



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

TO: MEMBERS, FORMATION COMMISSION

FROM: DAVID CHURCH, AICP, EXECUTIVE OFFICER, DC

DATE: JANUARY 21, 2016

SUBJECT: 2015 ANNUAL REPORT AND WORK PLAN FOR 2016

RECOMMENDATION. It is respectfully recommended that the Commission receive and file the 2015 Annual Report (Exhibit A) and approve the Work Plan for 2016 (Exhibit B).

DISCUSSION. The Annual Report (Exhibit A) and Work Plan (Exhibit B) provides the Commission with information regarding the proposals and work completed in 2015 (what we accomplished) and what's on the horizon in the coming year 2016 (where we are going). The 2015 Annual Report summarizes the Commission's key accomplishments, actions and items considered throughout the year. The Work Plan for 2016 identifies the Proposals and Sphere of Influence/Municipal Service Review Updates that LAFCO staff will be working on in the coming year.

The Commission has considered a number of important action and informational items this past year. Each Commissioner has given their time, hard work and commitment to San Luis Obispo LAFCO and its mission. Each Commissioner has provided vision, thoughtful questions, and careful attention to detail in making decisions. Part of a Commissioner's job is to put on the "LAFCO Hat" that helps LAFCO make carefully considered and independent decisions.

The Commission has a committed staff in Mike Prater, Senior LAFCO Analyst and Donna Bloyd, LAFCO Clerk. Throughout this challenging year they have been dedicated to providing excellent service to Commission and the Public. Mike's high quality work on mapping the exclusion requests and protests, as well as preparing the Analysis of Powers for the water district formation demonstrates the range of skills needed by an excellent LAFCO professional. Donna's incredible effort in pulling together the hearing at the Paso Robles Event center is an example of going beyond the call of duty to serve the public and the Commission.

Ray Biering, LAFCO Counsel once again has been dedicated to providing LAFCO with excellent legal advice. Mr. Biering's experience, knowledge, and commitment to good governance in our County gives LAFCO decision-making a sound legal foundation along with practical direction.

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MIKE PRATER

Senior Analyst

DONNA J. BLOYD

Commission Clerk



Exhibit A
San Luis Obispo
Local Agency Formation Commission
Annual Report - 2015
January through December



“Seek First to Understand, Then to be Understood” *Habit #5-Stephen Covey*

The Commission approved the formation of the Paso Robles Basin Water District that included a vigorous dialogue with a high level of respect for the public and for each other. This is part of San Luis Obispo LAFCO’s culture and habit; to discuss and explore issues in a reasoned, respectful and in-depth manner. The Commission demonstrated how a discussion of a controversial topic should be conducted. All

Commissioners’ maintained an attitude of valuing each other’s point of view. Each Commissioner listened respectfully to the various opinions and interests with regard to the District. LAFCO Chair, Tom Murray, set a wonderfully inclusive tone that encouraged all of the various interests to participate in the dialogue. The end result is a public record that includes testimony from a variety of viewpoints, as well as information and analysis that sheds light on a range of topics. The voters will have several decisions before them through a mailed ballot: Landowners vote on the formation of the District, Registered Voters vote on the funding for the District, and both Landowners and Registered Voters vote on the Board of Directors. The ballots are due in early March.

While we “cleared the decks” to work on the formation of the District for a large portion of the summer, SLO LAFCO also made progress on a variety of other issues and proposals as well. As you will find below, the Commission considered a number of other proposals, issues and Sphere of Influence and Municipal Services Review Updates. The list of the highlights is found below and a meeting-by-meeting summary of the year follows. We have managed to keep a number of other balls in the air throughout the year.

At the end of this year we started work on a number of other potential proposals; Cayucos Fire District Dissolution, Outside User Agreement to serve the Preserve Open Space area, and a new election procedure for the Special Districts representative. Also, on the radar is new legislation that requires LAFCOs to approve outside user agreement to extend Fire services.

Please review this Annual Report and provide feedback. It has been a pleasure to serve the Commission this past year. We thank you for that opportunity and look forward to what promises to be another exciting and interesting year.

