

TO: BOARD OF DIRECTORS

FROM : RAY DIENZO, P.E. *RD*  
GENERAL MANAGER

DATE: NOVEMBER 6, 2025

## AGENDA ITEM

### E-2

NOVEMBER 12, 2025

**CONSIDER APPROVING NEGOTIATED PROPERTY TAX EXCHANGE  
WITH THE COUNTY OF SAN LUIS OBISPO, ANNEXATION  
AGREEMENT, AND THE LOCAL AGENCY FORMATION COMMISSION  
(LAFCO) PLAN FOR SERVICES RELATING TO PROPOSED  
ANNEXATION OF 1707 LYN ROAD, AND FINDING THAT THE ACTIONS  
ARE CATEGORICALLY EXEMPT FROM REVIEW UNDER THE  
CALIFORNIA ENVIRONMENTAL QUALITY ACT ("CEQA")**

#### ITEM

Consider approving actions related to 1707 Lyn Road, APN 091-063-039:

1. Negotiated Property Tax Exchange with the County of San Luis Obispo [RECOMMEND ADOPT RESOLUTION ACCEPTING THE NEGOTIATED PROPERTY TAX EXCHANGE]
2. Annexation Agreement with 1707 Lyn Road Owner(s) and LAFCO Plan for Services, and findings of CEQA exemption [RECOMMEND ADOPT RESOLUTION APPROVING THE ANNEXATION AGREEMENT, LAFCO PLAN FOR SERVICES, AND FINDINGS OF CEQA EXEMPTIONS]

These actions will be voted on in the order shown.

#### BACKGROUND

Tracy Robins, the property owner of 1707 Lyn Road, APN 091-063-039, submitted an application to San Luis Obispo County LAFCO, Annexation #32 ("Project"), to annex to the Nipomo Community Services District ("District"). The Owner wishes to annex a 9.7-acre parcel, currently located in the District's sphere of influence ("SOI"), into the District's service area and obtain water service from the District. The parcel is zoned Rural Residential, improved with two residential structures, and no new development of the parcel is proposed. The water quality of the existing well on the property is failing. LAFCO is requiring the property owner to obtain a Plan for Services from the District.

A Deposit Agreement between the District and the Owner was approved by the Board on January 8, 2025. The purpose of the Deposit Agreement ("Agreement") was to secure funding from the Owner to finance the cost of engineering, legal, financial, and administrative staff time to evaluate the annexation application and provide the District's Board of Directors with the information necessary for their consideration of the annexation application.

The project was put on pause to evaluate the District's annexation policy. An *ad-hoc* subcommittee was formed to review staff and counsel's recommended changes. The draft policy was presented to the Board at the July 9, 2025, Board meeting, and after final revisions, the Board of Directors adopted the revised annexation policy at the July 23, 2025, meeting. The revised policy presents the criteria for evaluating annexations with minimal impacts, such as this one. The District's review of this proposed annexation has followed the revised policy.

For LAFCO to evaluate this annexation, the District is required provide a resolution approving a negotiated property tax exchange with the County of San Luis Obispo ("County") and Plan for Services. Our Annexation Policy requires an Annexation Agreement with the Owner.

### **Property Tax Revenue Sharing**

County Staff and District staff agreed to a 3.73638%, which the County Board approved by Resolution 2024-243 on October 22, 2024. This percentage is "consistent with the percentages the District has agreed to accept in previously approved annexations" as required by District Board policy in Resolution 2023-1658. Since this parcel is already developed, any future amount of property tax revenue that the District would receive from this parcel would be less than approximately \$200 annually.

In conclusion, the negotiated property tax percentage is consistent with equity and fairness, and consistent with Board policy, pursuant to Resolution 2023-1658. Staff recommends the Board approve the resolution (Attachment A) to accept the negotiated County and District property tax share agreement.

### **Annexation Agreement**

The Project will need to receive water, and solid waste services from the District through an Annexation. The Project is already contracted with solid waste services and sewer infrastructure is not available to the project. The owner proposes to annex a 9.7-acre parcel, currently located in the District's sphere of influence ("SOI"), into the District's service area and obtain water service from the District. There are two developed residential units: #1 at 1,920 square feet and #2 at 1,400 square feet. The Project, located within the District's SOI, is proposed to be annexed into the District because the Stipulation and Judgment in the Santa Maria Valley Groundwater Adjudication requires that the District serve "new urban users" in order to ensure that urban users are not drilling new wells and depleting groundwater. Section VI E.1 of the Stipulation (Exhibit A to the Judgment) provides as follows under the topic heading New Urban Uses: " 1. within the sphere of influence or service area. New Urban Uses shall obtain water service from the local public water supplier. The local public water supplier shall provide water service on a reasonable and non-discriminatory basis..." The District is the local public water supplier in this case. Without District-provided domestic service regulated by the adjudication, it can be anticipated that this Owner would seek a different source of water - perhaps pumped groundwater from a well - that would not further the purposes of the Stipulation to protect the Basin.

