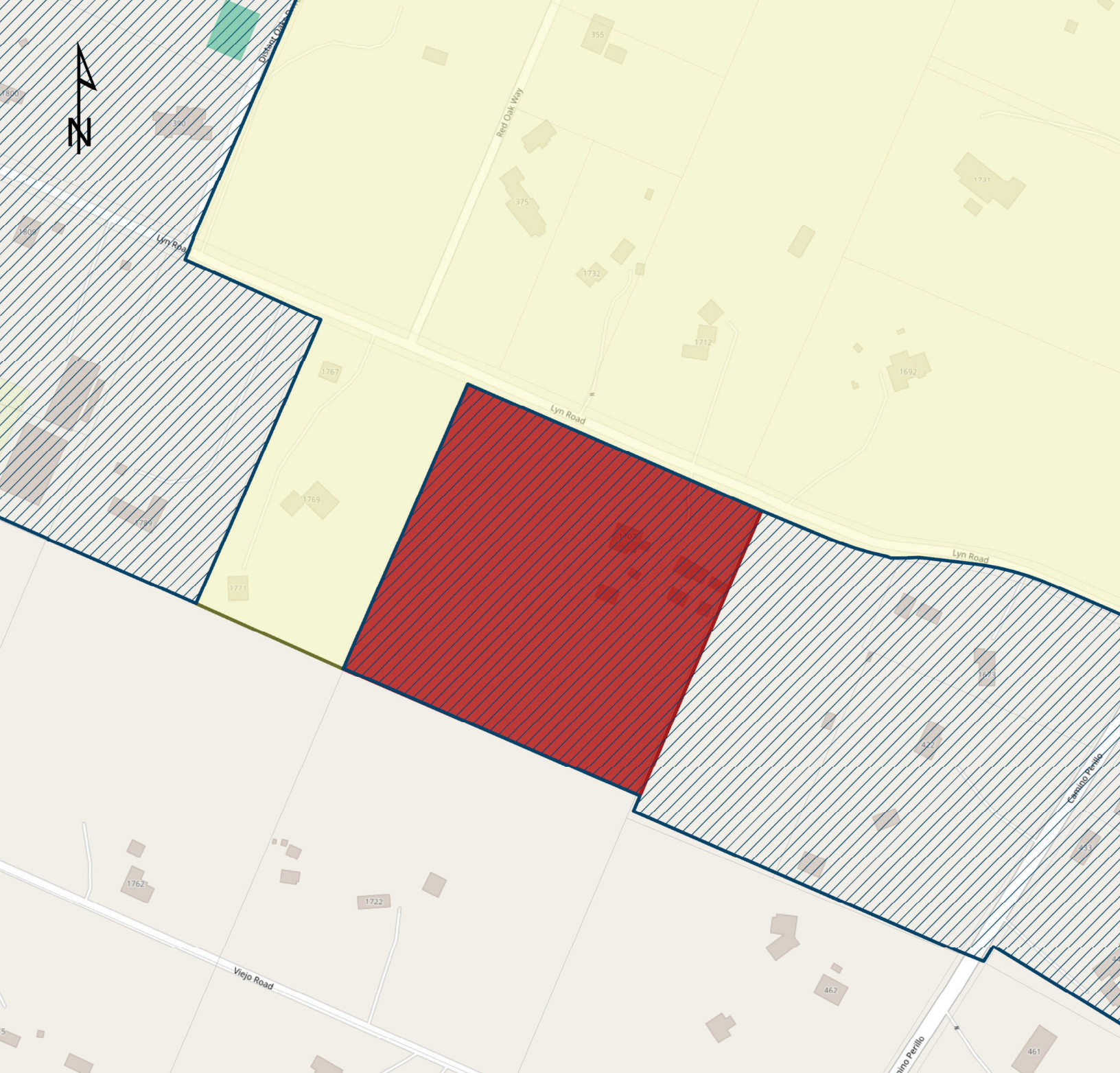
(b) The Commission did not receive any resolutions from neighboring cities or districts raising objections to the action.

(b) The commission shall give




great weight to any resolution raising objections to the action that is filed by a city or a district. The commission's consideration shall be based only on financial or service related concerns expressed in the protest. Except for findings regarding the value of written protests, the commission is not required to make any express findings concerning any of the other factors considered by the commission.

# Attachment C

## Vicinity Map

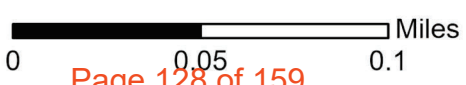


**LAFCO File No. 4-R-24 | Anx #32 to Nipomo CSD**

-  Sphere of Influence
-  Service Area
-  Affected Territory

**Acres: 10.379**

**APN in Affected Territory: 091-063-039**



Prepared By SLOLAFCO  
 Name: 4-R-24  
 Date: 3/27/2026  
 B-2-35

# Attachment D

NCSD Resolution No. 2025-1749  
Approving the Annexation Agreement  
and Plan for Services

**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2025-1749**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT APPROVING THE ANNEXATION AGREEMENT WITH OWNER OF 1707 LYN ROAD, APN 091-063-039, APPROVING THE LAFCO PLAN FOR SERVICE AND DIRECTING THE GENERAL MANAGER TO FILE IT WITH SLO LAFCO, AND FINDING THAT THE ANNEXATION IS CATEGORICALLY EXEMPT FROM REVIEW UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (“CEQA”)**

**WHEREAS**, on September 17, 2024, the District received an annexation application from LAFCO regarding Annexation No. 32, APN 091-063-039, 1707 Lyn Road. The owner of the parcel is Tracy Robins (Owner). The Owner requested the annexation of a 9.7-acre parcel located in the District’s sphere of influence (“SOI”) into the District’s service area.

**WHEREAS**, the Owner proposes to connect to the District’s water system due to water quality issues with her existing groundwater production well. As with all annexations, the District needed to thoroughly evaluate the impacts the existing development would have on the District’s water enterprises;

**WHEREAS**, because the property to be annexed is located within the District’s SOI, the Owner applied for annexation to obtain water service and conform to the Stipulation and Judgment in the Santa Maria Valley Groundwater Adjudication. Section VI E.1 of the Stipulation (Exhibit A to the Judgment) provides as follows under the topic heading New Urban Uses: " 1. Within the sphere of influence or service area. New Urban Uses shall obtain water service from the local public water supplier. The local public water supplier shall provide water service on a reasonable and non-discriminatory basis..." The District is bound by the Stipulation and is the local public water supplier in this instance;

**WHEREAS**, to inform the NCSD Board’s consideration of the proposed Annexation, those reports and analyses are a part of the record of this proceeding and have been made available to the public. They include, without limitation: the current Urban Water Management Plan, current NMMA Technical Group Annual Report, and other technical data related to the ability of the District to provide services.

