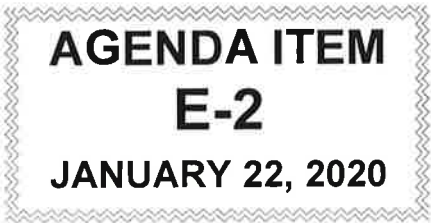


TO: BOARD OF DIRECTORS
FROM: MARIO IGLESIAS
GENERAL MANAGER *AK*
DATE: January 17, 2020



**CONSIDER ADOPTING RESOLUTION REVISING NIPOMO
COMMUNITY SERVICES DISTRICT ANNEXATION POLICY AND
PROVIDE DIRECTION REGARDING AMENDING MISCELLANEOUS
FEE SCHEDULE**

ITEM

Consider adopting a resolution that amends and revises the Nipomo Community Services District's ("District") annexation policy, and provide direction to staff regarding amending the District's miscellaneous fee schedule to include an Annexation Application Fee. [RECOMMEND ADOPT RESOLUTION AMENDING ANNEXATION POLICY AND DIRECT STAFF TO BRING FORWARD A RESOLUTION AMENDING MISCELLANEOUS FEE SCHEDULE AT THE BOARD'S NEXT MEETING]

BACKGROUND

At your Board's November 27, 2019 Board Meeting, staff presented for your Board's review and consideration a resolution that would have amended the District's annexation policy [Attachment A]. Your Board reviewed and discussed the proposed amendments to the annexation policy and directed staff to come back to your Board once staff could provide additional answers. Specifically, your Board wanted to know the proposed amount of the Annexation Application Fee and how the proposed amended annexation policy would align with the 2010 Memorandum of Understanding between the County of San Luis Obispo and the District regarding the District's sphere of influence ("MOU") [Attachment B].

The Annexation Application Fee is proposed to be \$1,500.00. This non-refundable fee is based on an estimated administrative cost to accept and prepare annexation applications for Board review. The administrative process used to accept and prepare applications for Board review has not significantly changed since the District's June 27, 2007 Administrative Cost Study. Staff used the Administrative Cost Study formula to develop the annexation application fee. A Resolution to amend the District's Miscellaneous Fees Schedule must be adopted to enact the application fee – there currently is no application fee for an annexation application. If directed by your Board, and in accordance with Government Code 66016, the District will post the proposed Annexation Application Fee and the data supporting this calculation on the District website and at the District office for 10 days to provide the legally required public review period prior to consideration by the Board in February.

Your Board also directed staff to evaluate the existing MOU and the proposed amended annexation policy for consistency between the two documents. Your Board is seeking assurances that the proposed amended annexation policy aligns with and is not contradictory to the MOU. District Legal Counsel has reviewed the MOU and started a conversation with San Luis Obispo County staff to identify and clarify language in the MOU that could be perceived as inconsistent with District's annexation policy. The proposed annexation policy has been modified slightly to better align with the intent and language in the MOU and what we anticipate will be the

final language of the MOU. There is no substantive difference in intent or approach between the District and the County, but further work is necessary to prepare an updated MOU. The District believes that an updated policy is necessary now, given that we anticipate receiving at least one annexation application in the near future. A legal blackline version as well as a clean version of the proposed annexation policy are attached [Attachment C and Attachment D, respectively].

FISCAL IMPACT

Funds for staff time to support the review and revisions to the annexation policy are included in the Budget. The financial impacts to the District vary widely with regard to Board actions taken either to adopt, modify, or reject the recommended amendments to the annexation policy or the ancillary documents.

There is not an annexation application fee currently established. This lends itself to a negative value exchange between the District and an applicant. Staff time spent accepting and processing the application is not recovered, should the applicant decide to end the annexation process. The amendments to the annexation policy and proposals to amend the miscellaneous fee schedule as presented to your Board will address this condition, as the application fee will be non-refundable.

STRATEGIC PLAN

Goal 6 – GOVERNANCE AND ADMINISTRATION – Conduct District activities in an efficient, equitable and cost-effective manner.

RECOMMENDATION

Staff recommends that the Honorable Board review the draft annexation policy and affected subordinate and supporting annexation documents as revised and, if found to be in order, adopt a resolution amending the District's annexation policy, and direct staff to bring forward a resolution amending the District's Miscellaneous Fee Schedule to create an Annexation Application Fee of \$1,500.00.

ATTACHMENT

- A. November 27, 2019 Staff Report – Amend Annexation Policy
- B. Memorandum of Agreement Between NCSD and County of San Luis Obispo
- C. Resolution 2020-XXX, Amending Annexation Policy (Blackline), Proposed
- D. Resolution 2020-XXX, Amending Annexation Policy (Clean), Proposed

JANUARY 22, 2020

ITEM E-2

ATTACHMENT A

TO: BOARD OF DIRECTORS

FROM: MARIO IGLESIAS
GENERAL MANAGER



DATE: NOVEMBER 22, 2019



CONSIDER ADOPTING REVISED NIPOMO COMMUNITY SERVICES DISTRICT ANNEXATION POLICY

ITEM

Consider adopting a resolution that amends and revises the Nipomo Community Services District's ("District") annexation policy. [RECOMMEND ADOPT RESOLUTION AMENDING ANNEXATION POLICY]

BACKGROUND

The Board adopted Resolution 2006-981 in May 2006, revising the District's annexation policy. Since that time, the District has made improvements to its facilities and has begun to import water through the Nipomo Supplemental Water Project. Staff recommends these environmental shifts be recognized and addressed in the District's annexation policy. Additionally, the existing annexation policy, after being reviewed by District staff and Legal Counsel, was determined to be deficient in addressing the complexities involved in the annexation process in substance and form.

District staff presented amendments and revisions to the District's Facilities/Water Resources Committee ("Committee") on November 7, 2019. The Committee reviewed staff recommended amendments and revisions, took public comment, made recommendations, and directed staff to present the amended annexation policy to the District's Board of Directors ("Board").

The following documents were included in the Committee's annexation policy review:

- Annexation Policy
- Annexation Application
- Proposed Deposit Agreement

The amendments and revisions as presented to your Board, have been reviewed and meet with the Committee's satisfaction. They provide applicants with a clear and reasonable path through the District's annexation application process and ensure cost centers are created to enable the District to recover appropriate fees and charges.

FISCAL IMPACT

Funds for staff time to support the review and revisions to the annexation policy are included in the Budget. The financial impacts to the District vary widely with regard to Board actions taken either to adopt, modify, or reject the recommended amendments to the annexation policy or the ancillary documents.

For example, there is not an annexation application fee currently established. This lends itself to a negative value exchange between the District and an applicant. Staff time spent accepting and processing the application is not recovered, should the applicant decide to end the annexation process. The amendments to the annexation policy as presented to your committee address this condition.

STRATEGIC PLAN

Goal 6 – GOVERNANCE AND ADMINISTRATION – Conduct District activities in an efficient, equitable and cost-effective manner.

RECOMMENDATION

Staff recommends that the Honorable Board review the draft annexation policy and affected subordinate and supporting annexation documents as revised and, if found to be in order, adopt a resolution amending the District's annexation policy.

ATTACHMENT

- A. Resolution 2006-981 Annexation Policy, Current
- B. Resolution 2019-XXX, Amending Annexation Policy, Proposed
- C. Annexation Application, Current
- D. Draft Annexation Application, Proposed
- E. Draft Deposit Agreement, Proposed

NOVEMBER 27, 2019

ITEM E-1

ATTACHMENT A

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2006-981**

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING AND RESTATING THE DISTRICT'S ANNEXATION POLICY**

WHEREAS, the Nipomo Community Services District ("District") last updated its Annexation Policy on or about September 10, 2003 ("Annexation Policy"); and

WHEREAS, the Local Agency Formation Commission ("LAFCO") is charged with the authority to review and approve all requests for sphere of influence, annexations, and other changes in organizations to the District; and

WHEREAS, LAFCO considers CEQA for all proposed annexations and sphere of influence changes and other changes in organizations; and

WHEREAS, on or about May 30, 2004, LAFCO adopted a Sphere of Influence Update ("SOI"), Municipal Service Review ("MSR") for the District. Said Sphere of Influence Update and Municipal Service Review are incorporated herein by this reference; and

WHEREAS, as part of the SOI and Municipal Service Review LAFCO considered and certified an Environmental Impact Report. Said Environmental Impact Report ("EIR") is incorporated herein by this reference; and

WHEREAS, on or about January 25, 2006, the District adopted its Urban Water Management Plan ("UWMP");

WHEREAS, on April 26, 2006, May 8, 2006 and May 24, 2006, the Board held public meetings related to amending the District's current Annexation Policy; and

WHEREAS, the District Board of Directors finds that the policies adopted herein by this Resolution do not conflict with the actions taken by LAFCO as referenced above.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT THAT:

1. The amended and restated Annexation Policy, as referenced in Exhibit "A", are hereby approved and adopted.

2. The amended and restated Annexation Policy, Exhibit "A", applies to requests for annexations that have not previously been approved by the District Board of Directors.

3. The Board of Directors finds that the adoption of the amendments to the existing Annexation Policies constitute "general policy and procedure making" described in Section 15378(b)(2) of the CEQA Guidelines which are deemed not to be "projects". Further, and independently, the District Board of Directors finds that the amendments to the Annexation Policy are within the scope of the program EIR adopted by LAFCO within the meaning of CEQA Guideline §§15168 and 15162 and that no new effects could occur as a result of adopting the amendments to the District's current Annexation Policy. The District

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POMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2006-981

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING AND RESTATING THE DISTRICT'S ANNEXATION POLICY

General Manager is authorized to prepare, execute and file a Notice of Exemption pursuant to the above provisions.

4. The above Recitals are true and correct and incorporated herein by reference and that the Staff Report, reference documents, public comment and Recitals constitute further findings in support of this Resolution.

5. If any section, subsection, sentence, clause or phrase in this Resolution and/or the amended Annexation Policy are for any reason held to be unconstitutional, ineffective or in any manner in conflict with the laws of the United States, or the State of California, such decision shall not affect the validity of the remaining portions of this Resolution and/or the amended Annexation Policy. The District Board of Directors hereby declares that it would have passed this Resolution and/or the amended Annexation Policy, and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsection, sentence, clause or phrase be declared unconstitutional, ineffective, or in any manner in conflict with the laws of the United States or the State of California.

Upon the motion of Director Eby, seconded by Director Winn, and on the following roll call vote, to wit:

AYES: Directors Eby, Winn, Wirsing, Trotter and Vierheilg
NOES: None
ABSENT: None
CONFLICTS: None

the foregoing resolution is hereby adopted this 24th day of May, 2006.



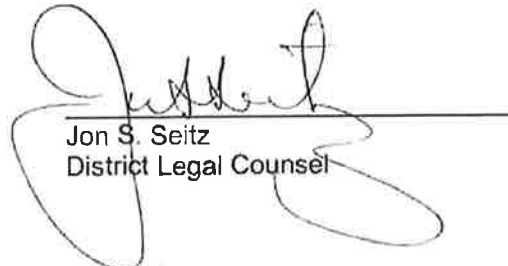
Lawrence Vierheilg,
President, Board of Directors
Nipomo Community Services District

ATTEST:



Donna K. Johnson
Secretary to the Board

APPROVED AS TO FORM



Jon S. Seitz
District Legal Counsel

AL AS

**THE ANNEXATION POLICY OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
EXHIBIT "A" TO RESOLUTION 2006-981**

I. PURPOSE

In order to promote efficient processing of requests for annexation to the Nipomo Community Services District ("District"), this policy sets forth the framework and standards upon which the Board of Directors will consider such requests and provides notice thereof to the owners of the property that is the subject of such requests.

