



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, INTERIM EXECUTIVE OFFICER
IMELDA MARQUEZ, ANALYST**

DATE: APRIL 15, 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. 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.

The resolution of application was submitted to LAFCO on February 19, 2021. 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. Staff has initiated a Notice to Commence Property Tax Negotiation.

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.

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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. On April 6, 2021, the County Board of Supervisors formally commenced negotiations for the exchange of property tax revenue for this annexation.

LAFCO No. 3-R-20 | 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.

The resolution of application was submitted to LAFCO on October 7, 2020. 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 remain ongoing.

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 is asking the applicant if they would like to withdraw the application. The Districts costs for annexation are significant and it is likely the applicant will not move forward with this proposal.

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-20 | Fiero East-West Annexation to the City of SLO. This proposal was approved at the November 19, 2020, meeting. A Conducting Authority Hearing (Protest Hearing) was then held on January 21, 2021, for landowners and the results determined the annexation be approved. Staff has filed with the State Board of Equalization (BOE) and is waiting for the final acknowledgment letter that will complete this annexation.

LAFCO No. 1-R-19 | Shandon San Juan 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.

LAFCO No. 2-R-19 | Estrella-El 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.

Possible / On the Radar

Cayucos/Morro Bay Boundary Adjustments. The City of Morro Bay 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 mid-year.

Moro Bay SOI Amendment – Panorama Lots. This proposal would include 5 lots located on Panorama Drive. These lots are owned by Chevron and they would wish to annex the lots into the City in the future. Each of the 5 lots would accommodate one single family residence. The City of Morro Bay approved the adoption of resolution of application authorizing City Staff to submit to LAFCO. This application is expected sometime mid-year.

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 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. The property owner is waiting on Caltrans mapping of emanant domain as the detachment would no longer include the full 8.31 acres that were initially annexed. 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 (NCSO). 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. The EIR is being prepared and LAFCO will provide comments on that document. This future application would likely take a year or two before coming to LAFCO.

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. The District is exploring this action at this point. This action is advisable if the power is no longer needed or used.

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.

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 action for detachment for a broader perspective, ease and reduced processing costs. There is no anticipated application date at this time.