**WHEREAS**, the custodian of records of this proceeding is the General Manager of the District at the District office, at 148 South Wilson Street in Nipomo;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Nipomo Community Services District as follows, to the best of the Board’s knowledge, based on substantial evidence in the record of the proceeding:

1. That the recitals set forth above are true, correct and valid.

**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2025-1749**

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**ANNEXATION AGREEMENT**

2. The annexation and proposed Annexation Agreement meet the applicable requirements of the District’s application policy. In the event of any conflict between particular elements of the Annexation Policy and the Annexation Agreement, the Board specifically finds that the Annexation Agreement controls.
3. Substantial evidence in the record of this proceeding shows that the proposed annexation application demonstrates all of the following:
- (a) The proposed annexation area has a need for the requested services because the existing well water quality has failed. Rather than drill a new well, “new” users must receive these services from the District.
  - (b) The proposed annexation area boundaries are consistent with the Annexation Policy, in that the boundaries are located within the District’s Sphere of Influence as determined by SLO LAFCO, as required by Section IV A of the Policy.
  - (c) There is no reasonable alternative manner of providing the requested services to the proposed annexation area. The record demonstrates that there are no other public service providers to the proposed annexation area. Under the requirements of the Stipulation in the Santa Maria Valley Water Adjudication, “new urban users” like the Project must take water service from the nearest public water supplier, which is the District.
  - (d) The annexation represents a logical and reasonable expansion of the District’s boundaries. SLO LAFCO has determined the District’s SOI, and the proposed annexation area is entirely within the SOI. The proposed annexation is logical, since District facilities are the closest water service to the proposed annexation area, and would extend directly into the proposed annexation area at the owner’s expense. Such an expansion is also reasonable, in that it does not require the District to extend services to any distant or geographically remote properties.
  - (e) The proposed annexation is consistent with the District’s plans and policies. The proposed annexation will be constructed and operated in full compliance with the District’s standard specifications, code requirements and policies. The proposed annexation can and will be served with water from the Nipomo Supplemental Water

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Project, pursuant to Section IV B, and the owners of the property are willing to accept all conditions for service, as demonstrated by the Annexation Agreement. All of the infrastructure necessary to serve the Project will be designed and constructed at the owner’s expense, pursuant to the District policy.

(f) The District has the ability to meet the need for the requested services. The proposed plan for service demonstrate that the District has sufficient available water to serve the Project at build-out and beyond, even in a multiple dry year scenario. Water system improvements to be constructed at the expense of the owner will be able to deliver the necessary water to the Project, without any negative impact on existing customers. .

(g) The benefits of the proposed annexation outweigh the disadvantages of the proposed annexation to the District, as identified in the staff report.

4. The Annexation Agreement is consistent with Section V of the District’s annexation policy, and the items specified in that section are hereby included in it. Based on the foregoing and the evidence presented to the Board, the Annexation Agreement in the form presented to the Board on November 12, 2025, and as specified herein, is approved and the President of the Board is authorized to execute it on behalf of the District. Upon annexation the Project will be located within the current boundaries of the District.

5. The General Manager shall transmit an executed copy of the Annexation Agreement to SLO LAFCO along with this Resolution as verification that the elements specified in the Annexation Policy Section IV K have or, as applicable, will be satisfied through the Annexation process.

**PLAN FOR SERVICES**

6. The Board has considered the District’s Plan for Services for APN 091-063-039, 1707 Lyn Road, dated November 12, 2025.

7. Based on its review and the evidence presented during the proceeding, the Board approves the Plan for Services as presented.

8. The General Manager is authorized to submit the Plan for Services to SLO LAFCO, and to make technical changes to the Plan for Services in consultation with SLO LAFCO staff prior to the SLO LAFCO Board’s consideration of the proposed Annexation.

**NIPOMO COMMUNITY SERVICES DISTRICT  
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9. The General Manager shall include a copy of this Resolution with the approved Plan For Services.

**CEQA REVIEW**

The proposed annexation is categorically exempt from review under CEQA. The proposed annexation would result only in the extension of District water service a short distance to property that is already improved with two relatively small residences. No new development is approved or would be permitted under this application. Thus, the application is categorically exempt from CEQA review under CEQA Guidelines Sections 15303 and 15319. The General Manager shall cause a Notice of Exemption to be timely filed.

**PASSED AND ADOPTED** by the Board of Directors of the Nipomo Community Services District at a regular meeting thereof held on the 12th day of November, 2025, by the following vote:

**AYES: GLOVER, JOYCE, HENRY, EBY**  
**NOES: NONE**  
**ABSENT: HANSEN**  
**ABSTAIN: NONE**



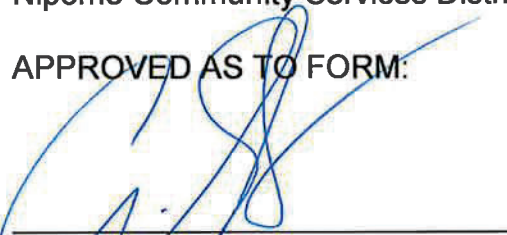
ED EBY, President  
Nipomo Community Services District

ATTEST:

APPROVED AS TO FORM:



RAY DIENZO  
Secretary to the Board



CRAIG A. STEELE  
District Legal Counsel

# NIPOMO COMMUNITY

## BOARD MEMBERS

ED EBY, PRESIDENT  
PHIL HENRY, VICE PRESIDENT  
GARY HANSEN, DIRECTOR  
JOHN JOYCE, DIRECTOR  
TOM GLOVER, DIRECTOR



# SERVICES DISTRICT

## STAFF

RAY DIENZO, GENERAL MANAGER  
JANA ETTEDDGUE, FINANCE DIR/ASST GM  
PETER SEVCIK, DIRECTOR OF ENG. & OPS.  
CRAIG STEELE, GENERAL COUNSEL

*Celebrating 60 Years of Service to the Community, 1965 - 2025*

---

148 SOUTH WILSON STREET    POST OFFICE BOX 326    NIPOMO, CA 93444 - 0326  
(805) 929-1133    FAX (805) 929-1932    Website address: [ncsd.ca.gov](http://ncsd.ca.gov)

---

## PLAN FOR SERVICES

**Date:** November 12, 2025  
**To:** San Luis Obispo LAFCO  
**From:** Nipomo Community Services District

**Applicant Name:** Tracy Robins  
**Mailing Address:** 1707 Lyn Road  
**City, State, Zip:** Arroyo Grande, CA 93420

**Property Address:** 1707 Lyn Road  
**Project Description:** Connect existing parcel to District water service  
**APN:** 091-063-039

### 1. AN ENUMERATION AND DESCRIPTION OF THE SERVICES CURRENTLY PROVIDED OR TO BE EXTENDED TO THE AFFECTED TERRITORY.

The District charges newly annexed users of the water system a differential water use rate based on being served only by imported water. Following annexation, new customers in the Area of Annexation shall pay the then-current rates for service, duly-approved by the Board of Directors. The expected rate will be a base rate of \$47.23 per month and \$10.46 per hundred cubic feet (HCF) of water per month based on actual usage.

The applicant shall also pay a water capacity charge, meter fee, account setup fee, and water inspection fee. The expected total cost is \$16,621 in FY 25-26.

## **2. THE LEVEL AND RANGE OF THOSE SERVICES.**

The project will include one (1) new 1-inch meter which will connect to the District's existing water main in Lyn Road.

