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TO: MEMBERS, FORMATION COMMISSION

**FROM: ROB FITZROY, EXECUTIVE OFFICER
IMELDA MARQUEZ, ANALYST**

DATE: AUGUST 19, 2021

**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.

Active Proposals

LAFCO No. 3-R-21 | Gateway SOI Amendment/Annexation to the City of Paso Robles. This proposal is 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 project provides 49.7 acres of Agriculture Land, 32.3 acres of Agriculture in Conservation Easement, 16.6 acres of Open Space, 0.2 acres of Multi-Family Residential (limited number of units and possibly single-family residential), 59.3 acres of Hotel (two hotels and possibly a third), 10.6 acres of Commercial Centers, and 3.2 acres of Public Roads.

1st Submittal: A 30-day review of the application was conducted by staff and an information hold letter was submitted to the City on November 5, 2020. The City responded to the information hold letter on March 16, 2021. The County Board of Supervisors formally commenced negotiations for the exchange of property tax revenue for this annexation on January 26, 2021. These negotiations failed however, and per the Cortese, Knox, Hertzberg Act the application was formally withdrawn.

2nd Submittal to LAFCO: On July 8, 2021, the City of Paso Robles agendized a new resolution of application to LAFCO and the discussion of tax negotiations and provided staff new direction to pursue use of the Master Tax Agreement. On July 29, 2021, the City resubmitted an application for annexation. We are currently within the 30-day completeness review. Staff has sent the Notice to Commence Tax Agreement Negotiations to the County

Auditor / Assessor. Depending on the timing of action by the City and County to approve a Tax Agreement, we anticipate to bring this item to hearing in Fall 2021.

LAFCO No. 1-S-21. The proposed project includes a Sphere of Influence amendment of approximately 212.81 acres of property into the City of Morro Bay's sphere. The property is located within the western boundary of the County of San Luis Obispo and surrounded by the northeastern portion of the City of Morro Bay with Highway 1 situated to the west. This area is known as the Panorama Lots.

The application was submitted on June 28, 2021. Staff conducted a 30-day initial completeness review and provided an information hold letter to the applicant on July 28, 2021. On August 19, 2021, a study session item will be held to solicit early comment and questions on the project. This item does not have an anticipated hearing date for action.

LAFCO No. 2-R-21 | Cayucos Sanitary District (Water Resource Facility) Annexation /SOI Amendment. This project proposal includes an annexation of approximately 257.87 acres of property into the Cayucos Sanitary District. The property is located in Toro Creek Valley, a designated rural area, approximately 0.75 miles inland from State Route 1 in Cayucos. The annexation and sphere of influence amendment is for the district's new Water Reclamation Facility and Solar Farm that are being constructed on the property. The public lot within the area would be within the parent parcel of approximately 8 acres.

A 30-day review of the application was conducted by staff and an information hold letter was submitted to the District on March 19, 2021. On August 4, 2021, staff received the necessary information to continue processing the application. We expect to bring this item to hearing in Fall 2021.

LAFCO No. 1-R-21 | Froom Ranch Annexation to the City of SLO. 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 plan for the project provides for approximately 39.1 acres of mixed residential uses (Life Plan Community known as Villaggio with independent and assisted living, multi-family housing, and affordable housing), 3.1 acres of commercial development (including potentially a 70,000 square foot hotel) and 66.2 acres of open space. The area is within the City's sphere of influence.

The resolution of application was submitted to LAFCO on February 9, 2021. A 30-day review of the application was conducted by staff and an information hold letter was submitted to the City on March 9, 2021. Staff has actively been working with the City. The City provided additional information on August 2, 2021. Staff is still reviewing the submitted information. However, we anticipate this project will be brought to hearing in Fall 2021.

Other Active Proposals

LAFCO No. 4-R-20 | Torres Annexation to Nipomo CSD. The proposed project includes an annexation of approximately 0.25-acres of property into the Nipomo Community Service District for sewer and water. The property is in the sphere of influence and is located on Oakglen avenue.

The petition of application was submitted to LAFCO on October 26, 2020. A 30-day review of the application was conducted by staff and an information hold letter was submitted to the landowner (applicant) on November 20, 2020. Staff has submitted an additional letter to the applicant, dated April 27, 2021, asking if they would like to withdraw the application given that no response has been received from the 30-day reviewal letter that asked for additional information.