II. INTENT

The Board of Directors intends to review all annexation requests with the aim of supporting the viability of the District in providing essential services. The District must be operated so as best to provide:

Good quality, economical and dependable water, sewerage and other authorized services for the residents of the Nipomo Community Services District.

The District recognizes San Luis Obispo County Department of Planning and Building's, August, 2004, Resource Capacity Study ("Water Supply in the Nipomo Mesa Area") and the recommendations contained therein and the degradation of the water resources within the Nipomo Mesa Management Area and the need for conservation of natural and environmental resources, including local resources, their availability and quality, consistent with the South County General Plan of San Luis Obispo County.

III. GENERAL POLICIES

- A. Annexations shall provide a reliable water source, other than water from the Nipomo Mesa Management Area also known as the Nipomo Mesa Hydrologic Sub Area. A map of the Nipomo Mesa Hydrologic Sub Area is attached hereto as Exhibit "A".
- B. In order to provide for the orderly development of public service facilities, only those properties will be considered for annexation for which the owners are willing to accept all conditions for service required by the Nipomo Community Services District. Further, requests for annexation solely for sewerage services to the exclusion of water service will be rejected by the Board of Directors, except under extraordinary circumstances.
- C. In order to evaluate the impacts of potential annexations upon the Nipomo Community Services District, the Board will only consider annexation requests that include the submittal of a layout plan, that meets the requirement of Section VI, below, and a completed Annexation application. The District reserves the discretion to require additional information from the Applicant.
- D. If the intended development within the proposed area of annexation requires further County approvals (e.g., zoning or subdivision), the District's approval of the annexation may be conditioned upon the owners obtaining such County approvals before the annexation becomes effective.

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**THE ANNEXATION POLICY OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
EXHIBIT "A" TO RESOLUTION 2006-981**

- E. After review of the layout plan and Application, the Board of Directors will consider annexation requests where it can be demonstrated that the benefits of the proposed annexation outweigh the disadvantages of the proposed annexation.
- F. The proposed annexation area boundary shall include all properties that may receive the proposed services to be provided (i.e., use rear property lines rather than streets as boundary lines).
- G. The District is opposed to the formation of homeowners associations or mutual water companies for the operation of water and/or sewer systems in the Nipomo Mesa area.
- H. The applicant shall apply to the Local Agency Formation Commission ("LAFCO") for approval of the proposed annexation.

IV. GENERAL STANDARDS

- A. **Non-Agricultural Uses of Groundwater Basin Water Prohibited:**
Applicants shall covenant, in a form acceptable to District Legal Counsel, for recording at the San Luis Obispo County Recorder's Office, not to pump from the underlying groundwater basin except for agricultural uses and or open space irrigation.
- B. Prior to final LAFCO approval the District shall adopt and forward to LAFCO a Resolution verifying the following:
 - 1. The Applicant has acquired and dedicated to the District's satisfaction, a volume of supplemental water (from a source acceptable to the District other than Nipomo Mesa Management Area groundwater), equal to that necessary to support full build-out as reflected in the Annexation Application and the Annexation Agreement.
 - 2. The Applicant has complied with the terms and conditions of the Annexation Agreement.
 - 3. That for each connection or potential connection, Applicant has deposited with the District the then current capacity and connection fees and charges for District services.
- C. **California Environmental Quality Act.**
The Applicant shall be responsible for compliance with the California Environmental Quality Act ("CEQA") as part of the LAFCO approval process.
- D. **Water Service:**
 - 1. The District will not set water meters for residential and/or commercial service until such time that the dedicated source of supplemental water is delivered to the District and improvements to be dedicated to the District have been dedicated and accepted by the District.

THE ANNEXATION POLICY OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
EXHIBIT "A" TO RESOLUTION 2006-981

2. Final capacity and connection fee charges will be determined and owing at the time the water meter(s) are set by the District.

E. Customers of the District:

Subject to subparagraph D, above, upon annexation, residents and commercial users within the area of the proposed annexation shall become "regular customers" of the District, with no greater entitlements to water service than any other District customer.

F. Cluster Developments:

1. The District will only consider annexations of cluster developments that comply with County policy relating to clustering and that include the requirement for ongoing management of the open space parcel(s) for the purposes of:
 - a. Conserving water drawn from the underlying groundwater basin;
 - b. Preventing the accumulation of solid waste, litter, and construction and demolition waste; and
 - c. Preventing the accumulation of weeds and other fire hazards that would create further demand on the District's water resources.
2. A cluster division is to include at least one (1) open space parcel that may be used for one of the allowable residential units, provided that the building site does not exceed six thousand (6,000) square feet and is defined on the recorded map. Otherwise the open space parcel is not to be developed with structural uses other than agriculture accessory buildings. The open space parcel may be used for any one of the following: crop production or range land; historic site, archaeological preserve, wildlife preserve, water storage or recharge area; leach field, scenic area, protection from hazardous areas; public outdoor recreation; or other similar use.
3. The use and restrictions referenced in Paragraphs 1 and 2 above, are to be guaranteed by a "Dedication", approved in writing by the District, as a party to the "Dedication". The Dedication shall be in the form of an open space easement, recordable agreement, dedication of fee, or partial fee title to a public or quasi-public agency.
4. If the open space parcel is designated for crop production or range land, then the Dedication related to water use shall include:
 - a. Water pumped from the groundwater basin will only be used for agricultural purposes consistent with crop production and/or grazing livestock;
 - b. A reference to the ongoing groundwater adjudication shall be identified, along with a statement that Owner acknowledges that Owner is the party subject to limitations imposed by a Court or

**THE ANNEXATION POLICY OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
EXHIBIT "A" TO RESOLUTION 2006-981**

other agency with jurisdiction related to pumping from the underlying groundwater basin; and

c. That Owner will not transport water from the open space parcel to other parcels that do not share a common boundary and common ownership with the open space parcel. Under no circumstances shall the Owner transport water from the open space parcel to a residential parcel.

5. If the District accepts responsibility for the open space parcel, then Applicant shall form an Assessment District, Special Tax District, or establish an endowment acceptable to District for the purposes of the operation and maintenance of the open space parcel.

6. Applicant shall establish a Homeowners Association for the purposes of assuming obligations in Subparagraph 5 above in the event the District is required to abandon the Assessment District or Special Tax District.

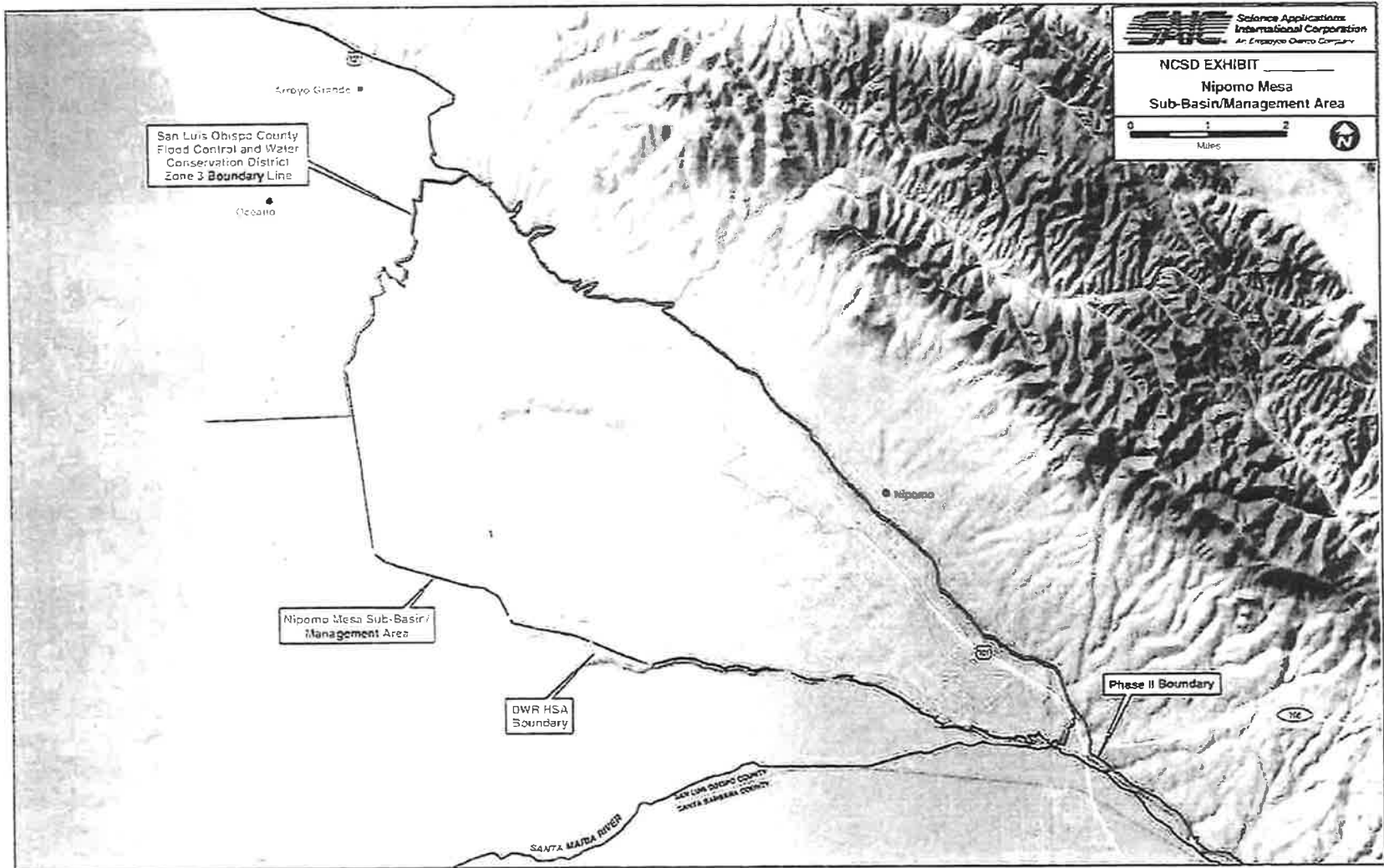
V. ANNEXATION AGREEMENT

All applicants for annexation shall be required to enter into an Annexation Agreement. Said Annexation Agreement shall include the following:

- A. That all infrastructure and service line extensions shall be designed and constructed at no cost to District in accordance with District's standards;
- B. Reimbursement to District for its costs in processing the annexation, including administrative costs, legal costs and engineering costs; and
- C. Payment for all applicable District capacity, meter and connection charges.
- D. Dedication to the District of a volume of supplemental water (from a source acceptable to the District other than Nipomo Mesa Management Area groundwater) equal to that necessary to support full build-out of the annexed lands.
- E. The annexation application, layout plan and the District's then current Annexation Policy shall be incorporated into the Annexation Agreement.
- F. Other terms and conditions as determined by the District.

VI. SUBMITTAL OF ANNEXATION APPLICATION AND LAYOUT PLAN

Prior to consideration by the Board of Directors, Applicants must submit an application to the District, demonstrating that the annexation will conform to these Annexation Policies and submit a layout plan for the proposed area of annexation in sufficient detail for the District to assess the full impact of the annexation on the District's water distribution facilities, sewer service and other services to be provided to the area of annexation by the District.