David Church, San Luis Obispo LAFCO Executive Officer

SUMMARY OF 2015

During 2015, San Luis Obispo LAFCO followed through and completed a number of proposals, provided information and assistance to the public, and considered a number of status and informational reports. The Commission also adopted Sphere of Influence Updates and Municipal Service Reviews, and participated in CALAFCO legislative and annual conference program activities.

PROPOSALS (CKH 56069)

A proposal is defined in the CKH Act as “a change of organization or reorganization initiated by petition or resolution of application by a legislative body or school district for which a certificate of filing has been issued.” The following proposals have been reviewed, approved or completed by LAFCO over the last year:

- **Formation of the Paso Robles Basin Water District.** The formation of the Water District was approved with conditions by the Commission on September 17, 2015. The Commission had conducted several Study Sessions and two well attended Public Hearings. LAFCO mailed an estimated 10,000 postcards to notify each registered voter and property owner within the Paso Robles Groundwater Basin. The Impartial Analysis was considered by the Commission at the November 2015 meeting. The mailed ballots will be sent out in early February, 2016 and must be sent in by March 8, 2016.
- **Water District Related Status Reports:** These reports were submitted in **January**-Formation Guide and Glossary, **February**-Sustainable groundwater Management Act and Water District Application Update, **March**-Revised Glossary to the Formation Guide, **May**-Study Session Paso Robles Basin Water District-History and Current Status, County’s Resolution of Application, and Possible Schedule, **June**-Study Session-Erik Eckdahl State Water Resources Control Board, Gerhardt Hubner, Fox Canyon Groundwater Management Agency.
- **Completion of Creekside Annexation Templeton Community Services District.** Conditions of approval have been satisfied and the State Board of Equalization has processed the annexation. A 24 acre District owned parcel just east of the town of Templeton was added to the District. The property has two District operated wells located on the property. A Permit was approved by the County to allow the construction of a Fire Training facility. Prime Agricultural land must be set aside on 1 acre preserved per 1 acre developed basis.
- **Completion Farmhouse Lane Annexation to the City of San Luis Obispo.** LAFCO approved this annexation in April, 2015 and the BOE has finished processing the annexation. This small annexation adds a small (less than an area) parcel to a property already in the City.



- **Dissolution of County Service Area 17- California Valley 4-R-14.** The County initiated the proposal to dissolve CSA 17. The Protest Process was completed in January 2015 and the results submitted to the Commission in February 2015.

SPHERE OF INFLUENCE UPDATES

- **Approval of Cayucos Special Districts SOI/MSR Update.** The Cayucos Special District's Sphere of Influence and Municipal Services Review was updated in January and February 2015. The Sphere of Influence was maintained for Cayucos Sanitary District, Cayucos Fire District, and County Service Area 10. The Municipal Service Review was updated for each jurisdiction.
- **Approval of Road Service Community Services District SOI/MSR Update.** The Road CSD's Spheres of Influence and Municipal Services Review was updated in October 2015. Included in this review are the following CSDs: Linne, Independence Ranch, Creston Hills Ranch, Squire Canyon and California Valley CSD. The Municipal Services Review was updated for each CSD and the Sphere of Influence for each jurisdiction remained unchanged.

OTHER KEY ACTIVITIES

- **Fiscal Reporting.** Consider and approved the Fiscal Year 2015-16 LAFCO Budget and regular Quarterly Budget Status Reports. Each payment from the LAFCO budget is paid by processing a draw warrant or journal entry through the County's financial tracking system.
- **Payroll Services.** Transfer payroll processing service from ADP payroll company to PayChex in January 2015. Savings of about \$800 for the enhanced services that include online access to payroll reports
- **Board Chambers Changes.** Transitioning to new recording system in the Board Chambers. The LAFCO Clerk and Analyst have been responsible for managing this transition.
- **Special District Election Procedures.** Work with the Special District Selection Committee to prepare new procedures for the Special District LAFCO Commission member election.
- **2016 LAFCO Directory of Local Agencies.** The Directory provides basic information about the public jurisdictions (Cities and Special Districts) delivering services to the residents in San Luis Obispo County. The Directory includes an up-to-date map for each jurisdiction that shows the existing service boundary and the Sphere of Influence, as well as water and sewer rates. It also contains a history of the annexations for each jurisdiction. The Directory will be released in the first quarter of 2016.