The District's 2020 Urban Water Management Plan (UWMP) Update includes estimated water demands for new annexations. The project will not exceed the estimated annexation development demands included in the UWMP Update.

## **3. AN INDICATION OF WHEN THOSE SERVICES CAN FEASIBLY BE EXTENDED TO THE AFFECTED TERRITORY, IF NEW SERVICES ARE PROPOSED.**

The water services can be installed after the applicant submits a complete Will-Serve Application Package to the District.

## **4. AN INDICATION OF ANY IMPROVEMENT OR UPGRADING OF STRUCTURES, ROADS, SEWER OR WATER FACILITIES, OR OTHER CONDITIONS THE LOCAL AGENCY WOULD IMPOSE OR REQUIRE WITHIN THE AFFECTED TERRITORY IF THE CHANGE OF ORGANIZATION OR REORGANIZATION IS COMPLETED.**

The applicant shall install a new 1-inch diameter water service that will connect to the District's existing water main in Lyn Road. Once installed and accepted by the District, the District will install a water meter.

The applicant will also be required to properly abandon the existing water well.

## **5. INFORMATION WITH RESPECT TO HOW THOSE SERVICES WILL BE FINANCED.**

Improvements will be installed at the applicant's expense. There will be no expenditure of District monies, and the District will expect a small increase in property tax revenue equitable to existing percentages received from other parcels within the District service area as a result of the annexation of this property.

RECORDING REQUEST BY  
AND WHEN RECORDED  
RETURN TO:  
NIPOMO COMMUNITY SERVICES DISTRICT  
P.O. Box 326  
Nipomo, CA 93444

---

APN# 091-063-039

## ANNEXATION AGREEMENT

THIS agreement regarding the annexation of property ("Agreement"), is made this 12<sup>th</sup> day of November, 2025, by and between the Nipomo Community Services District, ("District"), and Tracy Robins ("Applicant"), with reference to the following recitals:

### RECITALS

A. Applicant represents and warrants that Applicant is the fee title owner of approximately 9.7 acres of real property depicted and described in **Exhibits A**, attached hereto and incorporated herein by this reference (the "Property" or the "Area of Annexation"). The Property is located at 1707 Lyn Road, Arroyo Grande, California

B. The Property is located inside the District's Sphere of Influence as established by the San Luis Obispo County Local Agency Formation Commission ("LAFCo") and adjacent to the current District service boundary.

C. Applicant has applied to annex the Property into boundaries of the District. The annexation process is referred to herein as the "Annexation".

D. The Annexation has been processed in accordance with the District's Annexation Policy and applicable provisions of the District's Code and is subject to the approval of LAFCo.

E. The applicant's water well has failed, and the applicant is requesting to be annexed to the District so that the District can provide water service to the parcel.

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. Annexation Description:

The Annexation shall consist of approximately a 9.7 acre residential parcel with existing dwellings. The District has no land use authority over the proposed uses proposed for the subject property, but no new land uses are proposed as part of the Annexation.

2. Proposed District Services:

The District services proposed to be provided to the Area of Annexation include water and solid waste collection. This property already receives solid waste collection services but sewer infrastructure is not available. This Agreement is **not** to be deemed an "Intent to Serve" or "Verification of Service" or any other commitment to provide any District service prior to the Applicant making application for services and payment of all applicable District fees and charges.

3. Term.

This Agreement shall be effective immediately following its approval by the Board and execution by both parties ("Effective Date"). The Term of this Agreement shall be one (1) calendar year from the Effective Date.

4. Service Limitations:

The District's approval of the Annexation is expressly limited to the density and intensity of the parcel as currently developed. Any proposed increase to the number of residential units that would materially change the District's analysis of water services available from the District may, at the discretion of the General Manager, require an amendment to this Agreement approved by Applicant and the District's Board.

5. Annexation Processing Costs:

A. At the time of execution of this Agreement, Applicant has on deposit with the District the sum of \$15,000 for District services in processing the Annexation. The Applicant authorizes the District to continue to withdraw from the deposit payment for the costs of processing the Annexation as they are incurred by District, through and including the date of approval of the Annexation by LAFCO.

District will notify Applicant whenever the deposit is reduced to five thousand dollars \$5,000 or less. Within fifteen 15 calendar days after such notification is e-mailed to Applicant, Applicant shall make an additional deposit in an amount reasonably estimated by District to be necessary to reimburse District's remaining costs.

B. Following LAFCo's action on the Annexation application and final resolution of the litigation referenced in Section 5C, any funds deposited by Applicant in excess of the District's processing costs shall, at the Applicant's option, either be refunded to the Applicant or retained by District as a credit toward payments Applicant is required to make to District pursuant to this Agreement. Conversely, any costs incurred by the District over and above the amount deposited by Applicant shall be paid by Applicant within fifteen (15) calendar days of notification by District.

6. Applicant's Payment of District's Fees and Charges:

A. Annexation Fees: Prior to final LAFCo consideration of the proposed Annexation, Applicant shall deposit with District the sum of four thousand eight hundred fifty (\$4850.00) representing the District's Annexation fees of \$500 per acre. This Annexation fee deposit shall be refunded to Applicant if the Annexation is denied by LAFCo.

1) District Connection and Capacity Charges: Applicant shall make non-refundable payment to the District for the then-current District application fee adopted pursuant to the District Code for an "Intent to Serve" Letter for Water or the equivalent;

2) Applicant shall deposit with the District the District's 100% estimate of District's then-current applicable water capacity charges (including supplemental water capacity charges), and all applicable connection fees, reimbursement charges (if applicable), meter fee and account set-up fee, and any other costs or fees due to the District for connection charges for District services pursuant to Chapter 2.04 of the District Code.

B. Intent to Serve Payments Run With the Land: Pursuant to the District's Code, Applicant acknowledges and agrees that if an Intent to Serve letter is approved by the District, all payments made by the Applicant under Section 6(C) shall be non-refundable and shall run with the land, be retained by the District and shall be credited against any future computation of fees and charges for the same property.

C. Service Rates: Following annexation, new customers in the Area of Annexation shall pay the then-current rates for service, duly-approved by the Board of Directors. Applicant agrees, on behalf of itself and its successors in interest, not to protest or challenge the initial rates for service for the Area of Annexation adopted by the Board of Directors including, without limitation, differential rates for service for annexed properties served only by imported water, if such rates are established according to applicable law including, without limitation, the requirements of California's Proposition 218.

7. Obligations of Applicant:

In addition to the fiscal obligations of Applicant referenced in Section 6 of this Agreement, the Applicant shall have the following additional obligations:

A. At Applicant's sole cost, Applicant shall promptly and diligently process the Annexation through LAFCo. If annexation has not been completed within eighteen (18) months from the date of this Agreement, the District shall have the right to terminate this Agreement at any time thereafter, unless such time for completion is extended by written agreement. Such extension must be requested in writing by the Applicant two (2) months prior to the expiration of said period. If the Agreement is terminated the District shall have no further obligation under this Agreement. Upon termination the District shall refund the Annexation Fee paid under Section 6(A) and any deposits made by Applicant under Section 5 which have not been used by the District prior to the date of termination but District shall not be required to refund any payments made under Sections 6(8) and 6(C).