NOVEMBER 27, 2019

ITEM E-1

ATTACHMENT B

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2019-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT ADOPTING A
REVISED ANNEXATION POLICY**

WHEREAS, the Nipomo Community Services District ("District") is formed under the Community Services District Law (Govt. Code §61100 et seq.) and provides water, sewer, and solid waste services within its service area pursuant to Govt. Code §61100 of the Community Services District Law; and

WHEREAS, the Local Agency Formation Commission of San Luis Obispo County ("LAFCo") is charged with the authority to review and approve all requests for annexations, sphere of influence changes, and other changes in organization of the District; and

WHEREAS, LAFCo adopted a Sphere of Influence Update and Municipal Service Review for the District on or about March 15, 2018; and

WHEREAS, the District last updated its Annexation Policy on or about May 24, 2006, by Resolution No. 2006-981; and

WHEREAS, subsequent to the adoption of the District's most recent Annexation Policy, the District has constructed important portions of the Nipomo Supplemental Water Project, enabling the District to begin importing water from the City of Santa Maria onto the Nipomo Mesa; and

WHEREAS, the District Board of Directors desires to update and revise its Annexation Policy to address the changes in circumstances provided by the Nipomo Supplemental Water Project, as well as other clarifications for ease of implementation of the policy; and

WHEREAS, the District Board of Directors finds and declares that the policies adopted by this Resolution do not conflict with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 or with the LAFCo actions described herein.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Nipomo Community Services District, as follows:

1. The facts and findings stated above are true and correct and incorporated herein.
2. The Annexation Policy of the Nipomo Community Services District attached hereto and incorporated herein by reference as Exhibit "A" is hereby adopted and shall take effect immediately upon adoption.
3. The District Board of Directors finds that this action is not subject to and is exempt from the California Environmental Quality Act, Public Resources Code section 21000, et seq., because it constitutes the making of general policy and procedure, it is not a project undertaken or authorized by the District that will have a reasonably foreseeable impact on the environment, and it can be seen with certainty that there is no possibility that the action

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**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2019-_____**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT ADOPTING A
REVISED ANNEXATION POLICY**

may have a significant effect on the environment. (Pub. Res. Code § 21065;
14 Cal. Code Regs. §§ 15061(b)(3), 15378(b).)

Upon motion by Director _____, seconded by Director _____, on the following roll call vote, to wit:

AYES:
NOES:
ABSENT:
ABSTAIN:

the foregoing resolution is hereby passed and adopted this ____ day of _____, 2019.

ED EBY
President of the Board

ATTEST:

APPROVED AS TO FORM:

MARIO E. IGLESIAS
General Manager and Secretary to the Board

WHITNEY G. McDONALD
District Legal Counsel

BZ
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Exhibit "A"

THE ANNEXATION POLICY OF THE
NIPOMO COMMUNITY SERVICES DISTRICT

(Effective _____)

I. PURPOSE

In order to promote efficient processing of requests for annexation to the Nipomo Community Services District ("District"), this policy sets forth the framework and standards upon which the Board of Directors will consider such requests and provides notice thereof to the owners of the property that is the subject of such requests.

II. INTENT

The Board of Directors intends to review all annexation requests with the aim of supporting the viability of the District in providing essential services and adhering to the District's mission statement:

"Provide our customers with reliable, quality, and cost-effective services now and in the future."

The District recognizes the need to preserve and enhance the availability and quality of its services and of the water resources within the Nipomo Mesa Management Area. With this intent and within the framework of this annexation policy, the District acknowledges that, where conditions and findings will preserve and enhance District services and the water resources that support District customers, annexations may provide a greater benefit to the community than the formation of homeowners associations or mutual water companies for the operation of water and/or sewer systems in the Nipomo Mesa area.

III. SUBMITTAL OF ANNEXATION APPLICATION AND LAYOUT PLAN

Prior to consideration by the Board of Directors, Applicants must submit an application, and payment of the applicable application fee, to the District, demonstrating that the annexation will conform to these Annexation Policies and submit three (3) standard size (24" x 36") and one reduced copy (8½" x 11") of site plans showing the parcel layout, water and sewer laterals, and general off-site improvements, as applicable for the proposed area of annexation in sufficient detail for the District to assess the full impact of the annexation on the District's water distribution facilities, sewer service, and solid waste services to be provided to the area of annexation by the District.

IV. REQUIREMENTS

- A. Annexation applications may only be accepted for properties within the District's sphere of influence as delineated by the San Luis Obispo County Local Agency Formation Commission ("LAFCO") at the time of application.
- B. If approved, annexations will be served with water supplied through the Nipomo Supplemental Water Project in accordance with the terms of the Stipulation and Judgment entered in the Santa Maria Groundwater Litigation and with all other

THE ANNEXATION POLICY OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
(Effective _____)

District policies and ordinances. Annexations may only be approved if sufficient Nipomo Supplemental Water Project water exists to serve the project.

- C. In order to provide for the orderly development of public service facilities, only those properties will be considered for annexation for which the owners are willing to accept all conditions for service required by the Nipomo Community Services District. Further, requests for annexation solely for sewerage services to the exclusion of water service will be rejected by the Board of Directors, except under extraordinary circumstances.
- D. In order to evaluate the impacts of potential annexations upon the Nipomo Community Services District, the Board will only consider annexation requests that include the submittal of a layout plan that meets the requirement of Section III, a completed annexation application and deposit agreement, and payment of the annexation application fee to cover the costs of any studies or District staff time required to fully evaluate the application as determined by the District General Manager. The District reserves the discretion to require additional information from the Applicant.
- E. After review of the completed application, the Board of Directors will consider annexation requests where the application demonstrates all of the following:
1. The proposed annexation area has a need for the requested services.
 2. The proposed annexation area boundaries are consistent with this Policy.
 3. There is no reasonable alternative manner of providing the requested services to the proposed annexation area.
 4. The annexation represents a logical and reasonable expansion of the District's boundaries.
 5. The proposed annexation is consistent with the District's plans and policies.
 6. The District has the ability to meet the need for the requested services.
 7. The benefits of the proposed annexation outweigh the disadvantages of the proposed annexation to the District.
- F. The proposed annexation area boundaries shall be definite, certain, and conform to lines of assessment whenever possible. The proposed boundary shall include the entirety of any and all properties that may receive the proposed services to be provided. Rear property lines, rather than streets, will be used for the annexation boundary. Properties on both sides of a street that may receive services as a result of annexation may be required to be included in the

THE ANNEXATION POLICY OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
(Effective _____)

annexation boundary.

G. If the intended development within the proposed area of annexation requires further San Luis Obispo County ("County") approvals (e.g., zoning or subdivision), the District's approval of the annexation shall be conditioned upon the owners' obtaining such County approvals before the annexation becomes effective.

H. Uses of Groundwater Basin Water Prohibited:

Applicants shall abandon any groundwater well existing on the annexation property, in compliance with all applicable County Environmental Health permitting requirements and standards, as a condition of receiving water service from the District.

J. The applicant shall apply to and obtain approval from LAFCO for approval of the proposed annexation as required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

K. Prior to final LAFCO approval, the District shall adopt and forward to LAFCO a Resolution verifying the following:

1. The applicant has provided all improvements, payments, fees, and charges, and met all legal requirements, necessary to enable the District to serve the annexation area, including but not limited to the provision of sufficient supplemental water to support full build-out of the annexation area as reflected in the annexation application and the Annexation Agreement.
2. The applicant has complied with the terms and conditions of the Annexation Agreement.
3. That for each connection or potential connection, the applicant has deposited with the District the then current capacity and connection fees and charges for District services.

L. California Environmental Quality Act.

Compliance with the California Environmental Quality Act ("CEQA") will be required before approval of the annexation by LAFCO.

M. Customers of the District:

Upon annexation, residents and commercial users within the area of the proposed annexation shall become "regular customers" of the District, with no greater entitlements to water service than any other District customer.

THE ANNEXATION POLICY OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
(Effective _____)

V. ANNEXATION AGREEMENT

All applicants for annexation shall be required to enter into an annexation agreement and a deposit agreement with the District, as approved by the District Board of Directors. Said Annexation Agreement shall include, at a minimum, the following:

1. That all infrastructure and service line extensions shall be designed and constructed at no cost to District in accordance with District's standards.
2. Reimbursement to District for its costs in processing the annexation, including administrative, consultant, legal, and engineering costs.
3. Payment for all applicable District fees and charges.
4. The annexation application, layout plan, and the District's then current Annexation Policy shall be incorporated into the Annexation Agreement.
5. The deadline by which annexation must be completed.
6. Other terms and conditions as determined by the District.

NOVEMBER 27, 2019

ITEM E-1

ATTACHMENT C



NIPOMO COMMUNITY SERVICES DISTRICT

148 SOUTH WILSON STREET
POST OFFICE BOX 326 NIPOMO, CA 93444 - 0326
(805) 929-1133 FAX (805) 929-1932
Website: nipomocsd.ca.gov

Office use only:
Date and Time
Complete
Application and
fees received:

ANNEXATION APPLICATION

1. Property Owner: _____

2. Mailing Address: _____

 Email: _____
 Phone: _____ FAX: _____
 Cell: _____ Work: _____

3. Agent's Information (Architect or Engineer):
 Name: _____
 Address: _____
 Email: _____
 Phone: _____ FAX: _____
 Project _____
 Assessor's Parcel Number(s): _____

4. Location:
 ▪ Text/Legal Description

 ▪ Provide Map (attachments: of a scale that all notes can be easily read)

5. General Description of Project

6. Services Requested from NCSD (types and number of connections)
 Water _____
 Sewer _____

Handwritten signature
A17

NIPOMO COMMUNITY SERVICES DISTRICT

6. Services Requested from NCSD [types and number of connections] (continued)
Other (lighting, landscaping, drainage, etc.)

Note: Solid Waste is a mandatory service.

7. Current Zoning: (include map if more than one zone applies.)

8. Identify any proposed or pending zone changes on the property to be annexed:

9. Maximum number of units based on current zoning:

Maximum number of units based on proposed zoning:

Maximum number of units based on greatest potential zoning:

10. Proposed number of residential units: (Describe phased construction plan, if applicable):

11. If non-residential use, provide information as to number of plumbing fixtures, flows, loading, intended use, etc. (Describe phased construction plan if applicable):

12. Total acreage of proposed project

13. Total acreage of proposed annexation

14. If total acreage to be annexed differs from the acreage to be developed, explain the difference:

NIPOMO COMMUNITY SERVICES DISTRICT

15. Status of water resources available on proposed annexation acreage:

Quantity - pumping log(s) and date(s):

Quality - quality test(s) and date(s):

To the best of your knowledge, which of the following more accurately describes your situation?

- The parcel overlies a large and reliable supply of water.
- The parcel does not overlie a large and reliable supply of water.

Is there any existing or threatened litigation regarding the property? Y / N
If Yes, attach explanation

Other information:

Water resources to be offered in dedication to NCSD:

16. Description of existing and proposed wastewater disposal system:

17. Reason proponents are requesting annexation:

18. If the annexation involves creation of an "open space" parcel, submit a description of how the open space parcel will be managed, including any plans to dedicate and funding method for sustaining the intended use:

19. Who do you anticipate will provide the following services?

Lighting

Drainage

Landscaping

AS
A21

NIPOMO COMMUNITY SERVICES DISTRICT

20. District Annexation Policy (Section III. E) requires proposed annexations demonstrate that the benefits of the proposed annexation outweigh the disadvantages of the proposed annexation. Explain the advantages of the proposed annexation and how they outweigh the disadvantages.

Note:

In its effort to make a competent and informed annexation decision, NCSD may, at its sole discretion, request additional information from the proponent(s) for the annexation and/or revise this checklist as NCSD deems necessary.

By signing below, I certify that I am the Owner of said property, or am empowered to act on the Owner's behalf, and that I understand the information provided herein by me or my representatives is true to the best of my knowledge.