The District's current Urban Water Management Plan ("UWMP") shows that there is sufficient water available from the District, even in single and multiple dry years, to serve the Project.

The proposed Annexation Agreement is a standard agreement that is consistent with the District's updated Annexation policy and provides details regarding the annexation and commencement of service. It is relatively straightforward, and the basic points are:

- The Agreement would take effect after the Project receives final approvals from all government entities and litigation, if any, is resolved. The District is not required to do any work on the Project other than processing the Annexation under the existing agreement, or expend any funds, before the Annexation Agreement takes effect.

- Pursuant to the District Code, the Owner will deposit the District's annexation fee of \$4,850 with the District prior to LAFCO consideration, to be refunded if the annexation is not approved.
- The Owner will deposit the water capacity charges prior to issuance of Will Serve.
- The Owner will pay then-current water capacity charges and other fees at the time subsequent subdivision maps are recorded for development. Charges will be evaluated and the deposit amounts will be reconciled with current amounts due prior to setting water meter.
- Following annexation, the property will be customers of the District and will pay the District's "annexation water rate" based on the cost of supplying Supplemental Water.
- Any necessary improvements will be constructed by the Owner, at their expense. All construction must be completed to District standards, and improvements will be accepted after District inspection with a one-year construction warranty.
- The District will cooperate in processing the Project through SLO LAFCO.
- With the exception of the annexation fee and initial deposits that are not used by the District, most payments by the Owner will be non-refundable pursuant to District Code.

As described above, the contents of the proposed Annexation Agreement are consistent with Section V of the District's Annexation Policy, Resolution No. 2025-1744. Specifically, that Resolution requires the Board to consider the following factors:

1. **The proposed annexation area has a need for the requested services.** The proposed Annexation property has had historical water quality issues and there is no other agency that could feasibly provide services. A new well would be inconsistent with the Stipulation.
2. **The proposed annexation area boundaries are consistent with this Policy.** The proposed Annexation is in the District's Sphere of Influence and adjacent to District boundaries and complies with the Annexation Policy.
3. **There is no reasonable alternative manner of providing the requested services to the proposed annexation area.** There is no other water purveyor available for the subject property.
4. **The annexation represents a logical and reasonable expansion of the District's boundaries.** The proposed Annexation is within the District's Sphere of Influence as determined by LAFCO.
5. **The proposed annexation is consistent with the District's plans and policies.** All improvements would be constructed to District specifications; water would be supplied from the supplemental water project ("SWP"). All new customers would be required to comply with District policies.
6. **The District has the ability to meet the need for the requested services.** The 2020 UWMP show there is sufficient water supply to serve the Project, even in multiple dry years.
7. **The benefits of the proposed annexation outweigh the disadvantages of the proposed annexation to the District.** The benefits of the annexation lies in improving the water quality available to the property, avoiding a new well, and adding customers for Supplemental Water. The potential disadvantage could be adding new water users, but the district's technical studies all indicate that water is available, even with the future development of the Dana Reserve.

### **LAFCO Plan for Services**

On September 19, 2024, the San Luis Obispo Local Agency Formation Commission (LAFCO) officially received an application for annexation of the Project (Annexation #32) to the District, and the application has remained on information hold since then.

Items required to be finalized prior to LAFCO fully processing the annexation application included the following:

- Approval of a tax exchange agreement between the District and the County
- Completion of a Plan for Services prepared by the District
- Any other documents, studies or information that LAFCo deems to be required from the applicant or District upon review of the final project and entitlements noted above, and upon further processing of the annexation application request

The Plan for Services ("Plan") is the District's compilation of information that have been technically analyzed and attached to this report. This describes how the District will provide water to the proposed annexed parcel and bases that analysis on the District's technical documents.

As stated within the attached resolution (Attachment B), staff recommends that the Board approve the attached Plan and authorize the General Manager to submit the Plan for Services to SLO LAFCO, and to make technical changes to the Plan for Services in consultation with SLO LAFCO staff prior to the SLO LAFCO Board's consideration of the proposed Annexation.