B. Enter into the District's standard plan check and inspection agreement ("PCIA").

C. At Applicant's sole cost, design construct, and dedicate to the District upon District's approval, the water infrastructure improvements required to provide District water to the Area of Annexation.

- D. Comply with all conditions placed on the Annexation by LAFCo.
- E. Applicant shall completely abandon the existing well on the property, to the satisfaction of the General Manager, within 30 days following the start of water service from the District.

8. Obligations of District:

A. Applicant and the District understand and agree that processing the Annexation by the District and the LAFCo will require other discretionary approvals. Therefore, there are no promises or guarantees that the Annexation will be successfully processed/approved by LAFCo. The District will respond in a timely manner to LAFCo's requests for information.

B. The District shall use reasonable best efforts to timely process the applications for service made by Applicant or Applicant's successors in interest, pursuant to the District Code and applicable policies.

C. The General Manager shall have the authority to approve and issue "Intent to Serve" letters that comply with the District's standards and Code, upon payment of all fees and charges specified herein.

9. Dedications and Covenants:

Prior to District's approval of the improvement plans for the improvements that will be dedicated to the District, the Applicant shall offer for dedication to the District easements and other property interests required for such improvements in a form acceptable to the District Engineer and Legal Counsel.

10. Customers of the District:

Upon annexation the property owners, residents, and commercial users within the Area of Annexation shall become "regular customers" of the District with no greater entitlements to service than any other District customer, shall take all water, and solid waste services from the District, and shall be subject to the District's Code.

11. Indemnification and Hold Harmless:

To the extent allowable by law, Applicant agrees to defend, indemnify and hold the District, its directors, officers, employees, agents harmless from costs and expenses, including reasonable attorneys' fees of attorneys chosen by the District, and defense costs, incurred by District or held to be the liability of District in connection with District's defense of its actions in any proceeding brought in any State or Federal court, or administrative tribunal, challenging the District's or SLO LAFCo's actions or decisions with respect to any aspect of the Annexation. Applicant understands and acknowledges that District is under no obligation to defend any legal actions challenging the District's actions with respect to the Annexation.

The Applicant recognizes and hereby agrees that the District and

its directors, officers, employees and agents shall not be liable for any injury or death to any person or damage to any property arising from the performance of any work required hereunder by the Applicant, its officers, employees, independent contractors or agents.

The Applicant shall defend, indemnify and hold the District, its officers, agents, and employees, harmless from any and all claims, causes of actions, demands or charges and from any loss or liability, including all costs, penalties, expenses, attorney's fees, litigation costs, and other fees arising out of or in any way connected with the performance or with the failure to perform under this Agreement by Applicant, its officers, employees, independent contractors or agents, including, but not limited to, the construction of the Project or any improvements associated with the Annexation. In addition, if the District, its directors, officers, employees or agents should be sued as a result of such performance, the District may notify the Applicant which then shall have the duty to defend the District, its directors, officers, employees or agents, or, at the District's option, pay for such defense by attorneys of the District's choice including, but not limited to, payment of all reasonable attorney's fees and expenses incurred by the District, its directors, officers, employees or agents.

Applicant and District hereby agree that District would not enter into this Agreement or agree to annex the Area of Annexation into the District if the District would be liable to Applicant or any of Applicant's successors in interest, assignees, contractors, subcontractors, or partners if District would be subject to monetary damages (including, without limitation, consequential damages) for any breach of this Agreement. The remedy of Specific Performance is adequate to remedy any breach by the District and, therefore, Applicant's sole remedy against the District for any breach hereof shall be limited to the remedy of Specific Performance.

Applicant may transfer the Property, or any portion thereof, to another entity (a "Transferee"). Applicant shall not be released from any obligations under this Agreement unless the Transferee enters into an Assumption and Assignment Agreement that expressly includes the obligations under this Section 11, subject to District's reasonable approval. Applicant shall be released from the obligations under this Agreement if, and only if, (i) Applicant has transferred all interests in the Property to one or more Transferees and (ii) each Transferee has entered into an Assumption and Assignment Agreement in accordance with this Section 11.

12. Termination:

Prior to LAFCo 's final approval of the Annexation, Applicant may terminate this Agreement with fifteen (15) days written notice to District. Termination shall not relieve Applicant of its responsibility for payment of costs incurred by District to the date of termination; however, upon termination the District shall refund the Annexation Fee paid under Section 6(A) and deposits made by Applicant under Section 5 which have not been used by the District prior to the date of termination.

13. Waiver of Rights:

Any waiver at any time by either party hereto of its rights with respect to a breach or default, or any other matter arising in connection with this Agreement, shall not be deemed to be a waiver with respect to any other breach, default or matter.

14. Entire Agreement:

This Agreement is the complete and fully integrated agreement between the parties as to its subject, and is freely and voluntarily entered into by the parties after having the opportunity to consult with their respective attorneys. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force and effect. The parties, in entering into this Agreement, do not rely on any inducements, promises, or representations made by each other, their representatives, or any other person, other than those inducements, promises, and representations contained in this Agreement. Any amendment to this Agreement shall be of no force and effect unless it is in writing, duly approved, and signed by the Applicant and the District.

15. Notices:

All notices, statements, reports, approvals, requests, bills or other communications that are required either expressly or by implication to be given by either party to the other under this Agreement shall be in writing and signed for each party by such officers as each may, from time to time, be authorized in writing to so act. All such notices shall be deemed to have been received on the date of delivery if delivered personally or via email, or three (3) days after mailing if enclosed in a properly addressed and stamped envelope and deposited in a United States Post Office for delivery. Unless and until formally notified otherwise, all notices shall be addressed to the parties at their addresses as shown below:

NIPOMO COMMUNITY SERVICES DISTRICT:

General Manager  
Nipomo Community Services District  
P.O. Box 326  
Nipomo, CA

93444

APPLICANT:

Tracy Robins  
1707 Lyn Road  
Arroyo Grande,  
CA 93420

16. Successors and Assigns:

The District and Applicant agree that Applicant's Obligations, Agreements and Covenants contained in this Agreement shall run with the land and shall be binding upon Applicant, its heirs, successors, executors, administrators, and assigns and shall inure to the benefit of District and its successors and assigns.

17. Headings:

The paragraph headings used in this Agreement are for reference only, and shall not in any way limit or amplify the terms and provisions hereof, not shall they enter into the interpretation of this Agreement.

18. Cooperation:

Each party to this Agreement agrees to do all things that may be necessary, including, without limitation, the execution of all documents which may be required hereunder, in order to implement and effectuate this Agreement.

19. Interpretation of this Agreement:

The parties acknowledge that each party and its attorney have reviewed, negotiated and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any document executed and delivered by any party in connection with the transactions contemplated by this Agreement.

20. Venue:

This Agreement has been executed and delivered in the State of California and the validity, enforceability and interpretation of any of the clauses of this Agreement shall be determined and governed by the laws of the State of California. The duties and obligations of the parties created hereunder are performable in San Luis Obispo County and such County shall be the venue for any action or proceeding that may be brought or arise out of, in connection with or by reason of this Agreement.