SIGNATURE

DATE

EA
A22

NOVEMBER 27, 2019

ITEM E-1

ATTACHMENT D



NIPOMO COMMUNITY SERVICES DISTRICT

148 SOUTH WILSON STREET
POST OFFICE BOX 326 NIPOMO, CA 93444 - 0326
(805) 929-1133 FAX (805) 929-1932
Website: nipomocsd.ca.gov

Office use only:
Date and Time
Complete
Application and
fees received:

ANNEXATION APPLICATION

1. Property Owner:

Mailing Address: _____

Email: _____

Phone: _____

FAX: _____

Cell: _____

Work: _____

2. Agent's Information (Architect or Engineer):

Name: _____

Address: _____

Email: _____

Phone: _____

FAX: _____

3. Project

Assessor's Parcel Number(s): _____

Location: _____

Current Title Report (Provide Copy) _____

Site Map:

Submit three (3) standard size (24" x 36") and one reduced (8½" x 11") copies of site plans showing the parcel layout, water and sewer laterals, and general off-site improvements, as applicable for the proposed area of annexation in sufficient detail for the District to assess the full impact of the annexation on the District's facilities.

General Description of Project _____

4. Services Requested (types and number of connections) **Solid Waste is a mandatory service.**

Water Connections: (example: Residential, Commercial...)

dt
A24

NIPOMO COMMUNITY SERVICES DISTRICT

Sewer Connections:

5. Current Zoning: (include map if more than one zone applies.) _____

Identify any proposed or pending zone changes on the property to be annexed:

Maximum number of units based on current zoning: _____

Maximum number of units based on proposed zoning: _____

Maximum potential number of Accessory Dwelling Units: _____

Maximum number of units based on greatest potential zoning: _____

Proposed number of residential units: (Describe phased construction plan, if applicable):

If non-residential use, provide information as to number of plumbing fixtures, flows, loading, intended use, etc. (Describe phased construction plan if applicable):

6. Total acreage of proposed project _____

Total acreage of proposed annexation _____

If total acreage to be annexed differs from the acreage to be developed, explain the difference:

7. Other information:

A. Description of existing and proposed wastewater disposal system:

DA
A25

NIPOMO COMMUNITY SERVICES DISTRICT

B. Reason proponents are requesting annexation:

C. If the annexation involves creation of an "open space" parcel, submit a description of how the open space parcel will be managed, including any plans to dedicate and funding method for sustaining the intended use:

D. District Annexation Policy (Section IV. E) requires proposed annexations demonstrate that the benefits of the proposed annexation outweigh the disadvantages of the proposed annexation. Explain the advantages of the proposed annexation and how they outweigh the disadvantages. (Expand answer as necessary on a separate page)

Note:

In its effort to make a competent and informed annexation decision, NCSD may, at its sole discretion, request additional information from the proponent(s) for the annexation and/or revise this checklist as NCSD deems necessary.

By signing below, I certify that I am the Owner of said property, or am empowered to act on the Owner's behalf, and that I understand the information provided herein by me or my representatives is true to the best of my knowledge. I affirm and acknowledge that I have reviewed the District's Annexation Policy, that a deposit agreement may be required to reimburse the District for costs associated with its review and evaluation of this application, and that an annexation agreement will be required as part of any approved annexation. I further acknowledge that the District does not provide services other than water, sewer, and solid waste services.

SIGNATURE

DATE

DB
A26

NOVEMBER 27, 2019

ITEM E-1

ATTACHMENT E

A27

DEPOSIT AGREEMENT FOR ANNEXATION APPLICATION SUBMITTED TO
NIPOMO COMMUNITY SERVICES DISTRICT

THIS AGREEMENT is made this ____ day of _____, 20__, by and between the Nipomo Community Services District, a California special district (“District”) and _____, a _____ (“Applicant”).

WITNESSETH:

WHEREAS, Applicant is the legal owner of certain real property consisting of approximately ____ acres located at _____, Nipomo, San Luis Obispo County, California, identified as Assessor Parcel Number(s) _____, within the Sphere of Influence of the Nipomo Community Services District, and more particularly described in Exhibit A attached hereto; and,

WHEREAS, Applicant has submitted an application to the District requesting that the real property described in Exhibit A be annexed into the District (“Application”); and,

WHEREAS, Applicant’s request will cause the District to incur costs associated with engineering, legal, administrative, and/or consultant services in connection with its review, evaluation, and consideration of the Application (“District Services”); and,

WHEREAS, the District is willing to perform the necessary District Services, at the Applicant’s cost, and desires that the Applicant provide a deposit to cover those costs; and,

WHEREAS, Applicant is willing to provide said deposit on the terms and conditions hereinafter provided.

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. Recitals.

The above recitals are incorporated herein by this reference and made a part hereof.

2. Deposit for District Services.

a. Initial Deposit. Applicant shall provide the District with an initial deposit in the amount of _____ Dollars (\$ _____) at the time of execution of this Agreement. The Initial Deposit and any subsequent Replenishment Deposit(s) described in Section 2(b) below are collectively referenced herein as the “Deposit.”

b. Replenishment Deposit(s). Subject to the provisions of this Agreement, Applicant hereby agrees that whenever the amount of the Deposit declines to \$2,000 or less, the District may request an additional deposit to return the Deposit to an amount reasonably necessary to cover all anticipated District Services as District may determine in its discretion, including

amounts above the amount of the Initial Deposit (“Replenishment Deposit”). Applicant shall deliver such Replenishment Deposit to City within fifteen (15) days following such written request.

c. Suspension of Work. District shall have no obligation to continue performing District Services related to the Application at any time that the Deposit declines to \$2,000 or less and has not been replenished by Applicant following notice provided pursuant to Section 2(b) above. Any District Services performed for which the current Deposit balance is insufficient to fully reimburse the District shall be invoiced to Applicant and shall accrue interest at the rate of 10% per annum or the legal rate, whichever is less, if the invoice is not paid within fifteen (15) days of receipt.

d. Return of Deposit. Within fifteen (15) days following the termination of this Agreement, District will return any unexpended portion of the Deposit to Applicant, without interest, less any costs for District Services rendered as of the date of termination and less any amount owed to the District by Applicant.

3. Term of Agreement and Termination.

This Agreement shall become effective on the date first written above and shall remain in effect until the District takes final action to deny the Application, the proposed annexation is finalized by the San Luis Obispo County Local Area Formation Commission, or the Applicant withdraws its Application, whichever occurs first.

4. Direction of District Services.

a. Direction of Work. District has sole discretion to direct the work and to evaluate the performance of its employees, officers, agents, consultants, counsel, and representatives assigned to undertake the District Services, and District retains the absolute right to terminate or replace at any time any such person or entity. Any documents prepared hereunder shall reflect the independent judgment of the District and shall remain within the District’s control and ownership. Accordingly, even though the funds provided hereunder may be utilized to retain consultants or perform engineering, legal, or administrative costs, such individuals and organizations shall work solely for the District and shall not take direction or guidance from Applicant. Applicant acknowledges and agrees that this Agreement does not create an attorney-client relationship between legal counsel retained by District and Applicant and that it does not create any form of contractual or employment relationship between Applicant and District’s employees, officers, agents, or consultants engaged to perform the District Services.

b. Selection and Payment by District. District has sole and absolute discretion to select which of its employees, officers, agents, consultants, counsel, or representatives are assigned to undertake the District Services. District has the sole and absolute discretion to determine the amount of compensation paid to its employees, consultants, counsel, or representatives assigned to undertake the District Services.

c. District to Retain Discretion Regarding Annexation Application. Applicant acknowledges and agrees that notwithstanding Applicant’s reimbursement obligations under this

Agreement, District retains its discretion and ability to exercise its independent judgment in the processing, implementation, approval, or denial of the Application and its requirements. Applicant warrants and represents that no District official, officer, employee, agent, or attorney has represented, expressly or impliedly, that District will approve or otherwise assure any specific outcome on the Application or its conditions. Notwithstanding anything in this Agreement to the contrary, District retains all authority and discretion granted to it by law to take any action to which it is legally entitled to take regarding the Application.

5. Assignment.

The provisions of this Agreement shall apply to and bind the successors, grantees, and assigns of the respective parties, but no assignment or transfer of this Agreement, or any part hereof, or interest herein by the Applicant shall be valid until and unless approved by the District in writing. Such approval shall be conditioned on the agreement by the assignee, grantee, successor or transferee to be bound by the terms and conditions of this Agreement.

6. Jurisdiction and Venue.

This Agreement is executed and is to be performed in within the County of San Luis Obispo, and any action or proceeding brought relative to this Agreement shall be heard in the Superior Court in the County of San Luis Obispo, California. District and Applicant hereby each consent to the personal jurisdiction of the court in any such action or proceeding.

7. Attorney's Fees.

In the event of any arbitration, litigation, or other proceeding of any nature between the District and Applicant to enforce or interpret all or any portion of this Agreement, it is mutually agreed that the prevailing party therein shall receive from the other, in addition to such sums as may be awarded, an amount sufficient to reimburse such prevailing party for reasonable attorney's fees and costs paid or owing as a result of such proceeding.

8. Waiver of Rights.

Any waiver at any time by either party hereto of its rights with respect to a breach or default, or any other matter arising in connection with this Agreement, shall not be deemed to be a waiver with respect to any other breach, default, or matter.

9. Remedies Not Exclusive.

The use by either party of any remedy specified herein for the enforcement of this Agreement is not exclusive and shall not deprive the party using such remedy of, or limit the application of, any other remedy provided by law.

10. Entire Agreement; Amendment.

This Agreement is freely and voluntarily entered into by the parties after having the

opportunity to consult with their respective attorneys. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force and effect. The parties, in entering into this Agreement, do not rely on any inducements, promises, or representations made by each other, their representatives, or any other person, other than those inducements, promises, and representations contained in this Agreement. Any amendment to this Agreement shall be of no force and effect unless it is in writing and signed by the Applicant and the District.

11. Notices.

All notices, statements, reports, approvals, requests, invoices, or other communications that are required either expressly or by implication to be given by either party to the other under this Agreement shall be in writing and signed for each party by such officers as each may, from time to time, be authorized in writing to so act. All such notices shall be deemed to have been received: (a) on the date of delivery if delivered personally; (b) three (3) days after mailing if enclosed in a properly addressed and stamped envelope and deposited in a United States Post Office for delivery; or (c) on the next business day if transmitted by e-mail with return receipt requested and receipt confirmed. Unless and until formally notified otherwise, all notices shall be addressed to the parties at their addresses as shown below:

Nipomo Community Services District
Mario Iglesias
148 S. Wilson Street
P.O. Box 780
Nipomo, California 93444
miglesias@ncsd.ca.gov

Applicant: _____
Name: _____
Address: _____
email: _____

12. Severability.

If any term or provision of this Agreement is found to be invalid or unenforceable, District and Applicant both agree that they would have executed this Agreement notwithstanding the invalidity of such term or provision. The invalid term or provision may be severed from the Agreement and the remainder of the Agreement may be enforced in its entirety.

13. Headings.

The paragraph headings used in this Agreement are for reference only, and shall not in any way limit or amplify the terms and provisions hereof, nor shall they enter into the interpretation of this Agreement.

14. Cooperation.

Each party to this Agreement agrees to do all things that may be necessary, including, without limitation, the execution of all documents which may be required hereunder, in order to implement and effectuate this Agreement.

EA
A31

15. Representations of Authority.

Each party signing this Agreement hereby represents and warrants to the other party that all necessary legal prerequisites to that party's execution of this Agreement have been satisfied and that the person executing this Agreement has been authorized to sign this Agreement and bind the party on whose behalf that person signs.