- **CALAFCO** is the statewide organization of LAFCOs and is dedicated to meeting the continuing educational needs of staff and tracking legislative activity in Sacramento. The SLOLAFCO EO serves as one of the Deputy Executive Officers to the Board of Directors of CALAFCO and has served as the Program Chair for the annual conference last year and has been appointed to the same position this year. Mr. Church also served on the Legislative Committee.
- The **LAFCO Website** has been updated and is being maintained by the LAFCO Clerk to be information rich and user friendly. Donna Bloyd, the LAFCO Clerk has been working diligently to maintain and improve the website. We continue to work on it to make sure it is meeting the needs of the public, applicants, and other LAFCO stakeholders. Please visit the LAFCO website at www.slolafco.com. Any suggestions for improvement are welcome.

GOALS in 2015

1. Serve the Commission and the public by providing accurate, clear and well-organized information for decision making.
 - Throughout the year on a number of issues LAFCO Staff has researched and provided information that has been accurate and thorough. This is evidenced in the Analysis completed for the Water District formation and Sphere of Influence and Municipal Service Reviews completed. Staff is committed to ensuring that the information presented is accurate. Antidotal feedback from others is that the Staff Reports are well organized and complete.
2. Serve the Cities, County and Special Districts by providing information about LAFCO's purpose and the processes LAFCO is authorized to complete.
 - Information regarding the LAFCO process has been provided to City, County and Special District representatives as well as property owners and developers. Specific examples include numerous meetings attended by Staff regarding the Water District, requests for SOI information, attendance at Special District meetings and condition compliance for approved proposals.
3. Process proposals in an efficient manner; consistent with the Cortese-Knox-Hertzberg Act, CEQA and other state laws.
 - An example of efficient processing is the Water District application. Once a complete application was submitted in May 2015 the first hearing was conducted in August with the final hearing in September, 2015. This was completed consistent with State laws.
4. Implement the Sphere of Influence/Municipal Service Review Update Work Plan, while working on applications and other topics at the same time.



- LAFCO approved SOI/MSR updates for the five Road CSDs as well as the for the three Special Districts in Cayucos while continuing to work on the formation of the Water District.
- 5. Provide the Commission with regular status reports regarding upcoming proposals, Sphere of Influence Updates, Legislative Activities, and the Budget.
 - Regular updates and reports have been submitted to the Commission.
- 6. Participate in CALAFCO events to improve and enhance the Commission and Staff's expertise.
 - Two Commissioners and Staff (EO, Counsel, and Senior Analyst) attended the Annual Conference in Sacramento. The SLO EO served as the program chair for the Program Committee and presented on a panel regarding SGMA and LAFCOs at a General Session. We attended a number of educational sessions.
- 7. Inform the Commission and Public regarding the formation of Paso Robles Basin Water District.
 - This goal has been completed with Staff attending a number of meetings and events regarding the Water District formation. LAFCO conducted a Study Sessions regarding the formation of the District. These were attended by members of the public on both sides of the formation question.

SUMMARY OF MEETINGS IN 2015

November-2015

- Paso Robles Basin Water District: Impartial Analysis for March 2016 Election – Commission approved the Impartial with changes to be reviewed by a Subcommittee of Commissioners Tom Murray, Roberta Fonzi, and Frank Mecham. The Impartial Analysis was submitted to the County Clerk.
- Cayucos Fire District Dissolution Status Report: Summarized the dissolution issues for the Cayucos Fire District. Updated the Commission that the District is looking at completing a proposition 218 tax measure to fund District services.
- Creston Hills Ranch Community Services District: SOI/MSR Supplemental Information - Amended the Sphere of Influence Update/Municipal Service Review with Supplemental Information.

October-2015

- Year-end Budget Report for Fiscal Year 2014-15. The report was received by the Commission and filed with the County Auditor.
- Submittal of First Quarter Budget Status Report for Fiscal Year 2015-16. The report was received by the Commission and filed with the County Auditor.