21. Agreement to be Recorded:

Applicant and District intend and consent to the recordation of this Annexation Agreement in the Office of the County Recorder of the County of San Luis Obispo.

22. Recitals:

The recitals of this Agreement are incorporated herein by this reference and made a part hereof.

In Witness Whereof, District and Owner have executed this Agreement the day and year first above written.

Applicant:


By: \_\_\_\_\_  
(Note: Signature must be notarized)  
[Name]

By:  \_\_\_\_\_  
(Note: Signature must be notarized)  
[Name]


DISTRICT:

By:  \_\_\_\_\_  
Ed Eby  
President

Attest:

 \_\_\_\_\_  
Ray Dienzo  
Secretary to the Board

Approved as to Form:

 \_\_\_\_\_  
Craig A. Steele  
General Counsel

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of San Luis Obispo )

On November 20, 2025, before me, Jana E. Heddige,  
(insert name and title of the officer)

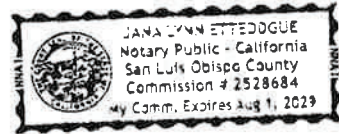
Notary Public, personally appeared Tracy Robins, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Jana Lynn Heddige

(Seal)



**JULIE RODEWALD**  
San Luis Obispo County – Clerk/Recorder

AG  
11/16/2011  
1:07 PM

Recorded at the request of  
**Public**

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

**STEPHEN K. HALL, Esq., #141802**  
**STEPHEN K. HALL & ASSOCIATES**  
756 SANTA ROSA STREET  
SAN LUIS OBISPO, CA 93401

DOC#: **2011057941**



**Titles: 1 Pages: 1**  
**Fees 14.00**  
**Taxes 0.00**  
**Others 10.00**  
**PAID \$24.00**

**MAIL TAX STATEMENTS TO:**

Ms. Tracy A. Robins  
1707 Lyn Road  
Arroyo Grande, CA 93420

**DOCUMENTARY TRANSFER TAX \$ -0- (no consideration)**

— Computed on the consideration or value of property conveyed; OR  
— Computed on the consideration or value less liens or encumbrances remaining  
at time of sale.

**STEPHEN K. HALL, Esq.**  
*[Signature]*  
Signature of Declarant or Agent determining tax – Firm Name

**R&T CODE 11930 TRANSFER TO A REVOCABLE TRUST**

A.P.N.: 091-063-039

FILED	FEE PAID	EXEMPT	OUT OF STATE
<i>[Handwritten mark]</i>			

**TRUST TRANSFER DEED**

**SURVEY MONUMENT FEE \$10.00**

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, **RALPH P. MITCHELL, a married man as his sole and separate property**, does hereby GRANT, CONVEY AND TRANSFER unto **TRACY A. ROBINS, as Trustee of the MITCHELL FAMILY IRREVOCABLE TRUST, dated November 8<sup>th</sup>, 2011**, all of the real property in the County of San Luis Obispo, State of California, described as follows:

Lot 30 of the Porter Pacific Eucalyptus Tract Subdivision No. 1, in the County of San Luis Obispo, State of California, as per Map recorded August 9, 1911 in Book 1, Page 33 of Maps.

Common Address: 1707 Lyn Road, Arroyo Grande, CA 93420

Dated: November *8<sup>th</sup>*, 2011

*[Signature]*  
RALPH P. MITCHELL

State of California )  
) ss.  
County of San Luis Obispo *8<sup>th</sup>*

On November *8<sup>th</sup>*, 2011, before me, Sara A. Berry, Notary Public, personally appeared RALPH P. MITCHELL, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacities, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.  
*[Signature]*  
Signature of Notary Public

END OF DOCUMENT



# San Luis Obispo Local Agency Formation Commission

**TO: MEMBERS OF THE COMMISSION**

**FROM: ROB FITZROY, EXECUTIVE OFFICER**

**DATE: APRIL 16, 2026**

**SUBJECT: PUBLIC HEARING TO CONSIDER ANNUAL WORKFORCE VACANCY REPORT IN COMPLIANCE WITH ASSEMBLY BILL 2561**

## **RECOMMENDATION**

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**Action:** Conduct the statutorily required public hearing regarding LAFCO's current workforce vacancy status and receive and file the report below.

## **WORKFORCE STATUS UPDATE**

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Assembly Bill (AB) 2561 was introduced to address the issue of job vacancies in local government, which adversely affects the delivery of public services and employee workload. AB 2561 became effective January 1, 2025, and requires public agencies to hold at least one public hearing per fiscal year to discuss vacancies and recruitment and retention efforts. The public hearing should be conducted before final adoption of the agency's annual budget. To the extent there are any recognized employee organizations, such organizations are permitted to make presentations during the hearing regarding the vacancies, retention, and recruitment efforts. Additional information may be required in the hearing for workforce vacancy rates above 20% of authorized full-time positions.

### **Status of Vacancies**

LAFCO currently has three authorized and budgeted full-time positions: One Executive Officer and two analysts. It has one authorized three-quarter-time budgeted position, Commission Clerk. All authorized positions are budgeted and filled, and no vacancies exist.

### **Hiring Obstacles**

AB 2561 also requires that during the hearing, the agency must identify any necessary changes to policies, procedures, and recruitment activities that may lead to hiring obstacles. Staff has identified no necessary changes to policies,

#### **COMMISSIONERS**

Chairperson  
HEATHER MORENO  
County Member

Vice-Chair  
DAVID WATSON  
Public Member

DAWN ORTIZ-LEGG  
County Member

ED WAAGE  
City Member

STEVE GREGORY  
City Member

ED EBY  
Special District Member

NAVID FARDANESH  
Special District Member

#### **ALTERNATES**

BRUCE GIBSON  
County Member

CARLA WIXOM  
City Member

VACANT  
Special District Member

MICHAEL DRAZE  
Public Member

#### **STAFF**

ROB FITZROY  
Executive Officer

IMELDA MARQUEZ-VAWTER  
Senior Analyst

MORGAN BING  
Analyst

MELISSA MORRIS  
Commission Clerk

HOLLY WHATLEY  
Legal Counsel

procedures, or recruitment activities that may present obstacles in the hiring process.

### **Recruitment and Retention Efforts**

LAFCO's current staffing has remained stable in recent years. However, attracting well-qualified candidates remains challenging in a competitive labor market. Although LAFCO offers a comprehensive benefit package, candidates tend to focus primarily on the base hourly salary. The Executive Officer seeks to keep LAFCO competitive as an employer by conducting regular surveys of other LAFCOs' salary and benefits packages, as well as comparing our positions to similar jobs locally, such as the County of San Luis Obispo. In addition, LAFCO supports employee recruitment and retention by encouraging participation in professional development opportunities, including participation in CALAFCO conferences and trainings.



# San Luis Obispo Local Agency Formation Commission

**TO: MEMBERS OF THE COMMISSION**

**FROM: ROB FITZROY, EXECUTIVE OFFICER**

**DATE: APRIL 16, 2026**

**SUBJECT: PROPOSED FISCAL YEAR 2026-2027 BUDGET AND WORK PLAN**

## **RECOMMENDATION**

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**Action 1:** Approve, by roll call vote, the Proposed Fiscal Year 2026-2027 Budget and Work Plan (Attachment A).