16. Interpretation of this Agreement.

The parties acknowledge that each party has reviewed, negotiated and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any document executed and delivered by any party in connection with the transactions contemplated by this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

Nipomo Community Services District

Mario Iglesias, General Manager

Date

Approved as to form

Whitney McDonald, District Counsel

Applicant

Applicant Name and Title

Date

Applicant Name and Title

Date

ES A32

EXHIBIT A
Legal Description

JANUARY 22, 2020

ITEM E-2

ATTACHMENT B

**MEMORANDUM OF AGREEMENT
BETWEEN THE NIPOMO COMMUNITY SERVICES DISTRICT (NCSD)
AND THE COUNTY OF SAN LUIS OBISPO
REGARDING THE NCSD'S SPHERE OF INFLUENCE**

This Agreement is entered into on this 13th day of July, 2010 by and between the Nipomo Community Services District (hereinafter "District") and the County of San Luis Obispo (hereinafter "County").

WHEREAS, the Cortese-Knox-Hertzberg Act ("the Act" Government Code 56000 et seq.) requires the Local Agency Formation Commission ("LAFCO") to update the Spheres of Influence for all applicable jurisdictions in the County every five years; and

WHEREAS, the District and the County enter into this agreement with the common goals of preserving and protecting the rural character of Nipomo, identifying areas of potential urban and suburban growth using the existing South County Area Plan-Inland ("SCAP") implementing the District's annexation policies, and planning for future resource and service needs; and

WHEREAS, Section 56001 of the Act declares that it is the policy of the state to encourage orderly growth and development which are essential to the social, fiscal, and economic well-being of the state; and

WHEREAS, the purposes of the Local Agency Formation Commission as stated in Section 56301 of the Government Code are to discourage urban sprawl, preserve open space and prime agricultural lands, efficiently provide government services, and to encourage the orderly formation and development of local agencies based upon local conditions and circumstances; and

WHEREAS, a Sphere of Influence is defined by Government Code Section 56076 as a "plan for the probable physical boundaries and service area of a local agency, as determined by the Local Agency Formation Commission", and is further defined in SLO LAFCO's Policies and Procedures as a 20-year growth boundary for a jurisdiction's physical development in; and

WHEREAS, the District and the County voluntarily enter into this agreement for the purpose of enhancing and promoting the orderly and logical development of the Nipomo Community; and

MEMORANDUM OF AGREEMENT
NIPOMO COMMUNITY SERVICES DISTRICT/THE COUNTY OF SAN LUIS OBISPO
REGARDING THE NCSD'S SPHERE OF INFLUENCE

WHEREAS, this MOA contains three Exhibits, including: A-Provisions, B-Map of the Potential Areas for the Sphere of Influence, C-Map of Project Referral Area; and

WHEREAS, the County Board of Supervisors has certified a Level of Severity III for the Nipomo Mesa Water Conservation Area (June 2007), as indicated in the 2009 Annual Resources Summary Report; and

WHEREAS, the Santa Maria Groundwater Basin Litigation has resulted in a Stipulated Agreement and Final Judgment that calls for the management of the area's water resources;

WHEREAS, the District has adopted an Annexation Policy designed to protect and conserve water resources by requiring all annexations into the District to be supplied by supplemental water; and

WHEREAS, the County has adopted Ordinance 3090 establishing the Nipomo Mesa Water Conservation Area and specific development standards to protect and conserve water resources within the Nipomo Mesa Water Conservation Area; and

WHEREAS, while this agreement clarifies the intent and purpose of the District's and the County's policies regarding the Sphere of Influence, the agreement does not establish the Sphere of Influence for the District; and

WHEREAS, the County, through the inland South County Area Plan adopted in 1994, has established development policies and standards for the rural areas, village areas and within the Nipomo Urban Reserve Line that identifies the areas of urban and suburban development for the community; and

WHEREAS, the District and County have reached an agreement regarding the intent and purpose of the District's Sphere of Influence, the County's Urban Reserve Line and Village Reserve Lines as described in Exhibit A, Provisions; and

WHEREAS, the Sphere of Influence Boundary shall be established by the Local Agency Formation Commission based on the evaluation of the eight Areas shown in Exhibit B and may include all of the eight areas, a combination of Areas, a portion of some areas, or other configuration as approved by LAFCO. (Exhibit B is not intended to be the proposed Sphere of Influence and this agreement does not establish the Sphere of Influence.)

MEMORANDUM OF AGREEMENT
NIPOMO COMMUNITY SERVICES DISTRICT/THE COUNTY OF SAN LUIS OBISPO
REGARDING THE NCSD'S SPHERE OF INFLUENCE

NOW, THEREFORE, the parties agree as follows:

1. The provisions found in Exhibit A are intended to state the common understandings and agreements between the County and the District regarding the District's Sphere of Influence, the County's Urban Reserve Line and Village Reserve Lines respectively.
2. The provisions found in Exhibit A are intended to provide the District and the County with guidance for evaluating future annexation proposals for the areas in the District's Sphere of Influence and do not supersede or limit either agency's mission of legislatively established function and do not bind either agency.
3. The parties agree that the above recitals are true and correct.

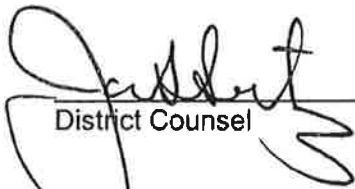


President, Board of Directors Date
Nipomo Community Services District

FRANK R. MECHAM JUL 13 2010

Chair, Board of Supervisors Date
County of San Luis Obispo


APPROVED AS TO FORM AND LEGAL EFFECT 



District Counsel Date

County Counsel Date

ATTEST:



District Secretary Date

JULIE L. RODEWALD JUL 13 2010

County Clerk-Recorder Date

By: **ANNETTE RAMIREZ** 

Deputy Clerk

Exhibit A - PROVISIONS

The following provisions are the provisions identified in the Memorandum of Agreement between the Nipomo Community Services District and the County of San Luis Obispo dated July 13, 2010 and shall be used by the District and County to guide the development decisions within the Sphere of Influence as eventually approved by the San Luis Obispo Local Agency Formation Commission ("LAFCO").

1. **Intent.** It is the intent of the District and the County to work cooperatively toward the goals of preserving and protecting the rural character of the Nipomo area by: identifying areas of potential urban and suburban growth using the existing South County Area Plan (Inland, adopted 1994); implementing the District's annexation policies and procedures; and planning for future resource and service needs. These goals shall be achieved in accordance with the Cortese-Knox-Hertzberg Act ("CKH"), the County's General Plan, the Policies and Procedures of the District, the California Environmental Quality Act and any other applicable laws and regulations.
2. **Term.** Upon adoption of the District's Sphere of Influence ("SOI") by LAFCO, this agreement shall be reviewed, evaluated, or amended as necessary at such time as the SOI is updated by LAFCO, or concurrent with a comprehensive update of the South County Area Plan (Inland) adopted in 1994, as initiated by the County.
3. **Interagency Cooperation.** The District and County shall work cooperatively regarding, but not limited to, issues and policies relating to water, its supply and legal entitlements for the area within the Nipomo Mesa Water Conservation Management Area and Nipomo Valley. For project referrals concerning planning for land use, the provision of public services, utility and road rights-of-way, traffic and circulation, agricultural land and open space preservation, and General Plan Amendments, County planning staff will continue to use the map shown in Exhibit C. Each party shall refer proposals, applications, and actions on a proposal/project to the other party. Information about the proposal/project shall be referred immediately to the following address for review and comment:

Division Manager, Long Range Planning
Department of Planning & Building
County Government Center
San Luis Obispo, CA 93408

General Manager
Nipomo Community Services District
148 South Wilson Street
PO Box 326
Nipomo, CA 93444

This provision shall not supersede or terminate other methods of commenting or providing feedback regarding a proposal or project, but is meant to enhance and increase interagency cooperation and communication.

4. **Commitment by the Nipomo Community Services District.** The District is currently designing and, with the assistance from the County, intends to construct a Waterline Intertie Project with the City of Santa Maria to deliver approximately 3,000 AFY of supplemental water (Phase I Project). The Phase I Project will deliver supplemental water to the District, the Woodlands, the Golden State Water Company and the Rural Water Company consistent with the Judgment and Stipulation in the Santa Maria Groundwater Adjudication. Water delivered to the District from the Phase I Project will be used to serve existing and future customers within the District's current boundary.

MEMORANDUM OF AGREEMENT
NIPOMO COMMUNITY SERVICES DISTRICT/THE COUNTY OF SAN LUIS OBISPO
REGARDING THE NCSD'S SPHERE OF INFLUENCE

The District intends to design and construct certain components of the Phase I Project with the capacity for delivery of an additional 3,200 AFY. This additional water (Phase II Project), and subject to appropriate financing mechanisms and approvals, is intended by the District to provide supplemental water within the District's SOI as currently zoned, consistent with the District's Annexation Policy, dated May 24, 2006, and the South County Area Plan (Inland) adopted in 1994, as amended to the date of this MOA by the County Board of Supervisors (except for existing litigation).

The District's SOI is not intended to increase density or encourage urbanization in areas outside the Urban Reserve Line and/or Village Reserve Lines. The District does not encourage or promote projects that are inconsistent with the community's vision for Nipomo, as described in the South County Area Plan (Inland) adopted in 1994.

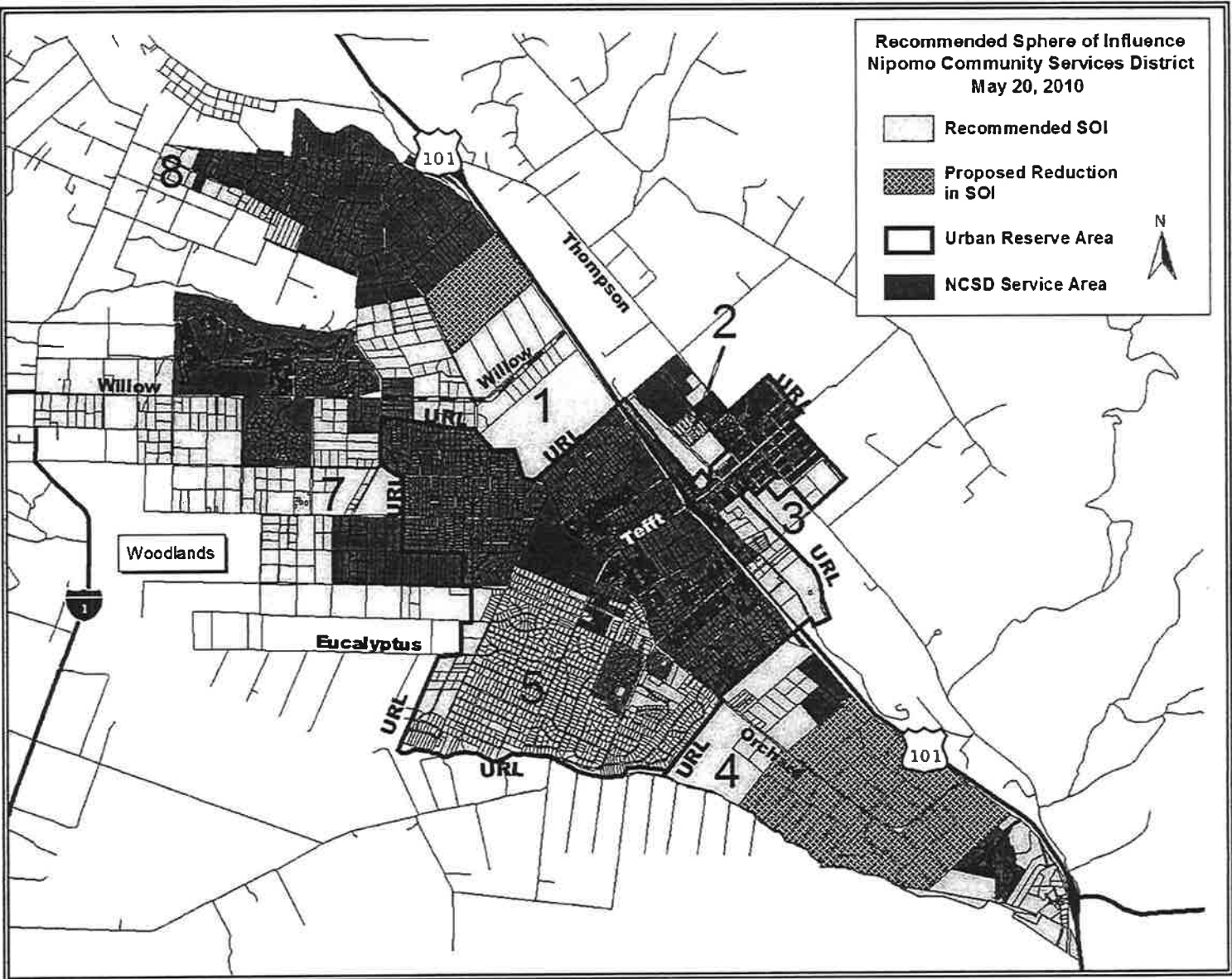
The District does not intend to extend water or sewer services into Study Area 1 west or northwest of Hetrick Road, unless preceded by (i) a General Plan amendment initiated by the County that would extend the Urban Reserve Line into that area; and (ii) the approval of LAFCO. Subject to LAFCO approval and the delivery of Phase II Project supplemental water, the District will support extension of services into Study Areas 2 and 3. The District will not extend future/new sewer services into Study Area 4 except for the area south of Southland Street, identified as the Southland Specific Plan area in the South County Area Plan (Inland) adopted in 1994, unless the General Plan is amended. The District does not intend to extend sewer service into Study Areas 4, 5, 7 or 8 unless authorized by a County General Plan Amendment and approval by LAFCO.