### **CEQA CONSIDERATIONS**

The proposed annexation is categorically exempt from review under CEQA. The proposed annexation would result only in the extension of District water service a short distance to property that is already improved with two relatively small residences. No new development is approved or would be permitted under this application. Thus, the application is categorically exempt from CEQA review under CEQA Guidelines Sections 15303 and 15319. Staff recommends the Board adopt the attached resolutions (Attachments A & B) to approve the property tax revenue sharing agreement, the annexation agreement, the LAFCO Plan for Services, and finding that the annexation is categorically exempt from review under CEQA.

### **FISCAL IMPACT**

The costs of the District's staff and consultants in preparing for this Annexation were, and will continue to be, funded by the deposit agreement with the owner. In addition, the new customers associated with the Project would pay for the imported water needed to serve the Project, helping to reduce the cost of Supplemental Water that would otherwise be paid by existing rate payers.

### **STRATEGIC PLAN**

Goal 1. WATER SUPPLIES. Actively plan to provide reliable water supply of sufficient quality and quantity to serve both current customers and those in the long-term future.

- B.1 Seek to have the County implement sustainable water supply policies that match the level of development they approve, including all the features described in the Water Resources Policy Statement.

- B.2 Engage with other local and regional organizations to develop solutions to long-term water supply challenges such as providing emergency backup supplies, and ensuring long-term water supply reliability, etc.

Goal 2. FACILITIES THAT ARE RELIABLE, ENVIRONMENTALLY SENSIBLE AND EFFICIENT. Plan, provide for and maintain District facilities and other physical assets to achieve reliable, environmentally sensible, and efficient District operations.

- B.1 NCSD shall maintain long-range infrastructure management, upgrade and replacement planning.

Goal 5. OPERATIONS. Maintain a proactive program to ensure readiness of systems and cost-effectiveness of operations.

### **RECOMMENDATION**

Staff recommends that the Board, by motion and roll call vote, adopt the proposed resolutions to approve the Property Tax Exchange Resolution, Annexation Agreement, Plan for Services and find that the proposed annexation is categorically exempt from review under CEQA..

### **ATTACHMENTS**

- A. Resolution 2025-XXX – Approving Property Tax Exchange with County of SLO
- B. Resolution 2025-XXX – Approving Annexation Agreement and Plan For Services and CEQA Exemptions
- C. Proposed Annexation Agreement for Annexation No. 32
- D. Proposed Plan for Services 1707 Lyn Road, APN 091-063-039

REGULAR BOARD MEETING  
OF  
NOVEMBER 12, 2025

ITEM E-2

ATTACHMENT A

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

**A RESOLUTION OF THE BOARD OF DIRECTORS OF NIPOMO COMMUNITY SERVICES DISTRICT APPROVING AN EXCHANGE OF PROPERTY TAX REVENUE AND ANNUAL TAX INCREMENT BETWEEN THE COUNTY OF SAN LUIS OBISPO AND THE NIPOMO COMMUNITY SERVICES DISTRICT FOR ANNEXATION NO. 32**

**WHEREAS**, in the case of a jurisdictional change other than a city incorporation or district formation which will alter the service area or responsibility of a local agency, Revenue and Taxation Code Section 99(a)(1) requires that a property tax exchange agreement be approved; and

**WHEREAS**, the property tax revenue to be exchanged, if any, and the amount of annual tax increment to be exchanged among the affected local agencies shall be determined by negotiation; and

**WHEREAS**, as a special district involved in the annexation, the Nipomo Community Services District ("NCSD") elected to negotiate the tax revenue exchange on its own behalf pursuant to Revenue and Taxation Code Section 99(b)(5); and

**WHEREAS**, Revenue and Taxation Code Section 99(b)(6) requires that the governing body of each local agency, upon completion of negotiations, adopt resolutions whereby said local agencies agree to accept the negotiated exchange of property tax revenues, if any, and transmit a copy of each resolution to the Executive Officer of the Local Agency Formation Commission; and

**WHEREAS**, negotiations have taken place concerning the transfer of property tax revenues and annual tax increment between staff of the County of San Luis Obispo and NCSD for the jurisdictional change designated as LAFCO File 4-R-24: Annexation No. 32 to the Nipomo Community Services District; and

**WHEREAS**, the County of San Luis Obispo Board of Supervisors has adopted a resolution agreeing to an exchange of property tax revenues with NCSD; and

**WHEREAS**, NCSD's General Manager has recommended that the Board accept the negotiated tax revenue exchange as set forth below.