**Action 2:** Direct the Executive Officer, by roll call vote, to distribute the Proposed Budget and Work Plan to contributing agencies per Government Code requirements and set the Final Budget and Work Plan hearing for May 21, 2026.

## **INTRODUCTION**

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Government Code Section 56381 requires Local Agency Formation Commissions (LAFCO) to consider a proposed annual budget no later than May 1<sup>st</sup> and to adopt a final annual budget by June 15<sup>th</sup>. After LAFCO's adoption of the final budget, the County of San Luis Obispo (County) Auditor is required to apportion the share of the budget to each contributing agency represented on the Commission based on the formulas specified in the Government Code. Upon collection of the apportioned shares from each contributing agency, the County Auditor retains the funds within the County's accounting system for use by LAFCO. Every financial transaction conducted by LAFCO is processed through the County Auditor, ensuring financial transparency, accuracy, and accountability.

## **FY 26-27 BUDGET AND WORK PLAN SUMMARY**

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LAFCO remains in a healthy budgetary and operational state. Over the past year, while processing proposals, staff have primarily focused on the Municipal Service Review program and have made progress towards returning to a regular five-year cycle as required by the Government Code. The Fiscal Year 2026-2027 (FY 26-27) budget will remain balanced and reflects an overall increase of **5%** from the prior year, totaling \$924,005.

### **COMMISSIONERS**

Chairperson  
HEATHER MORENO  
County Member

Vice-Chair  
DAVID WATSON  
Public Member

DAWN ORTIZ-LEGG  
County Member

ED WAAGE  
City Member

STEVE GREGORY  
City Member

ED EBY  
Special District Member

NAVID FARDANESH  
Special District Member

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County Member

CARLA WIXOM  
City Member

VACANT  
Special District Member

MICHAEL DRAZE  
Public Member

### **STAFF**

ROB FITZROY  
Executive Officer

IMELDA MARQUEZ-VAWTER  
Senior Analyst

MORGAN BING  
Analyst

MELISSA MORRIS  
Commission Clerk

HOLLY WHATLEY  
Legal Counsel

## WORK PLAN

---

*Work Plan Priorities.* The Commission established the following workload prioritization:

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

These priorities are established in the manner listed above for several key reasons. Processing proposal applications remains LAFCO's top priority due to mandated timeframes in which an application must be processed. While Municipal Service Reviews (MSRs) and Sphere of Influence (SOI) Studies are also mandated by law, the timeframe associated with updating an SOI is longer (every five years). As a result, staff must first prioritize application processing and other mandated tasks, which can limit the ability to consistently maintain a five-year MSR and SOI Study update cycle.

The attached Work Plan is consistent with this mandate by prioritizing MSR and SOI Studies based on their age, beginning with the oldest. It is our goal to achieve a five-year cycle within the next one to two years. While prioritizing the oldest MSR and SOI Study is generally the most logical approach, there may be instances in which the Commission determines that an update should be deferred to address a higher priority MSR.

*FY 25-26 Results.* For FY 25-26, staff initiated or completed the following items:

- City of San Luis Obispo Detachment (complete)
- Nipomo CSD annexation applications (in progress)
- Cayucos Sanitary District annexation (in progress)
- San Simeon Community Services District Dissolution (in progress)
- County Service Area 23 Annexation Time Extension (complete)
- Santa Margarita Fire Protection District MSR and SOI Study (complete)
- Coastal San Luis Resource Conservation District MSR and SOI Study (complete)
- Upper Salinas – Las Tablas Resource Conservation District MSR and SOI Study (complete)
- Los Osos Community Services District MSR and SOI Study (complete)
- Shandon - San Juan Water District MSR and SOI Study (complete)
- Estrella - El Pomar - Creston Water District MSR and SOI Study (complete)
- City of Paso Robles MSR and SOI Study (complete)
- Independence Ranch Community Services District MSR and SOI Study (complete)
- Port San Luis Harbor District MSR and SOI Study (in progress)
- California Valley Community Services District MSR and SOI Study (in progress)
- Linne Community Services District MSR and SOI Study (in progress)
- Squire Canyon Community Services District MSR and SOI Study (in progress)
- Ground Squirrel Hollow Community Services District MSR and SOI Study (in progress)
- Garden Farms Community Water District MSR and SOI Study (in progress)

- City of San Luis Obispo MSR and SOI Study (in progress)
- Cayucos Sanitary District MSR and SOI Study (in progress)

In addition to the above, staff provided preliminary consultations for future applications, various legislative updates, quarterly reports, various closed session items, informational items, and helped host the 2026 Statewide California Association of Local Agency Formation Commissions Staff Workshop.

*FY 26-27 Work Plan.* The proposed Work Plan for FY 26-27 is included in Attachment A. It is recommended that Priorities #1 and #2 remain the same, that is, staff will continue to process applications and prepare MSR and SOI Studies as efficiently as possible. No new Commission initiatives are proposed by staff at this time.

*Staffing.* LAFCO staffing is currently comprised of four permanent staff: one Executive Officer, two Analysts, and one Commission Clerk, as well as one contract legal counsel. No changes are proposed.

## **FY 2026-2027 BUDGET**

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**Expenditures.** Overall, FY 26-27 expenditures are proposed to increase by **5%**. The budget will remain balanced based on anticipated revenue, as discussed further below. Expenditure details are as follows.

*Service and Supplies.* Overall, FY 26-27 Services and Supplies expenditures will slightly decrease by **1%** compared to the prior fiscal year. While total expenditures are decreasing, certain expenditure categories are increasing due to operational needs, offset by decreases in other areas. Key categories that experience increases include:

- County Auditor-Controller-Treasurer-Tax Collector Services
- Software – increased licensing costs and increased users
- Postage – increased frequency of large-scale mailings for MSR and SOI Studies
- Training – increased costs and need for staff-level training
- General Commission meeting expenses – increased costs for general goods
- Vehicle rental – increased cost of rental vehicles for staff travel

CALAFCO Update. During last year's budget cycle, staff provided the Commission with an update on the California Association of Local Agency Formation Commissions (CALAFCO), of which SLO LAFCO is a member. At that time, there was uncertainty regarding the organization's future due to significant leadership and operational challenges. Given that corrective efforts had begun around that time, the Commission agreed to maintain membership for one year, with the understanding that participation would be reevaluated during the FY 26–27 budget cycle based on demonstrated progress. Staff is pleased to report that CALAFCO has made substantial improvements over the past year. These efforts include major updates to its bylaws to enhance transparency, strengthen codes of conduct, and improve organizational structure, as well as the

hiring of a new Executive Director. In addition, the organization has undertaken extensive outreach, hosted regional workshops, and significantly improved communications. Many LAFCOs that had previously paused their memberships have since rejoined, and overall, the organization is now in a more stable condition. Educational training programs have been reinstated, and SLO LAFCO will serve as the host for the upcoming statewide CALAFCO Staff Workshop. Finally, the Legislative Committee has been strengthened and continues to provide significant value to members, particularly in monitoring and responding to legislative matters. Based on these improvements, staff recommends that the Commission continue its membership in CALAFCO for the foreseeable future.