5. **Commitment by the County of San Luis Obispo.** The County shall work cooperatively with the District to efficiently and effectively provide for public services to residents in the Nipomo area. The County intends to continue implementing the vision, goals and policies of the existing South County Area Plan (Inland) adopted in 1994, and as amended from time-to-time by the County Board of Supervisors. The County does not intend, nor does it promote, expanding the existing Urban Reserve Line for the purpose of increasing the density allowed on a particular parcel of land unless approved as a General Plan Amendment or Specific Plan by the Board of Supervisors. The County shall strongly discourage the creation of new Private or Mutual Water Companies, or service by such entities to proposed land divisions within the Nipomo Mesa Water Conservation Area.
6. **Common Agreements by the County and NCSD.** The District and County acknowledge and agree on the following statements:
 - a. Protection and management of the groundwater resource in the Nipomo Mesa Water Conservation Area is important for the future of the Nipomo community.
 - b. Current and Phase 1 Project supplemental water supplies from the City of Santa Maria will not be sufficient to provide water service to the Sphere of Influence.
 - c. Continued approval of development based on water service from mutual and private water companies does not encourage the efficient and effective management of the groundwater resource and makes management of the groundwater basin more difficult.

MEMORANDUM OF AGREEMENT
NIPOMO COMMUNITY SERVICES DISTRICT/THE COUNTY OF SAN LUIS OBISPO
REGARDING THE NCSD'S SPHERE OF INFLUENCE

- d. Future development within the Sphere of Influence, as currently zoned in the South County Area Plan (Inland) adopted in 1994, is intended to be served by the District at such time when an adequate supplemental water supply to serve the development is available and delivered to the District's storage and distribution system.
 - e. Unless amended, the County will process current land use applications under the existing South County Area Plan (Inland) adopted in 1994, standards and policies.
 - f. Subject to LAFCO approval, the District will consider (within its supply capabilities) providing water service to existing developed properties within the Sphere of Influence that experience a documented water supply emergency such as what happened in the Summit Station Road Area.
 - g. Absent additional evidence of impact mitigation and subject to existing County ordinances, standards and policies, the provision of community water service by the District should not be considered by individual property owners to justify or support a change in zoning that would increase density in areas zoned Residential Rural.
 - h. The process of development within the District's Sphere of Influence shall be accomplished in the following order: 1) the District is consulted through referrals on land use applications; 2) Land Use approvals and CEQA documentation are approved and certified by the County; and 3) Annexation application is submitted by the property owner or District for consideration and approval by LAFCO.
7. **Urban Reserve Line and Sphere of Influence.** The County's Urban Reserve Line (URL) is the official boundary in the South County Area Plan (Inland) adopted in 1994, designating future urban growth. The District's SOI boundary as approved by LAFCO is not intended to show, and/or encourage, future urban growth or to compete with the URL. The SOI may be considered when some services that are provided by the NCSD, such as trash pickup; lighting or emergency provision of water as described above is desired by property owners. The Urban Reserve Line shall not extend beyond the SOI unless approved as part of a county initiated General Plan amendment. The County does not intend for areas that are zoned Agriculture, Rural Lands and Residential Rural to be included within the Urban Reserve Line or served with urban services other than solid waste. Areas that are zoned Residential Suburban, Residential Single Family and Residential Multi-Family are intended to be within the Urban Reserve Line and are included in the SOI.
8. **General Plan Update/Specific Plans.** The County is presently in the process of updating the Land Use and Circulation Element (LUCE) of the County General Plan for the unincorporated rural areas of the county. One of the goals of the LUCE is to identify possible least constrained areas adjacent to urban areas for possible future expansion of communities. Any such expansion would be considered at a later date in a separate update of the community general plan. Currently, the South County Area Plan (Inland) adopted in 1994, calls for the preparation of Specific Plans to identify land uses within the areas known as Canada Ranch and the area just south of Southland Street. These Specific Plans should be prepared and adopted by the County prior to annexation of the property into the District.

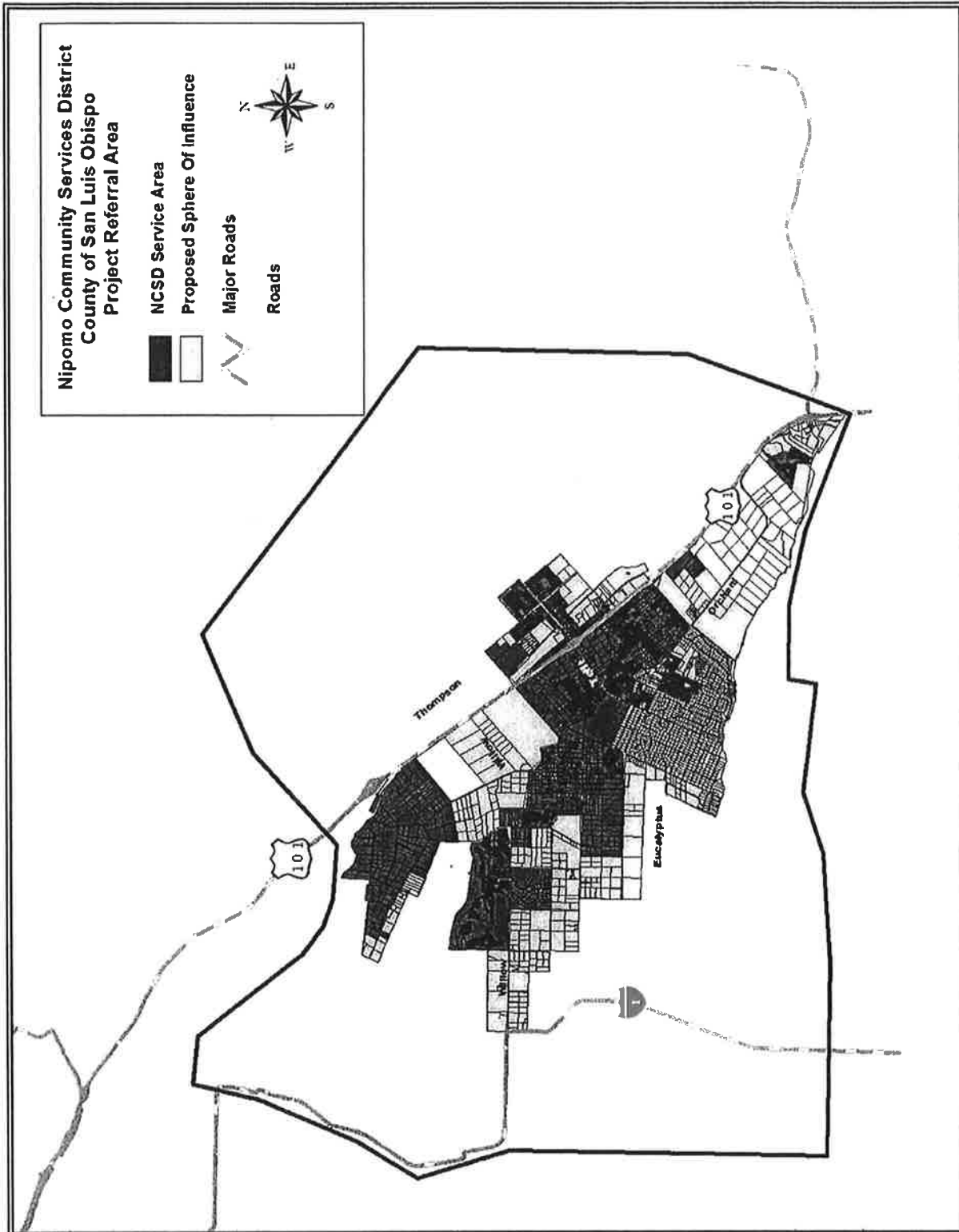
Exhibit B-Possible Sphere of Influence



BS

MEMORANDUM OF AGREEMENT
NIPOMO COMMUNITY SERVICES DISTRICT/THE COUNTY OF SAN LUIS OBISPO
REGARDING THE NCSD'S SPHERE OF INFLUENCE