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

1. That the recitals set forth above are true, correct and valid.
2. That the Nipomo Community Services District agrees to accept the following exchange of base property tax revenues and annual tax increments.

(a) No base property tax revenue shall be transferred from the County of San Luis Obispo to the Nipomo Community Services District.

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

**A RESOLUTION OF THE BOARD OF DIRECTORS OF NIPOMO COMMUNITY SERVICES DISTRICT  
APPROVING EXCHANGE OF PROPERTY TAX REVENUE AND ANNUAL TAX INCREMENT  
BETWEEN THE COUNTY OF SAN LUIS OBISPO AND THE NIPOMO COMMUNITY SERVICES  
DISTRICT FOR ANNEXATION NO. 32**

(b) Annual tax increments shall be transferred from the County of San Luis Obispo to the Nipomo Community Services District effective with the date the roll year specified by the California Board of Equalization, anticipated fiscal year 2025-2026, and each fiscal year thereafter in the amount of 3.73638 percent of the increment remaining after transfers to the Educational Revenue Augmentation Fund (ERAF).

b. The proposed annexation will provide additional customers to spread the costs of supplemental water the District is required to take and pay for at significantly higher rates than groundwater, as of July 1, 2025. Annexed customers will pay water rates that are based on the cost of supplemental water, which will help keep the water rates paid by existing customers lower.

c. The proposed annexation will pay capacity charges and other fees that will provide significant capital for necessary improvements to NCSD's wastewater infrastructure.

d. Development on the site will marginally increase property tax revenue to NCSD over current conditions.

4. The General Manager is authorized and directed to transmit a certified copy of the resolution to the Executive Officer of the San Luis Obispo Local Agency Formation Commission, who shall then distribute copies in the manner prescribed by law.

**PASSED AND ADOPTED** by the Board of Directors of the Nipomo Community Services District at a regular meeting thereof held on the 12<sup>th</sup> day of November, 2025, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

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ED EBY, President  
Nipomo Community Services District

ATTEST:

APPROVED AS TO FORM:

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RAY DIENZO  
Secretary to the Board

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CRAIG A. STEELE  
District Legal Counsel



REGULAR BOARD MEETING

OF

NOVEMBER 12, 2025

ITEM E-2

ATTACHMENT B

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

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT APPROVING THE ANNEXATION AGREEMENT WITH OWNER OF 1707 LYN ROAD, APN 091-063-039, APPROVING THE LAFCO PLAN FOR SERVICE AND DIRECTING THE GENERAL MANAGER TO FILE IT WITH SLO LAFCO, AND FINDING THAT THE ANNEXATION IS CATEGORICALLY EXEMPT FROM REVIEW UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT ("CEQA")**

**WHEREAS**, on September 17, 2024, the District received an annexation application from LAFCO regarding Annexation No. 32, APN 091-063-039, 1707 Lyn Road. The owner of the parcel is Tracy Robins (Owner). The Owner requested the annexation of a 9.7-acre parcel located in the District's sphere of influence ("SOI") into the District's service area.

**WHEREAS**, the Owner proposes to connect to the District's water system due to water quality issues with her existing groundwater production well. As with all annexations, the District needed to thoroughly evaluate the impacts the existing development would have on the District's water enterprises;

**WHEREAS**, because the property to be annexed is located within the District's SOI, the Owner applied for annexation to obtain water service and conform to the Stipulation and Judgment in the Santa Maria Valley Groundwater Adjudication. Section VI E.1 of the Stipulation (Exhibit A to the Judgment) provides as follows under the topic heading New Urban Uses: " 1. Within the sphere of influence or service area. New Urban Uses shall obtain water service from the local public water supplier. The local public water supplier shall provide water service on a reasonable and non-discriminatory basis..." The District is bound by the Stipulation and is the local public water supplier in this instance;

**WHEREAS**, to inform the NCSD Board's consideration of the proposed Annexation, those reports and analyses are a part of the record of this proceeding and have been made available to the public. They include, without limitation: the current Urban Water Management Plan, current NMMA Technical Group Annual Report, and other technical data related to the ability of the District to provide services.