LAFCO No. 2-S-19 | Morro Bay SOI Amendment (WRF). The application is to amend the City of Morro Bay's Sphere of Influence for a new Water Reclamation Facility (WRF). This proposal includes 368.7-acre "Remainder Parcel" of the larger 396.3-acre Tri-W Enterprises property, a 27.6-acre portion of which will be split off as a separate lot to be owned by the City for the construction and operation of the City's new WRF.

The resolution of application was submitted to LAFCO on October 15, 2019. A 30-day review of the application was conducted by staff and an information hold letter was submitted to the City on November 14, 2019.

Post Approval

LAFCO No. 1-R-19 | Shandon San Juan Water District Detachment #1. This proposal was approved at the September 19, 2019, meeting. In July 2021, the required Map and Legal were submitted for review and approved per the conditions of approval. A Certificate of Completion was filed with the Clerk Recorder soon after on July 22, 2021. This detachment is formally complete.

LAFCO No. 2-R-19 | Estrella-EI Pomar-Creston Water District Detachment #1. This proposal was approved at the September 19, 2019, Meeting. A Certificate of Completion has not been filed by LAFCO because conditions have not been met. Pursuant to GC 57001 a one-year extension was granted by the Commission at the September 17, 2020, Meeting to allow additional time for condition compliance. The Map and Legal Description have been submitted and are currently being reviewed by the County Surveyor. As soon as the County Surveyor approves the Map and Legal, LAFCO will file the Certificate of Completion.

On the Radar

Cayucos/Morro Bay Boundary Adjustments. According to the City of Morro Bay's March 18, 2021, item C-1 staff report the City would purchase the Dog Beach from the Cayucos Sanitary District (SD). When Cayucos SD acquired the Dog Beach Lots from Chevron, Chevron retained a right to reacquire the lots under certain circumstances. Chevron has agreed to remove its repurchase right from record title if the City authorized submittal of an application to LAFCO to amend the City's SOI to include five lots above the Panorama area (Panorama Lots).

Additionally, a small portion of land would be proposed to be detached from the City resulting in the lot being located within unincorporated County of San Luis Obispo. Property is owned by the Cayucos Sanitary District and contains a sewer lift station operated by Cayucos SD.

The City of Morro Bay approved the adoption of resolution of application authorizing City Staff to submit detachment proceedings to LAFCO. This application is expected sometime in the fall .

CSA 10 Annexation (Valley Lots). The County Service Area (CSA) 10 in Cayucos may see an annexation of lots on the southern part of town if a Minor Use Permit (MUP) is approved by the County. County Public Works has indicated a willingness to provide service. The MUP would provide the land use approval for a residential construction project. Water service from CSA 10 would be needed. A LAFCO action should follow the land use approval.

CSA 23 (Tract 2586) Annexation. 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 would continue to be utilized for agricultural and recreational/visitor serving uses. This annexation could 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. There is no anticipated application date at this time.

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 they will no longer be billed by CSA 16 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. Due to the design of the infrastructure this flushing results in charges to the property owner for unused or poor quality water. The detachment would resolve the property owners' concerns. The property owner is waiting on Caltrans mapping of eminent domain as the detachment would no longer include the full acreage that was initially annexed to CSA 16. This application is expected in the new fiscal year.

Dana Reserve Annexation into Nipomo CSD. 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 (NCSA). 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. LAFCO has provided input regarding the annexation process. LAFCO provided comments to the Notice of Preparation of the EIR on July 26, 2021. The EIR is being prepared and LAFCO will provide comments on that document during the public comment period. .

Templeton CSD Cemetery Service Divestiture. The Templeton CSD is no longer providing support services to the Templeton Cemetery District and has inquired about divesting that power. On August 3, 2021, the Templeton CSD approved a resolution of application to divest this power. During that meeting, the Templeton CSD Board directed their staff to request a fee waiver from LAFCO. We are actively coordinating with District staff to determine whether a fee waiver would meet the necessary criteria as established in the existing LAFCO fee schedule prior to bringing such a request to the Commission.

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 but timing is not currently known.

Shandon San Juan Water District Detachment. Additional property owners have inquired about detaching and also being annexed into the water district. There is no anticipated application date at this time.