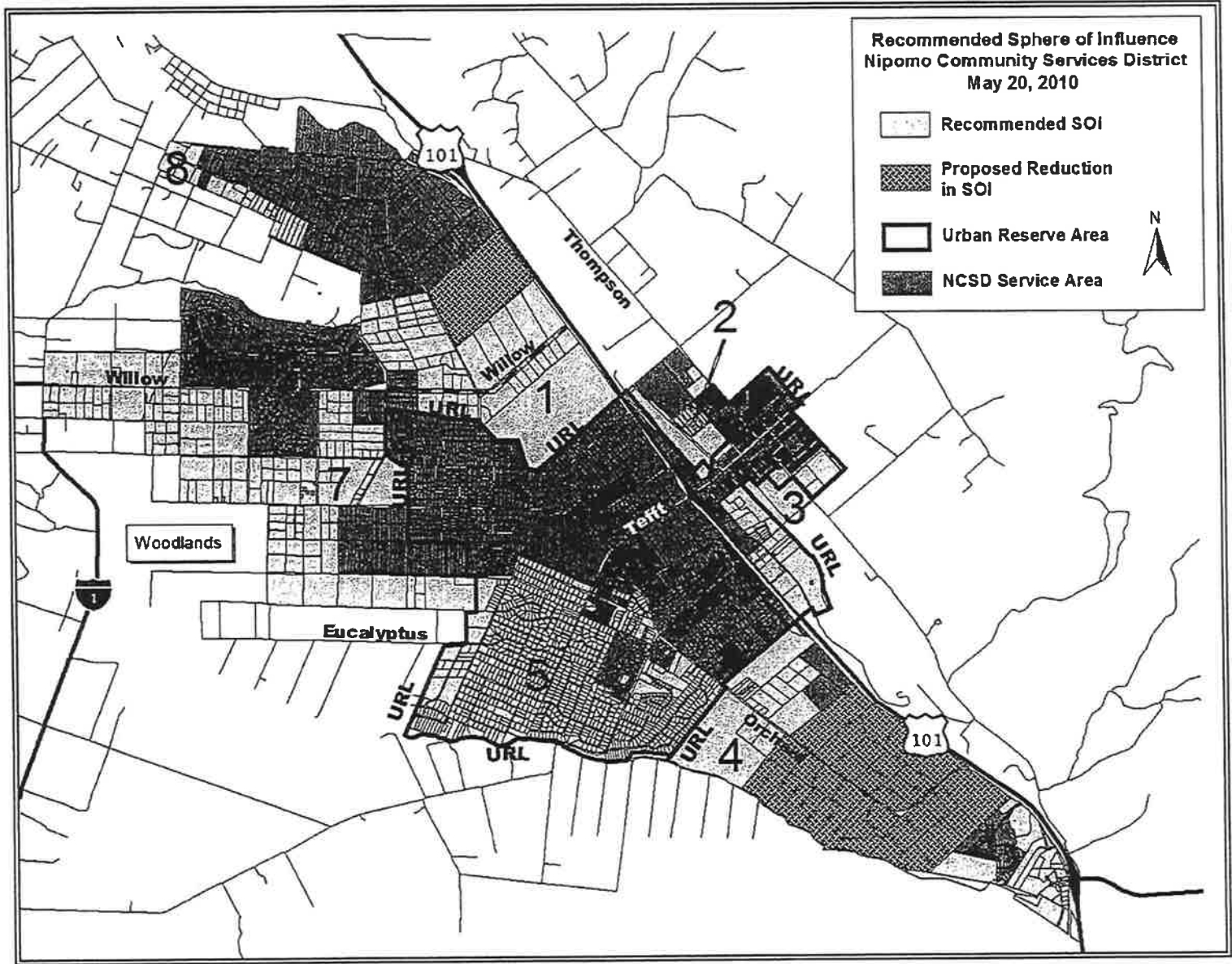
Exhibit C-Project Referral Area



b9

Attachment 2

Proposed Nipomo Sphere of Influence Map



JANUARY 22, 2020

ITEM E-2

ATTACHMENT C

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2020-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT ADOPTING A
REVISED ANNEXATION POLICY**

WHEREAS, the Nipomo Community Services District ("District") is formed under the Community Services District Law (Govt. Code §61100 et seq.) and provides water, sewer, and solid waste services within its service area pursuant to Govt. Code §61100 of the Community Services District Law; and

WHEREAS, the Local Agency Formation Commission of San Luis Obispo County ("LAFCO") is charged with the authority to review and approve all requests for annexations, sphere of influence changes, and other changes in organization of the District; and

WHEREAS, LAFCO adopted a Sphere of Influence Update and Municipal Service Review for the District on or about March 15, 2018; and

WHEREAS, the District last updated its Annexation Policy on or about May 24, 2006, by Resolution No. 2006-981; and

WHEREAS, subsequent to the adoption of the District's most recent Annexation Policy, the District has constructed important portions of the Nipomo Supplemental Water Project, enabling the District to begin importing water from the City of Santa Maria onto the Nipomo Mesa; and

WHEREAS, the District Board of Directors desires to update and revise its Annexation Policy to address the changes in circumstances provided by the Nipomo Supplemental Water Project, as well as other clarifications for ease of implementation of the policy; and

WHEREAS, the District Board of Directors finds and declares that the policies adopted by this Resolution do not conflict with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 or with the LAFCO actions described herein.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Nipomo Community Services District, as follows:

1. The facts and findings stated above are true and correct and incorporated herein.
2. Resolution No. 2006-981 is hereby repealed.
- 2.3. The Annexation Policy of the Nipomo Community Services District attached hereto and incorporated herein by reference as Exhibit "A" is hereby adopted and shall take effect immediately upon adoption.
- 3.4. The District Board of Directors finds that this action is not subject to and is exempt from the California Environmental Quality Act, Public Resources Code section 21000, et seq., because it constitutes the updating and making of general policy and procedure, it is not a project undertaken or

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2020-_____**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT ADOPTING A
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authorized by the District that will have a reasonably foreseeable impact on the environment, and it can be seen with certainty that there is no possibility that the action which only updates an existing policy may have a significant effect on the environment. (Pub. Res. Code § 21065; 14 Cal. Code Regs. §§ 15061(b)(3), 15378(b).)

Upon motion by Director _____, seconded by Director _____, on the following roll call vote, to wit:

- AYES:**
- NOES:**
- ABSENT:**
- ABSTAIN:**

the foregoing resolution is hereby passed and adopted this ____ day of _____, 2020.

DAN ALLEN GADDIS
President of the Board

ATTEST:

APPROVED AS TO FORM:

MARIO E. IGLESIAS
General Manager and Secretary to the Board

CRAIG A. STEELE
District Legal Counsel

Exhibit "A"

**THE ANNEXATION POLICY OF THE
NIPOMO COMMUNITY SERVICES DISTRICT**

(Effective _____)

I. PURPOSE

In order to promote efficient processing of requests for annexation to the Nipomo Community Services District ("District"), this policy sets forth the framework and standards upon which the Board of Directors will consider such requests and provides notice thereof to the owners of the property that is the subject of such requests.

II. INTENT

The Board of Directors intends to review all annexation requests with the aim of supporting the viability of the District in providing essential services and adhering to the District's mission statement:

"Provide our customers with reliable, quality, and cost-effective services now and in the future."

The District recognizes the need to preserve and enhance the availability and quality of its services and of the water resources within the Nipomo Mesa Management Area. With this intent and within the framework of this annexation policy, the District acknowledges that, where conditions and findings will preserve and enhance District services and the water resources that support District customers, annexations may provide a greater benefit to the community than the formation of homeowners associations or mutual water companies for the operation of water and/or sewer systems in the Nipomo Mesa area.

III. SUBMITTAL OF ANNEXATION APPLICATION AND LAYOUT PLAN

Prior to consideration by the Board of Directors, Applicants must submit an application, and payment of the applicable application fees and deposits, to the District, demonstrating that the annexation will conform to these Annexation Policies and submit three (3) standard size (24" x 36") and one reduced copy (8½" x 11") of site plans showing the parcel layout, water and sewer laterals, and general off-site improvements, as applicable for the proposed area of annexation in sufficient detail for the District to assess the full impact of the annexation on the District's water distribution facilities, sewer service, and solid waste services to be provided to the area of annexation by the District.

IV. ANNEXATION REQUIREMENTS

- A. Annexation applications may only be accepted for properties within the District's sphere of influence as delineated by the San Luis Obispo County Local Agency Formation Commission ("LAFCO") at the time of application.
- B. If approved, annexations will be served with water supplied through the Nipomo Supplemental Water Project in accordance with the terms of the Stipulation and

THE ANNEXATION POLICY OF THE
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(Effective _____)

Judgment entered in the Santa Maria Groundwater Litigation and with all other District policies and ordinances. Annexations may only be approved if sufficient Nipomo Supplemental Water Project water exists to serve the project.

- C. In order to provide for the orderly development of public service facilities, only those properties will be considered for annexation for which the owners are willing to accept all conditions for service required by the Nipomo Community Services District. Further, requests for annexation solely for sewerage services to the exclusion of water service will be rejected by the Board of Directors, except under extraordinary circumstances.
- D. In order to evaluate the impacts of potential annexations upon the Nipomo Community Services District, the Board will only consider annexation requests that include the submittal of a layout plan that meets the requirement of Section III, a completed annexation application, and a deposit agreement, and payment of the aAnnexation aApplication fFee as established by Resolution of the District Board, and a costs deposit to cover the costs of any studies ~~or District staff time~~ and technical studies required to fully evaluate the application as ~~determin~~estimated by the District General Manager. The District General Manager may reserves the discretion to require such additional information and deposits from the Applicant the District Manager deems reasonably necessary. At the conclusion of the Application, any funds remaining from the costs deposit will be refunded to the Applicant. The annexation application fee is non-refundable.
- E. After review of the completed application, the Board of Directors will consider annexation requests where the application demonstrates all of the following:
1. The proposed annexation area has a need for the requested services.
 2. The proposed annexation area boundaries are consistent with this Policy.
 3. There is no reasonable alternative manner of providing the requested services to the proposed annexation area.
 4. The annexation represents a logical and reasonable expansion of the District's boundaries.
 5. The proposed annexation is consistent with the District's plans and policies.
 6. The District has the ability to meet the need for the requested services.
 7. The benefits of the proposed annexation outweigh the disadvantages of the proposed annexation to the District.

THE ANNEXATION POLICY OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
(Effective _____)

- F. The proposed annexation area boundaries shall be definite, certain, and conform to lines of assessment whenever possible. The proposed boundary shall include the entirety of any and all properties that may receive the proposed services to be provided. Rear property lines, rather than streets, will be used for the annexation boundary. Properties on both sides of a street that may receive services as a result of annexation may be required to be included in the annexation boundary.
- G. If the intended development within the proposed area of annexation requires further discretionary San Luis Obispo County ("County") land use approvals (e.g., zoning, use permits, or subdivision map), the District's approval of the annexation shall ~~not occur until after, or shall be conditioned upon,~~ the owners' has obtained such County approvals, unless the County and the District staffs have agreed in advance that the District's approval of an annexation may occur first, in which case the annexation approval shall be expressly conditioned on the owner obtaining County land use approvals. ~~before the annexation becomes effective.~~
- H. ~~Uses of Groundwater Basin Water Prohibited:~~
- Applicants shall abandon any groundwater well existing on the annexation property, in compliance with all applicable County Environmental Health permitting requirements and standards, as a condition of receiving water service from the District, and any future use of groundwater basin water by the Applicant or his/her successors in interest shall be prohibited. The District may, as a condition of approval, require the applicant to record a covenant in form and content satisfactory to District legal counsel, abandoning such use.
- J. The applicant shall apply to and obtain approval from LAFCO for approval of the proposed annexation as required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, or any successor statute.
- K. Prior to final LAFCO ~~approval~~ consideration of the annexation, the District shall adopt and forward to LAFCO a Resolution verifying the following:
1. The applicant has provided all improvements, payments, fees, and charges, and met all legal requirements, necessary to enable the District to serve the annexation area, including but not limited to the provision of sufficient supplemental water to support full build-out of the annexation area as reflected in the annexation application and the Annexation Agreement.
 2. The applicant has entered into an Annexation Agreement to the satisfaction of the District Board. The Resolution shall attach a copy of the Annexation Agreement, and shall request that LAFCO require compliance with the Annexation Agreement as a condition of approval of the Annexation ~~complied with the terms and conditions of the Annexation Agreement.~~

THE ANNEXATION POLICY OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
(Effective _____)

3. That for each connection or potential connection, the applicant has deposited with the District the then current capacity and connection fees and charges for District services.

L. ~~California Environmental Quality Act.~~

~~Typically, the District will be a "responsible agency" when required for purposes of review under the California Environmental Quality Act ("CEQA"). Approval or completion of an annexation will be conditioned upon compliance with all applicable requirements of CEQA the California Environmental Quality Act ("CEQA") and any mitigation measures or other conditions resulting from the completion of the CEQA process including, without limitation, a final non-appealable judgment in any litigation challenging the Annexation. -will be required before approval of the annexation by LAFCO.~~

M. ~~Customers of the District:~~

~~Upon annexation, residents and commercial users within the area of the proposed annexation shall become "regular customers" of the District, with no greater entitlements to water or sewer service than any other District customer.~~

- ~~N. As a condition of the District's approval of any Annexation application, the applicant shall agree to indemnify and defend, with counsel of the District's choice, the District, its officers, agents and employees, from and against from and against any and all claims, actions, or proceeding to attack, set aside, void or annul, enjoin, or seek damages arising out of, an approval of the District, County or LAFCO concerning the Annexation or the associated land use project. Such indemnification shall include damages, judgments, settlements, penalties, fines, defensive costs or expenses (including, but not limited to, interest, attorneys' fees and expert witness fees), or liability of any kind related to or arising from such claim, action, or proceeding.~~

V. ANNEXATION AGREEMENT

~~Prior to consideration of the Annexation by the District Board, aAll applicants for annexation shall be required to execute enter into an annexation agreement and a deposit agreement with the District, in form and content satisfactory to the District General Manager and legal counsel, to be as approved by the District Board of Directors. Said Annexation Agreement shall include, at a minimum, the following:~~

1. That all infrastructure and service line extensions shall be designed and constructed at no cost to District in accordance with District's standards.
2. Reimbursement to District for its costs in processing and completing the annexation, including administrative, consultant, legal, and engineering costs.

