

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works	(2) MEETING DATE 10/14/2014	(3) CONTACT/PHONE Mark Hutchinson, Deputy Director of Public Works (805) 781-5252	
(4) SUBJECT Submittal of a report and solicitation of Board direction regarding formation of a Paso Robles Basin Water District. Districts 1 and 5.			
(5) RECOMMENDED ACTION It is recommended that the Board, acting as the Board of Supervisors for the San Luis Obispo County Flood Control and Water Conservation District, receive a report related to the formation of a Paso Robles Basin Water District and provide direction to staff.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT N/A	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input checked="" type="checkbox"/> Board Business (Time Est. <u>70 min.</u>)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) District 1, District 5			

Reference: 14OCT14BB-1

County of San Luis Obispo



TO: Board of Supervisors

FROM: Public Works
Mark Hutchinson, Deputy Director of Public Works

DATE: 10/14/2014

SUBJECT: Submittal of a report and solicitation of Board direction regarding formation of a Paso Robles Basin Water District. Districts 1 and 5.

RECOMMENDATION

It is recommended that the Board, acting as the Board of Supervisors for the San Luis Obispo County Flood Control and Water Conservation District, receive a report related to the formation of a Paso Robles Basin Water District and provide direction to staff.

DISCUSSION

Assembly Bill No. 2453 (Achadjian) (Attachment 2), provides for the formation of the Paso Robles Basin Water District. The bill amended the California Water Code to read:

37905(a). On or before January 1, 2019, 10 percent of landowners may petition for, or an affected local agency within the county, including the county and the San Luis Obispo County Flood Control and Water Conservation District, may apply for by resolution, the formation of a district, consistent with the following definitions:

Options

1. Should the Board determine to make application to the Local Agency Formation Commission (LAFCO) for the formation of a Basin Water District, staff would prepare the necessary resolution and initial application materials and return to the Board for specific direction on key issues including boundaries, powers of the new district, and methods for determining special benefits for the purposes of a proposition 218 election to fund the new district.
2. Any other affected local agency within the county could make application by resolution, or a petition of 10 percent of landowners could initiate the LAFCO process.
3. Partner with one or more existing non-profit organizations or another affected local agency to support that group's resolution or petition with funding and technical support.

The following discussion is germane to option 1 above, where the Board of Supervisors adopts a resolution on behalf of the Flood Control and Water Conservation District. However, the majority of the processing steps and considerations are applicable to any of the above options.

LAFCO Application Process

An application to LAFCO to form the new district would begin with the adoption of a resolution by the Board. The

resolution or petition must contain specific information including a description of the external boundary of the affected area and a map showing that boundary. The resolution must be accompanied by a Plan for Services. The Plan for Services must include the following:

1. Description of Service(s)
2. An identification of existing service providers, if any, and the potential fiscal impact to the customers of those existing providers.
3. A plan for financing the establishment of the new district.

LAFCO policy for the formation of new districts is that the formation is dependent on both an affirmative formation vote and an affirmative funding vote. Therefore, an application to LAFCO would also include a proposition 218 Assessment Engineer's Report, describing the operating costs of the new district, the method by which those costs are to be apportioned to landowners in the new district, and the total and individual assessments.

Assembly Bill 2453, in chapters 3, 4, 5, and 6 (Water Code sections 37920 - 37969), describes the powers of the new district, under the general headings of Groundwater Management Authority, Groundwater Management Plans, Groundwater Management, and Groundwater Extraction Charges. Section 37920 states that "All powers in this part are subject to review and approval by the San Luis Obispo County Local Agency Formation Commission, upon formation, change of organization, or reorganization . . ." Therefore, as part of the application, the Board may identify, as part of the application, which of the powers set forth in chapters 3, 4, 5, and 6 it wishes the district to possess. As with the boundaries of the new district, LAFCO would make the final determination(s) on available powers.¹

The application must also include a reimbursement agreement, as all costs associated with the processing of the application by LAFCO would be borne by the applicant.

Application Review Period

The initial review period for the application is 30 days. LAFCO staff will review the application materials and request additional information, if needed. As noted above, the application must include an adequate Plan for Services and an Assessment Engineer's Report to fund the cost of the initial set up and operation of the district in order to be accepted as complete.

LAFCO Public Hearings

The public forum for making decisions regarding the details of all aspects of the new district is the LAFCO public hearing process. A staff report with informational attachments is prepared for consideration by the public, key stakeholders and the Commission. LAFCO's decision to approve, modify or deny the application is based on the Commission's independent judgment in light of the record. LAFCO may add conditions of approval to the proposal.

Landowner Vote

If approved by LAFCO, the question of forming the district will be voted on by the landowners in the proposed District. The proposition 218 assessments to fund the new district would be voted on as well. As noted above, both of these questions must pass for the new district to be formed. Members of the new district board may also be included in the same election.

Time Frames

Preparation of a complete application for LAFCO consideration would require several actions by the Board at subsequent Board Business Meetings, including: confirmation of proposed district boundaries; determination of proposed powers of the new district; contracting with the Assessment Engineer; determination of proposed funding methods; and approval of the final application package and adoption of the associated resolution. On an accelerated basis these tasks may be

¹ §37902. The creation of the district is not intended to and shall not modify the powers of the County of San Luis Obispo and the San Luis Obispo County Flood Control and Water Conservation District, carried out consistent with applicable law, to manage and protect groundwater resources within the County of San Luis Obispo, including the Paso Robles Groundwater Basin. §37903. If formed, the district shall not involve itself in activities normally and historically undertaken by the county, the San Luis Obispo County Flood Control and Water Conservation District, or other local agency, without the agreement of the agency.

completed in a little as 120 days. Consideration of other competing issues related to water supply and the ongoing drought would argue for a time frame in the 6-9 month range.

Processing of the application through LAFCO leading to an election should reasonably be expected to require at least 6 months to accomplish. However, given the high level of public interest in the issue additional time for public involvement and appropriate consideration should be budgeted.

OTHER AGENCY INVOLVEMENT/IMPACT

The primary other agency that would be involved in the formation of a Paso Robles Basin Water District is LAFCO. However, if formed, the new district would necessarily impact the responsibilities and ongoing activities of the County of San Luis Obispo, the Flood Control and Water Conservation District, the City of Paso Robles, the City of Atascadero, the Atascadero Mutual Water Company, the Templeton Community Services District, the San Miguel Community Services District, Camp Roberts, County of Monterey, Garden Farms Community Water District, and other smaller water supply entities.

FINANCIAL CONSIDERATIONS

All costs associated with the processing of the application by LAFCO would be borne by the applicant. Initial estimates include: Plan of Services - \$25,000; Assessment Engineer's Report - \$100,000; Legal description of district boundary - \$25,000; Contract election services - \$200,000. Total initial estimated costs equal \$350,000. Funding may be provided from Flood Control District Reserves. It is not definitively known if it is possible or desirable to structure the new district such that these funds could be recovered over time.

RESULTS

This report and attachments provides the Board with an overview to support further direction to staff. This is consistent with the County-wide goals of promoting a well governed community.

ATTACHMENTS

1. Location Map
2. Assembly Bill No. 2453 (Achadjian)
3. Paso Basin Advisory Committee Letter

Reference: 14OCT14-C-1

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