*Salaries, Taxes, and Benefits.* Overall, FY 26-27 Salaries, Benefits, and Taxes are proposed to increase by **7%**. In general, increases in this category relate to the following factors:

- Health Insurance
- Pension Liabilities
- Cost of living adjustment (2%) and merit-based adjustments for Analyst and Commission Clerk positions (variable based on position)

**Revenues.** Commensurate with the increase in the expenditures discussed above, revenues will be **5%** higher for FY 26-27 when compared to the previous fiscal year. Further details are below.

*Application / Interest Revenue.* It is always difficult to predict how many applications will be received. We are proposing to keep application projections the same as FY 25-26. Though we will likely fall short of our revenue actuals for FY 25-26, we are expecting strong application activity for FY 26-27 based on discussions with agencies, pre-application activity, and discussions with potential applicants. Therefore, staff assumes it is reasonable to keep projections constant.

*Agency Contributions.* Agency contributions for cities, districts, and the county are anticipated to increase by **11%** for each category for a total of \$874,005. This amount is proportionately divided among cities/districts based on an agency's total revenue as reported to the State Controller and the formulas specified in the Government Code. The County Auditor uses the most recent Cities and Special Districts Annual Report prepared by the State Controller to allocate the charges to each of the agencies in the County on a proportionate basis based on annual revenue.

*Reserves.* For FY 25-26, LAFCO budgeted the use of up to \$50,000 from reserves; however, current projections indicate that approximately \$36,360 will be required. For FY 26-27, staff recommends not utilizing reserves in order to discontinue reliance on fund balance and thereby begin to increase LAFCO's reserve balance over time. The Commission's adopted reserve/fund balance policy requires maintaining a minimum reserve fund balance of 15% of annual expenditures. It is anticipated that the year-end reserve fund balance for FY 25-26 will be \$218,003, which exceeds the 15% contingency policy and represents approximately 23.5% of total expenditures.

**Distribution.** As required by Government Code Section 56381, the proposed budget has been transmitted to the Board of Supervisors, each City Manager, and each Independent Special District. The budget has also been sent to the County Executive Office and the County Auditor-

Controller-Treasurer-Tax Collector Office. A legal notice was published 21 days in advance of the hearings.

**ATTACHMENTS**

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**Attachment A:** Proposed FY 26-27 Budget & Work Plan

# Attachment A

Proposed Fiscal Year  
2026-2027 Budget and  
Work Plan



# **Proposed FY 26-27 Budget and Work Plan**

**April 16, 2026**

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## ABOUT US

### Commissioners

Chair: Heather Moreno, County Member

Vice Chair: Dave Watson, Public Member

Dawn Ortiz-Legg, County Member

Ed Waage, City Member

Steve Gregory, City Member

Ed Eby, Special District Member

Navid Fardanesh, Special District Member

### Alternates

Bruce Gibson, County Member

Carla Wixom, City Member

Vacant, Special District Member

Michael Draze, Public Member

### Staff

Rob Fitzroy, Executive Officer

Imelda Marquez-Vawter, Senior Analyst

Morgan Bing, Analyst

Melissa Morris, Commission Clerk

Holly Whatley, Legal Counsel

## Introduction

This document represents the Fiscal Year 2026-2027 Budget and Work Plan for the San Luis Obispo Location Agency Formation Commission.

## Mission

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

## Goals

LAFCO's goals are to:

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

## Priorities

Our workload prioritization is as follows:

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

## WORK PLAN

Project	Latest MSR Adopted	MSR Update Due Date	Status
Application Processing	N/A	N/A	Ongoing, Highest Priority
Commission Initiatives	N/A	NA	No Active Initiatives
San Simeon CSD MSR and SOI Study	Aug-14	Aug-19	On Hold - Pending Dissolution
Cal Valley CSD MSR and SOI Study	Oct-15	Oct-20	In Progress, April 2026
Garden Farms Community Water District MSR and SOI Study	Nov-14	Nov-19	In Progress, May 2026
Port San Luis Harbor District MSR and SOI Study	Nov-14	Nov-19	In Progress, May 2026
Ground Squirrel Hollow CSD MSR and SOI Study	Oct-15	Oct-20	In Progress, May 2026
Linne CSD MSR and SOI Study	Oct-15	Oct-20	In Progress, ETA Summer 2026
Squire Canyon CSD MSR and SOI Study	Oct-15	Oct-20	In Progress, ETA Summer 2026
City of San Luis Obispo MSR and SOI Study	Oct-16	Oct-21	In Progress, ETA 2027
Cayucos Sanitary District MSR and SOI Study	Jan-15	Jan-20	In Progress, ETA 2027
City of Morro Bay MSR and SOI Study	Aug-17	Aug-22	Initiate 2026, ETA 2027
<b>County Service Areas</b>			
County Service Area 1 - and Nipomo Lighting District MSR and SOI Study	Aug-17	Aug-22	Initiate 2026, ETA 2028
County Service Area 7 - Oak Shores MSR and SOI Study	Aug-17	Aug-22	Initiate 2026, ETA 2028
County Service Area 9 - Los Osos MSR and SOI Study	Aug-17	Aug-22	Initiate 2026, ETA 2028
County Service Area 10 - Cayucos MSR and SOI Study	Aug-17	Aug-22	Initiate 2026, ETA 2028
County Service Area 12 - Lopez Water MSR and SOI Study	Aug-17	Aug-22	Initiate 2026, ETA 2028
County Service Area 16 - Shandon MSR and SOI Study	Aug-17	Aug-22	Initiate 2026, ETA 2028
County Service Area 18 - SLO Country Club MSR and SOI Study	Aug-17	Aug-22	Initiate 2026, ETA 2028
County Service Area 21 - Countywide Roads MSR and SOI Study	Aug-17	Aug-22	Initiate 2026, ETA 2028
County Service Area 22 - Airport Area MSR and SOI Study	Aug-17	Aug-22	Initiate 2026, ETA 2028
County Service Area 23 - Santa Margarita MSR and SOI Study	Aug-17	Aug-22	Initiate 2026, ETA 2028
<b>Cemetery Districts</b>			
Adelaida Cemetery District MSR	Mar-18	Mar-23	Initiate 2027, ETA 2028
Arroyo Grande Cemetery District MSR	Mar-18	Mar-23	Initiate 2027, ETA 2028
Atascadero Cemetery District MSR	Mar-18	Mar-23	Initiate 2027, ETA 2028
Cambria Cemetery District MSR	Mar-18	Mar-23	Initiate 2027, ETA 2028
Cayucos-Morro Bay Cemetery District MSR and SOI Study	Mar-18	Mar-23	Initiate 2027, ETA 2028
Pleasant Valley Estrella Cemetery District MSR and SOI Study	Mar-18	Mar-23	Initiate 2027, ETA 2028
Paso Robles Cemetery District MSR and SOI Study	Mar-18	Mar-23	Initiate 2027, ETA 2028
San Miguel Cemetery District MSR and SOI Study	Mar-18	Mar-23	Initiate 2027, ETA 2028
Santa Margarita Cemetery District MSR and SOI Study	Mar-18	Mar-23	Initiate 2027, ETA 2028
Shandon Cemetery District MSR and SOI Study	Mar-18	Mar-23	Initiate 2027, ETA 2028
Templeton Cemetery District MSR and SOI Study	Mar-18	Mar-23	Initiate 2027, ETA 2028
Nipomo CSD MSR and SOI Study	Mar-18	Mar-23	Initiate 2027, ETA 2027
City of Pismo Beach MSR and SOI Study	Sep-19	Sep-24	Initiate 2027, ETA 2028
City of Atascadero MSR and SOI Study	Nov-19	Nov-24	Initiate 2027, ETA 2028
City of Arroyo Grande MSR and SOI Study	Jul-20	Jul-25	Initiate 2028, ETA 2028
City of Grover Beach MSR and SOI Study	Jul-20	Jul-25	Initiate 2028, ETA 2028
South San Luis Obispo County Sanitation District MSR and SOI Study	Jul-20	Jul-25	Initiate 2028, ETA 2028
Oceano CSD MSR and SOI Study	Jul-20	Jul-25	Initiate 2028, ETA 2028
Heritage Ranch CSD MSR and SOI Study	Apr-23	Apr-28	Up to Date
Templeton CSD MSR and SOI Study	Aug-23	Aug-28	Up to Date
San Miguel CSD MSR and SOI Study	Oct-23	Oct-28	Up to Date
Avila Beach CSD MSR and SOI Study	Jan-24	Jan-29	Up to Date
Cambria CSD MSR and SOI Study	Jan-24	Jan-29	Up to Date
Cambria Community Healthcare District MSR and SOI Study	May-24	May-29	Up to Date
Santa Margarita Fire Protection District MSR and SOI Study	Jul-25	Jul-30	Up to Date
Coastal San Luis Resource Conservation District MSR and SOI Study	Jul-25	Jul-30	Up to Date
Los Osos CSD MSR and SOI Study	Sep-25	Sep-30	Up to Date
Shandon - San Juan Water District MSR and SOI Study	Dec-25	Dec-30	Up to Date
Estrella - El Pomar - Creston Water District MSR and SOI Study	Jan-26	Jan-31	Up to Date
City of Paso Robles MSR and SOI Study	Jan-26	Jan-31	Up to Date
Upper Salinas - Las Tablas Resource Conservation District MSR and SOI Study	Feb-26	Feb-31	Up to Date
Independence Ranch CSD MSR and SOI Study	Mar-26	Mar-31	Up to Date