THE ANNEXATION POLICY OF THE
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(Effective _____)

3. Payment for all applicable District fees and charges.
4. The annexation application, layout plan, and the District's then current Annexation Policy shall be incorporated into the Annexation Agreement.
5. The ~~deadline~~date by which annexation must be completed.
6. Applicable CEQA mitigation measures or requirements.
7. The indemnification and defense requirements of Section IV N, above.
- 6.8. Other terms and conditions as determined by the District.

JANUARY 22, 2020

ITEM E-2

ATTACHMENT D

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2020-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT ADOPTING A
REVISED ANNEXATION POLICY**

WHEREAS, the Nipomo Community Services District (“District”) is formed under the Community Services District Law (Govt. Code §61100 et seq.) and provides water, sewer, and solid waste services within its service area pursuant to Govt. Code §61100 of the Community Services District Law; and

WHEREAS, the Local Agency Formation Commission of San Luis Obispo County (“LAFCO”) is charged with the authority to review and approve all requests for annexations, sphere of influence changes, and other changes in organization of the District; and

WHEREAS, LAFCO adopted a Sphere of Influence Update and Municipal Service Review for the District on or about March 15, 2018; and

WHEREAS, the District last updated its Annexation Policy on or about May 24, 2006, by Resolution No. 2006-981; and

WHEREAS, subsequent to the adoption of the District’s most recent Annexation Policy, the District has constructed important portions of the Nipomo Supplemental Water Project, enabling the District to begin importing water from the City of Santa Maria onto the Nipomo Mesa; and

WHEREAS, the District Board of Directors desires to update and revise its Annexation Policy to address the changes in circumstances provided by the Nipomo Supplemental Water Project, as well as other clarifications for ease of implementation of the policy; and

WHEREAS, the District Board of Directors finds and declares that the policies adopted by this Resolution do not conflict with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 or with the LAFCO actions described herein.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Nipomo Community Services District, as follows:

1. The facts and findings stated above are true and correct and incorporated herein.
2. **Resolution No. 2006-981 is hereby repealed.**
3. The Annexation Policy of the Nipomo Community Services District attached hereto and incorporated herein by reference as Exhibit “A” is hereby adopted and shall take effect immediately upon adoption.
4. The District Board of Directors finds that this action is not subject to and is exempt from the California Environmental Quality Act, Public Resources Code section 21000, et seq., because it constitutes the updating and making of general policy and procedure, it is not a project undertaken or

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**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2020-_____**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT ADOPTING A
REVISED ANNEXATION POLICY**

authorized by the District that will have a reasonably foreseeable impact on the environment, and it can be seen with certainty that there is no possibility that the action which only updates an existing policy may have a significant effect on the environment. (Pub. Res. Code § 21065; 14 Cal. Code Regs. §§ 15061(b)(3), 15378(b).)

Upon motion by Director _____, seconded by Director _____, on the following roll call vote, to wit:

- AYES:**
- NOES:**
- ABSENT:**
- ABSTAIN:**

the foregoing resolution is hereby passed and adopted this ____ day of _____, 2020.

DAN ALLEN GADDIS
President of the Board

ATTEST:

APPROVED AS TO FORM:

MARIO E. IGLESIAS
General Manager and Secretary to the Board

CRAIG A. STEELE
District Legal Counsel

Exhibit "A"

**THE ANNEXATION POLICY OF THE
NIPOMO COMMUNITY SERVICES DISTRICT**

(Effective _____)

I. PURPOSE

In order to promote efficient processing of requests for annexation to the Nipomo Community Services District ("District"), this policy sets forth the framework and standards upon which the Board of Directors will consider such requests and provides notice thereof to the owners of the property that is the subject of such requests.

II. INTENT

The Board of Directors intends to review all annexation requests with the aim of supporting the viability of the District in providing essential services and adhering to the District's mission statement:

"Provide our customers with reliable, quality, and cost-effective services now and in the future."

The District recognizes the need to preserve and enhance the availability and quality of its services and of the water resources within the Nipomo Mesa Management Area. With this intent and within the framework of this annexation policy, the District acknowledges that, where conditions and findings will preserve and enhance District services and the water resources that support District customers, annexations may provide a greater benefit to the community than the formation of homeowners associations or mutual water companies for the operation of water and/or sewer systems in the Nipomo Mesa area.

III. SUBMITTAL OF ANNEXATION APPLICATION AND LAYOUT PLAN

Prior to consideration by the Board of Directors, Applicants must submit an application, and payment of the applicable application fees and deposits, to the District, demonstrating that the annexation will conform to these Annexation Policies and submit three (3) standard size (24" x 36") and one reduced copy (8½" x 11") of site plans showing the parcel layout, water and sewer laterals, and general off-site improvements, as applicable for the proposed area of annexation in sufficient detail for the District to assess the full impact of the annexation on the District's water distribution facilities, sewer service, and solid waste services to be provided to the area of annexation by the District.

IV. ANNEXATION REQUIREMENTS

- A. Annexation applications may only be accepted for properties within the District's sphere of influence as delineated by the San Luis Obispo County Local Agency Formation Commission ("LAFCO") at the time of application.
- B. If approved, annexations will be served with water supplied through the Nipomo Supplemental Water Project in accordance with the terms of the Stipulation and

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(Effective _____)

Judgment entered in the Santa Maria Groundwater Litigation and with all other District policies and ordinances. Annexations may only be approved if sufficient Nipomo Supplemental Water Project water exists to serve the project.

- C. In order to provide for the orderly development of public service facilities, only those properties will be considered for annexation for which the owners are willing to accept all conditions for service required by the Nipomo Community Services District. Further, requests for annexation solely for sewerage services to the exclusion of water service will be rejected by the Board of Directors, except under extraordinary circumstances.

- D. In order to evaluate the impacts of potential annexations upon the Nipomo Community Services District, the Board will only consider annexation requests that include the submittal of a layout plan that meets the requirement of Section III, a completed annexation application, a deposit agreement, payment of the Annexation Application Fee as established by Resolution of the District Board, and a costs deposit to cover the costs of any District staff time and technical studies required to fully evaluate the application as estimated by the District General Manager. The District General Manager may require such additional information and deposits from the Applicant the District Manager deems reasonably necessary. At the conclusion of the Application, any funds remaining from the costs deposit will be refunded to the Applicant. The annexation application fee is non-refundable.

- E. After review of the completed application, the Board of Directors will consider annexation requests where the application demonstrates all of the following:
 - 1. The proposed annexation area has a need for the requested services.
 - 2. The proposed annexation area boundaries are consistent with this Policy.
 - 3. There is no reasonable alternative manner of providing the requested services to the proposed annexation area.
 - 4. The annexation represents a logical and reasonable expansion of the District's boundaries.
 - 5. The proposed annexation is consistent with the District's plans and policies.
 - 6. The District has the ability to meet the need for the requested services.
 - 7. The benefits of the proposed annexation outweigh the disadvantages of the proposed annexation to the District.

- F. The proposed annexation area boundaries shall be definite, certain, and

THE ANNEXATION POLICY OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
(Effective _____)

conform to lines of assessment whenever possible. The proposed boundary shall include the entirety of any and all properties that may receive the proposed services to be provided. Rear property lines, rather than streets, will be used for the annexation boundary. Properties on both sides of a street that may receive services as a result of annexation may be required to be included in the annexation boundary.

- G. If the intended development within the proposed area of annexation requires discretionary San Luis Obispo County ("County") land use approvals (e.g., zoning, use permits, or subdivision map), the District's approval of the annexation shall not occur until after the owners has obtained such County approvals, unless the County and the District staffs have agreed in advance that the District's approval of an annexation may occur first, in which case the annexation approval shall be expressly conditioned on the owner obtaining County land use approvals.
- H. Applicants shall abandon any groundwater well existing on the annexation property, in compliance with all applicable County Environmental Health permitting requirements and standards, as a condition of receiving water service from the District, and any future use of groundwater basin water by the Applicant or his/her successors in interest shall be prohibited. The District may, as a condition of approval, require the applicant to record a covenant in form and content satisfactory to District legal counsel, abandoning such use.
- J. The applicant shall apply to and obtain approval from LAFCO for approval of the proposed annexation as required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, or any successor statute.
- K. Prior to final LAFCO consideration of the annexation, the District shall adopt and forward to LAFCO a Resolution verifying the following:
1. The applicant has provided all improvements, payments, fees, and charges, and met all legal requirements, necessary to enable the District to serve the annexation area, including but not limited to the provision of sufficient supplemental water to support full build-out of the annexation area as reflected in the annexation application and the Annexation Agreement.
 2. The applicant has entered into an Annexation Agreement to the satisfaction of the District Board. The Resolution shall attach a copy of the Annexation Agreement, and shall request that LAFCO require compliance with the Annexation Agreement as a condition of approval of the Annexation.
 3. That for each connection or potential connection, the applicant has deposited with the District the then current capacity and connection fees and charges for District services.

THE ANNEXATION POLICY OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
(Effective _____)

L.

Typically, the District will be a "responsible agency" when required for purposes of review under the California Environmental Quality Act ("CEQA"). Approval or completion of an annexation will be conditioned upon compliance with all applicable requirements of CEQA and any mitigation measures or other conditions resulting from the completion of the CEQA process including, without limitation, a final non-appealable judgment in any litigation challenging the Annexation.

M.

Upon annexation, residents and commercial users within the area of the proposed annexation shall become "regular customers" of the District, with no greater entitlements to water or sewer service than any other District customer.

N.

As a condition of the District's approval of any Annexation application, the applicant shall agree to indemnify and defend, with counsel of the District's choice, the District, its officers, agents and employees, from and against from and against any and all claims, actions, or proceeding to attack, set aside, void or annul, enjoin, or seek damages arising out of, an approval of the District, County or LAFCO concerning the Annexation or the associated land use project. Such indemnification shall include damages, judgments, settlements, penalties, fines, defensive costs or expenses (including, but not limited to, interest, attorneys' fees and expert witness fees), or liability of any kind related to or arising from such claim, action, or proceeding.

V. ANNEXATION AGREEMENT

Prior to consideration of the Annexation by the District Board, all applicants for annexation shall be required to execute an annexation agreement with the District, in form and content satisfactory to the District General Manager and legal counsel, to be approved by the District Board of Directors. Said Annexation Agreement shall include, at a minimum, the following:

1. That all infrastructure and service line extensions shall be designed and constructed at no cost to District in accordance with District's standards.
2. Reimbursement to District for its costs in processing and completing the annexation, including administrative, consultant, legal, and engineering costs.
3. Payment for all applicable District fees and charges.
4. The annexation application, layout plan, and the District's then current Annexation Policy shall be incorporated into the Annexation Agreement.
5. The date by which annexation must be completed.
6. Applicable CEQA mitigation measures or requirements.

THE ANNEXATION POLICY OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
(Effective _____)

7. The indemnification and defense requirements of Section IV N, above.
8. Other terms and conditions as determined by the District.