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SLO LAFCO - Serving the Area of San Luis Obispo County

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TO: MEMBERS, FORMATION COMMISSION

FROM: MIKE PRATER, EXECUTIVE OFFICER

DATE: OCTOBER 15, 2020

**SUBJECT: STATUS REPORT OF SUBMITTED PROPOSALS AND
UPCOMING PROPOSAL ACTIVITIES**

Recommendation. This item is informational only and does not require action by the Commission.

Summary. This status report is to bring the Commission up-to-date regarding the submitted proposals and upcoming proposal activity that involve staff time and resources.

Fiero East-West Annexation. This proposal considers the annexation of the West and East areas generally bounded by Tank Farm Road to the south, Orcutt Road to the east and north, and the Union Pacific Railroad (UPRR) to the west. The West Annexation area (Fiero Lane portion) was issued an Outside User Agreement in 2016 to address the failing Fiero Lane Mutual Water Company services of their water system and wastewater treatment plant, which currently also serves the East area. Based on the proximity and common services of the West and East annexation areas and the connection of these areas related to the Fiero Lane Water Company (FLWC) the City, FLWC, and LAFCO decided that both areas should be annexed at the same time. LAFCO is expected to hear the matter at our November meeting. If approved by LAFCO, land owners in the area would be notified about LAFCO's decision and when a Conducting Authority Hearing (Protest Hearing) would be held which would likely be in January 2021.

Jack Ranch Annexation. This proposal considers the annexation of County approved Jack Ranch SLO Agricultural Cluster Project consisting of 13 residential lots within the unincorporated portion of the County of San Luis Obispo, approximately 2.5 miles south of the City of San Luis Obispo. The residential lots would each be approximately one acre in size and would be clustered in the southern portion of the site. The remainder of the site would include approximately 163 acres of existing and proposed vineyards and approximately 122 acres of natural open space. The total annexation area would be 13.2 acres, including only the residential cluster lots (Tract 2429). LAFCO is expected to hear the matter at our November meeting. If approved by LAFCO, 100% of landowners have waived the need for a Protest Hearing.

San Simeon Activation. This proposal was submitted on September 17, 2020, at the request of the San Simeon Community Services District (SSCSD) to activate its solid waste power, which currently resides with the County. By activating its solid waste authority the SSCSD would collect the franchise fees for the area within its boundary, and use the fees within the Community. The CSD has submitted this application and we expect to hear the matter at our November meeting. If the activation of solid waste power is approved by LAFCO, registered voters and landowners in the area would be notified about LAFCO's decision and when a Conducting Authority Hearing (Protest Hearing) would be held which would likely be in January 2021.

Gateway SOI Amendment/Annexation. This proposal is expected to be submitted on October 7, 2020, by the City of Paso Robles to annex 170 acres located in the vicinity of the northwest corner of Highway 101 and Highway 46 West and outside the City limits of Paso Robles. This proposal would seek the concurrent processing of an amendment to the City's sphere of influence and annexation.

The City Council adopted a Specific Plan and Environmental Impact Report before submitting an application to LAFCO. The project is primarily commercial/hotel development in the southeast portion of the site with some limited residential zoning. A Study Session has been placed on our October 15th meeting that would further discuss this application.

Froom Ranch Annexation. This proposal would annex 110 acres located immediately west of Los Osos Valley Road between U.S. Highway 101 and the Irish Hills Plaza outside the City limits of San Luis Obispo. The City Council adopted a Specific Plan and Environmental Impact Report on September 15, 2020. The Commission held a Study Session regarding this Life Plan Community on March 19, 2020, and gave an update on May 21, 2020. The area is within the City's sphere of influence. The project is primarily residential with some commercial development in the northeast portion of the site. The residential uses would consist of a Life Plan Community (LPC). LPC's provide a variety of different unit types for independent senior housing as well as access to higher levels of care such as assisted living, memory care, and skilled nursing. The northern portion of the site will be multiple-family zoning. Approximately 51% of the site would be open space. This site was a receiver site for agricultural conversion for the Madonna/Gap annexation, which would be reconfigured and preserved. This application is expected in the first quarter of next year.

Cayucos/Morro Bay Boundary Adjustments. The Cayucos Sanitary District, the City of Morro Bay, and the Chevron landowners would convey property ownership to facilitate the new WWTP operations for the District, offering the City public access to the beach areas along Highway 1 and amend their Sphere of Influence, and place a large portion into open space conservation. This proposal would call for an open space easement that would preserve a large area within the unincorporated area. The City's SOI would be adjusted on the north- east side of Highway 1. A small portion of land would be proposed to be detached from the City and annexed into the Sanitary District. A separate portion on the beach would also be considered for annexation to the City. The City is expected to consider this item in October. This application is expected in November of this year.