**SLO LAFCO**  
**FY 26-27 Budget & Work Plan**

## BUDGET

	Adopted FY 25-26	Projected Year End FY 25-26	Proposed FY 26-27	Increase / Decrease From FY 25-26
<b>Expenditures Summary</b>	<b>\$877,831</b>	<b>\$858,207</b>	<b>\$924,005</b>	<b>5%</b>
<b>Revenues Summary</b>	<b>\$877,831</b>	<b>\$858,207</b>	<b>\$924,005</b>	<b>5%</b>
<i>Services and Supplies Expenditure Details</i>				
Vehicle Stipend	\$5,400	\$5,400	\$5,400	0%
Vehicle Rental	\$500	\$689	\$750	50%
Computer Software	\$2,000	\$1,000	\$3,000	50%
Copying-Printing	\$300	\$300	\$300	0%
Commission Meeting Expenses	\$600	\$745	\$750	25%
LAFCO Insurance Policies	\$22,000	\$16,687	\$22,000	0%
IT Support	\$850	\$850	\$850	0%
Maintenance-Equipment	\$500	\$300	\$500	0%
Maintenance-Software	\$500	\$576	\$500	0%
CALAFCO/ SDRMA / Other Memberships	\$9,000	\$7,776	\$9,000	0%
Employee Mileage Reimbursement	\$200	\$200	\$200	0%
Commissioner Mileage Reimbursement	\$1,500	\$1,500	\$1,500	0%
Office Supplies	\$3,000	\$3,500	\$3,000	0%
Custodial Services	\$1,800	\$1,800	\$1,800	0%
County Auditor Services	\$10,500	\$10,215	\$10,800	3%
Legal Counsel	\$38,000	\$32,000	\$32,000	-16%
Postage	\$1,000	\$2,000	\$2,000	100%
General / Commissioner Stipends	\$17,000	\$11,000	\$17,000	0%
Publication & Legal Notices	\$1,000	\$1,000	\$1,000	0%
Training	\$6,000	\$5,040	\$8,000	33%
Office Lease	\$42,000	\$42,000	\$42,000	0%
Large Equipment	\$3,000	\$2,000	\$3,000	0%
Small Equipment	\$1,000	\$1,000	\$1,000	0%
Telephone / Internet	\$3,000	\$3,000	\$3,000	0%
Travel Expenses	\$3,000	\$3,000	\$3,000	0%
<i>Services/ Supplies Subtotal</i>	<i>\$173,650</i>	<i>\$153,578</i>	<i>\$172,350</i>	<i>-1%</i>
<i>Salary, Benefits, and Taxes Expenditures</i>				
Salaries	\$427,610	\$427,610	\$450,080	5%
Federal Taxes - FICA Social Security	\$26,509	\$26,509	\$27,905	5%
Federal Taxes - Medicare	\$6,200	\$6,200	\$6,526	5%
SDI/SDU	\$0	\$448	\$500	100%
SLOCPT Pension Rate	\$145,904	\$145,904	\$158,722	9%
SLOCPT Pension Obligation Bond	\$18,358	\$18,358	\$19,439	6%
Health Insurance	\$69,600	\$69,600	\$78,483	13%
Deferred Compensation	\$10,000	\$10,000	\$10,000	0%
<i>Salary, Benefits and Taxes Subtotal</i>	<i>\$704,181</i>	<i>\$704,629</i>	<i>\$751,655</i>	<i>7%</i>
<b>Total Expenditures</b>	<b>\$877,831</b>	<b>\$858,207</b>	<b>\$924,005</b>	<b>5%</b>
<i>Revenues</i>				
Interest Earned	\$9,000	\$20,000	\$20,000	122%
Environmental Review Fees	\$3,000	\$1,000	\$3,000	0%
Sphere of Influence Fees	\$3,000	\$0	\$3,000	0%
Application Processing Fees	\$24,000	\$12,015	\$24,000	0%
Other Revenue (Transfer of Reserves)	\$50,000	\$36,360	\$0	-100%
<i>Agency Contributions</i>				
Cities	\$262,944	\$262,944	\$291,335	11%
County	\$262,944	\$262,944	\$291,335	11%
Special Districts	\$262,944	\$262,944	\$291,335	11%
<b>Total Revenue</b>	<b>\$877,831</b>	<b>\$858,207</b>	<b>\$924,005</b>	<b>5%</b>
<b>Reserves Fund Balance</b>	<b>\$254,363</b>	<b>\$218,003</b>	<b>\$218,003</b>	<b>-14%</b>