

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2025-1744**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT AMENDING
THE DISTRICT'S 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's Board of Directors has previously adopted and amended an Annexation Policy; and

WHEREAS, subsequent to the adoption of the District's most recent Annexation Policy, the Board and staff have determined that certain clarifications and updates to the Annexation Policy are in order; and

WHEREAS, based on the advice of counsel and staff, the Board of Directors finds and declares that the policies adopted by this Resolution are consistent, and do not conflict, with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 or with the LAFCO actions described therein.

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 to the best of the Board's knowledge and hereby adopted.
2. The Annexation Policy of the Nipomo Community Services District, as adopted in Resolution 2020-1540 and subsequently amended, is hereby amended and restated to be as shown in Exhibit A, attached hereto and incorporated herein by this reference.
3. The adoption of this amendment to an administrative policy is not a "project" as defined in Public Resources Code Section 21065, as it is not an activity that may cause a direct or indirect change in the environment and is thus not subject to review under the California Environmental Quality Act ("CEQA").

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2025-1744**

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

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

AYES: *DIRECTORS GLOVER, JOYCE, HANSEN, HENRY, AND EBY*

NOES: *NONE*

ABSENT: *NONE*

ABSTAIN: *NONE*

the foregoing Resolution is hereby passed and adopted this 23rd day of July, 2025.



ED EBY

President of the Board

ATTEST:



RAY DIENZO, P.E.

General Manager and Secretary to the Board

APPROVED AS TO FORM:



CRAIG A. STEELE

District Legal Counsel

Exhibit "A"

THE ANNEXATION POLICY OF THE NIPOMO COMMUNITY SERVICES DISTRICT

Adopted January 22, 2020 – Resolution 2020-1540

Amended March 22, 2023 – Resolution 2023-1658

Amended July 23, 2025 - Resolution 2025-1744

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, within the context of State law and the District's responsibilities under the Stipulation and Judgment in the Santa Maria Valley Groundwater Adjudication. 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 and where, if applicable, the District and the other involved government entities approve an agreement as to the amount of property tax revenues that will be exchanged in future years, consistent with historic property tax revenue sharing agreements with regard to the percentage allocated to the District, thereby ensuring equity between existing customers and customers applying for annexation. Under these expressed conditions, 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. INITIATION OF ANNEXATION REQUESTS

- A. An application for property to be annexed into the District may be initiated either:

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

Adopted January 22, 2020 – Resolution 2020-1540

Amended March 22, 2023 – Resolution 2023-1658

Amended July 23, 2025 - Resolution 2025-XXXX

1. By application directly to the District on an application form prescribed by the General Manager, subject to the procedures and requirements of Sections IV and V, below; or
2. By application to the San Luis Obispo County Local Agency Formation Commission ("LAFCO"). In the case of an applicant's submission directly to LAFCO, the application shall follow the guidelines and regulations of LAFCO and, as applicable, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, or any successor statute. In the case of an annexation application that is submitted to LAFCO, the following provisions shall apply, in addition to the applicable requirements of Sections IV and V:
 - a. Promptly upon receipt of a copy of the annexation proposal from the LAFCO Executive Officer, as required by Government Code Section 56857(a), the General Manager shall schedule the annexation proposal for consideration by the Board of Directors at a regular meeting, or a special meeting called for the purpose, on a date that allows adequate time for staff analysis of the proposal but will meet the deadline for the Board to adopt a resolution requesting termination of the proposed annexation within the time period specified in Government Code Section 56857(b).
 - b. The Board may, in its discretion, allow the annexation proposal to proceed through the statutory process at LAFCO, or adopt a resolution requesting termination of the proceedings. A Board resolution requesting termination of the proceedings shall be based upon written findings supported by substantial evidence in the record that the termination request is justified by one or more specific financial or service related concerns, as defined in Government Code Section 56857(c).
 - c. The Board may make findings regarding financial or service concerns based on information provided in the application and any additional information provided to the District by LAFCO or the applicant that is relevant to determining the adequacy of existing and planned future services to meet the probable future needs of the territory. Findings related to service or financial concerns may be based on the District's then-current urban water management plan, a Water Supply Assessment prepared for the application, capital improvement plan, financial statement, comprehensive annual financial report, integrated resource management plan, the most current NMMA Technical Group Annual Report, or other information related to the ability of the District to provide services.
 - d. If the Board adopts a resolution to request that LAFCO terminate the proceedings, the General Manager shall immediately transmit the resolution to the LAFCO Executive Officer.
 - e. The General Manager shall provide a copy of this Annexation Policy to any annexation applicant immediately following receipt of the notice from LAFCO. The General Manager shall promptly provide written notice of the property tax exchange agreement

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

Adopted January 22, 2020 – Resolution 2020-1540

Amended March 22, 2023 – Resolution 2023-1658

Amended July 23, 2025 - Resolution 2025-XXXX

requirements of Section IV I of this Policy to the San Luis Obispo County CAO.