Oceano CSD Fire Service. The Oceano Community Services District has entered into a 3rd Amendment with the Joint Powers Authority (JPA) partners to fund fire service over the next three years, until 2023. The District is exploring a ballot measure for 2022 to maintain

fire services with the Five Cities Fire Authority and continue their partnership with the JPA. The District is anticipating submittal of a divestiture application to LAFCO in summer of 2021 to begin conversations with the County regarding what fire service might look like for their citizens.

CSA 23 Annexation. The County Service Area No. 23 includes the Santa Margarita area. This proposal would annex the County approved Santa Margarita Ranch Residential Agricultural Cluster subdivision of Tract 2586. Tract 2586, at the Santa Margarita Ranch, is an approved 3-phase agricultural cluster subdivision allowing for the development of 111 individual residential home sites on lots ranging in size between 1.0 and 2.0 acres each. While the overall tract covers approximately 3,770 ac, only 150 acres (+/-) will be developed with residential uses, the majority of the site will continue to be utilized for agricultural and recreational /visitor serving uses. This annexation would allow for the combining of the water distribution systems creating a more efficient joint system with CSA 23, Santa Margarita Ranch Mutual Water, and Atascadero Mutual Water. The proposed CSA 23 annexation is intended to provide service only to the 111 developed home sites. This application is expected before the end of the year or beginning of next year.

CSA 16 Detachment. The County Service Area No. 16 includes the Shandon area. This proposal would detach a 8.31 acre parcel from CSA 16. In 2005 LAFCO approved a Sphere of Influence Amendment (85 acres) and Annexation of this property (8.31 acres). At that time the landowner requested this action to allow water service to a County approved Chevron Gas Station. The County approved the Commercial Service project which consists of a 3,737 square foot convenience store and gas station. The Gas Station was never built. The Sphere of Influence revision and annexation enabled the proponents to receive water service from CSA 16 to meet water needs associated with the retail business and fire suppression requirements using a community water system rather than constructing a large storage tank on the site. The addition of the 85-acre area to the SOI is consistent with the County's General Plan Urban Reserve/Services boundary.

The landowner would be seeking detachment so he will no longer be billed for water service that is not needed. The main water line was completed along with a meter. The water system on occasion needs to be maintained and pipelines flushed for water quality purposes. Do to the design of the infrastructure this flushing result in charges to the property owner for unused or poor quality water. The detachment would resolve the property owners concerns. This application is expected before the end of the year.

LIST OF OTHER PROPOSALS

Dana Reserve Annexation. This proposal would annex 288 acres located within the Sphere of Influence and immediately north of the Urban Reserve Line of Nipomo Community Services District (NCSD). The property is bounded by Willow Road and Cherokee Place to the north, existing residential ranchettes to the south and west, and U.S. Highway 101 to the east. The landowners have filed a subdivision application with the County for a 42-lot multi-use subdivision and corresponding Specific Plan for approximately 1,270 single and multi-family homes including residential, commercial, and recreation/open space, among others. This future application would likely take a year or two before coming to LAFCO. An introductory Study Session is tentatively scheduled for the first part of next year.

Cayucos Sanitary Annexation. The Cayucos Sanitary District purchased property to facilitate their new Water Reclamation Facility (WRF). The District is completing construction of a water reclamation facility (the Cayucos Sustainable Water Project) on several hundred acres of property it acquired off of Toro Creek Road just north of Morro Bay. The District is interested in annexing this property into the District boundary. This application would be expected sometime in the first part of the year new.

Single Parcel Annexations into NCS D. A small number of individual landowners independently have inquired about annexing into the NCS D for water and sewer services. These are small single lot properties wishing to annex and have been working with the District on determining if annexation is appropriate.

Afuera De Chorro Water Company SOI and Annexation Inquiry. Individual property owners have inquired about annexing into the City of San Luis Obispo. This area is served using groundwater by a Mutual Water Company with 19 water connections serving approximately 75 people. The area is located near Tiburon Way, Sequoia Way and Orcutt Road adjacent to the City. Staff has checked with County Environmental Health Department regarding the water company status and operations. County health indicated Afuera de Chorro is one of the better run water systems. They have no quality issues, they've done an excellent job ensuring their supply is more than adequate by decommissioning older wells and drilling new wells, and they hire one of the better companies to operate the system. Afuera de Chorro does a good job with the financials and their reporting to County is always accurate and on-time. At this time, an amendment to the SOI and Annexation does not seem likely.

Shandon San Juan Water District Detachment. Additional property owners have inquired about detaching from the water district. One landowner has 1,200 acres, another owns 3,357 acres, and others are smaller acreages. LAFCO would typically consolidate applicants under one one action for detachment for a broader perspective, ease and reduced processing costs. There is no anticipated application date at this time.