IV. ANNEXATION APPLICATION REQUIREMENTS GENERALLY

- A. Annexation applications may only be accepted for properties within the District's sphere of influence as delineated by 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 Adjudication and with all other District policies and ordinances. Annexations may only be approved if sufficient supplies of Nipomo Supplemental Water Project water exists to serve the project, based on the current District information specified in Section III(A)(2)(c) of this Annexation Policy.
- C. In order to provide for the orderly development of public service facilities, only those properties in the District's Sphere of Influence for which the owners are willing to accept all conditions for service required by the District will be considered for annexation. Further, requests for annexation solely for sewerage services to the exclusion of water service will be rejected by the District, except under extraordinary circumstances approved by the Board.
- D. In order to evaluate the impacts of potential annexations upon the Nipomo Community Services District, the Board will only consider annexation applications that are supported by the following information:
 - 1. A layout/site plan that shows 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 by the District to the area of annexation by the District. The Applicant shall provide three standard size (24" x 36") and one reduced copy (8-1/2" x 11") of such plan to the District;
 - 2. A completed District Annexation Application form;
 - 3. A deposit agreement in a form acceptable to the District's legal Counsel agreeing to fully fund the costs of any District staff time and technical studies required to fully evaluate the application, not covered by the Annexation Application Fee, as estimated by the General Manager. At the conclusion of the Application, any funds remaining from the costs deposit will be refunded to the Applicant;
 - 4. Payment of the non-refundable Annexation Application Fee as established by Resolution of the District Board;

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

Adopted January 22, 2020 – Resolution 2020-1540

Amended March 22, 2023 – Resolution 2023-1658

Amended July 23, 2025 - Resolution 2025-XXXX

5. Written acknowledgement from the Applicant that they have received a copy of this Annexation Policy;
 6. Such other additional information from the Applicant that the General Manager deems reasonably necessary for the District to consider the application.
- E. For an annexation application initiated at the District, 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 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 ANNEXATION POLICY OF THE
NIPOMO COMMUNITY SERVICES DISTRICT**

Adopted January 22, 2020 – Resolution 2020-1540

Amended March 22, 2023 – Resolution 2023-1658

Amended July 23, 2025 - Resolution 2025-XXXX

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.
- I. The applicant, at the applicant's sole expense, 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. As one requirement of the annexation proceeding, the District will negotiate in good faith with the County of San Luis Obispo, or any other affected local government entity, to achieve a mutually acceptable agreement for the exchange of property tax revenue as provided in Revenue and Taxation Code Sections 99 and 99.01, or any successor statutes. No annexation of property affecting the District may go forward without the District Board's approval of such an agreement. To promote equity and fairness upon the annexation of customers into the District, it is the policy of the District that every proposed property tax revenue exchange agreement for an annexation shall allocate to the District a percentage of property tax revenue from the annexation that is consistent with the percentages the District has agreed to accept in previously approved annexations, except where the Board makes express written findings that extenuating circumstances apply and that a variation from this Paragraph IV I will not establish precedent for future annexations.
- J. If appropriate based on the origin of the application, 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, or executed an Annexation Agreement with the District to provide, 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 serve 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

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

Adopted January 22, 2020 – Resolution 2020-1540

Amended March 22, 2023 – Resolution 2023-1658

Amended July 23, 2025 - Resolution 2025-XXXX

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, or agreed to do so on a schedule specified in the approved Annexation Agreement.
 4. That the District Board and the County have each approved a mutually acceptable agreement for the exchange of property tax revenue.
- K. 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.
- L. 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.
- M. As a condition of the District’s approval of any Annexation application or related decision, 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 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 proposed 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:

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

Adopted January 22, 2020 – Resolution 2020-1540

Amended March 22, 2023 – Resolution 2023-1658

Amended July 23, 2025 - Resolution 2025-XXXX

1. That all infrastructure and service line extensions shall be designed and constructed at no cost to the District in accordance with District's standards.
2. Reimbursement to the 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 at the times specified by the District Code, applicable policy, or the Board-approved Annexation Agreement.
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 the Annexation must be completed.
6. Applicable CEQA mitigation measures or requirements.
7. The indemnification and defense requirements of Section IV M, above.
8. Acceptance of the District's Annexation Water Rates based on 100% service supply from imported water.
9. Other terms and conditions as determined by the District.

[End of Policy]