**WHEREAS**, the custodian of records of this proceeding is the General Manager of the District at the District office, at 148 South Wilson Street in Nipomo;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Nipomo Community Services District as follows, to the best of the Board's knowledge, based on substantial evidence in the record of the proceeding:

1. That the recitals set forth above are true, correct and valid.

**ANNEXATION AGREEMENT**

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

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY  
SERVICES DISTRICT APPROVING THE ANNEXATION AGREEMENT WITH  
OWNER OF 1707 LYN ROAD, APN 091-063-039, APPROVING THE LAFCO PLAN  
FOR SERVICE AND DIRECTING THE GENERAL MANAGER TO FILE IT WITH SLO  
LAFCO, AND FINDING THAT THE ANNEXATION IS CATEGORICALLY EXEMPT  
FROM REVIEW UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT  
("CEQA")**

2. The annexation and proposed Annexation Agreement meet the applicable requirements of the District's application policy. In the event of any conflict between particular elements of the Annexation Policy and the Annexation Agreement, the Board specifically finds that the Annexation Agreement controls.

3. Substantial evidence in the record of this proceeding shows that the proposed annexation application demonstrates all of the following:

(a) The proposed annexation area has a need for the requested services because the existing well water quality has failed. Rather than drill a new well, "new" users must receive these services from the District.

(b) The proposed annexation area boundaries are consistent with the Annexation Policy, in that the boundaries are located within the District's Sphere of Influence as determined by SLO LAFCO, as required by Section IV A of the Policy.

(c) There is no reasonable alternative manner of providing the requested services to the proposed annexation area. The record demonstrates that there are no other public service providers to the proposed annexation area. Under the requirements of the Stipulation in the Santa Maria Valley Water Adjudication, "new urban users" like the Project must take water service from the nearest public water supplier, which is the District.

(d) The annexation represents a logical and reasonable expansion of the District's boundaries. SLO LAFCO has determined the District's SOI, and the proposed annexation area is entirely within the SOI. The proposed annexation is logical, since District facilities are the closest water service to the proposed annexation area, and would extend directly into the proposed annexation area at the owner's expense. Such an expansion is also reasonable, in that it does not require the District to extend services to any distant or geographically remote properties.

(e) The proposed annexation is consistent with the District's plans and policies. The proposed annexation will be constructed and operated in full compliance with the District's standard specifications, code requirements and policies. The proposed annexation can and will be served with water from the Nipomo Supplemental Water Project, pursuant to Section IV B, and the owners of the property are willing to accept all conditions for service, as demonstrated by the Annexation Agreement. All of the

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

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT APPROVING THE ANNEXATION AGREEMENT WITH OWNER OF 1707 LYN ROAD, APN 091-063-039, APPROVING THE LAFCO PLAN FOR SERVICE AND DIRECTING THE GENERAL MANAGER TO FILE IT WITH SLO LAFCO, AND FINDING THAT THE ANNEXATION IS CATEGORICALLY EXEMPT FROM REVIEW UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (“CEQA”)**

infrastructure necessary to serve the Project will be designed and constructed at the owner’s expense, pursuant to the District policy.

(f) The District has the ability to meet the need for the requested services. The proposed plan for service demonstrate that the District has sufficient available water to serve the Project at build-out and beyond, even in a multiple dry year scenario. Water system improvements to be constructed at the expense of the owner will be able to deliver the necessary water to the Project, without any negative impact on existing customers. .

(g) The benefits of the proposed annexation outweigh the disadvantages of the proposed annexation to the District, as identified in the staff report.

4. The Annexation Agreement is consistent with Section V of the District’s annexation policy, and the items specified in that section are hereby included in it. Based on the foregoing and the evidence presented to the Board, the Annexation Agreement in the form presented to the Board on November 12, 2025, and as specified herein, is approved and the President of the Board is authorized to execute it on behalf of the District. Upon annexation the Project will be located within the current boundaries of the District.

5. The General Manager shall transmit an executed copy of the Annexation Agreement to SLO LAFCO along with this Resolution as verification that the elements specified in the Annexation Policy Section IV K have or, as applicable, will be satisfied through the Annexation process.

**PLAN FOR SERVICES**

6. The Board has considered the District’s Plan for Services for APN 091-063-039, 1707 Lyn Road, dated November 12, 2025.

7. Based on its review and the evidence presented during the proceeding, the Board approves the Plan for Services as presented.

8. The General Manager is authorized to submit the Plan for Services to SLO LAFCO, and to make technical changes to the Plan for Services in consultation with SLO LAFCO staff prior to the SLO LAFCO Board’s consideration of the proposed Annexation.

9. The General Manager shall include a copy of this Resolution with the approved Plan For Services.

NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2025-xxxx

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT APPROVING THE ANNEXATION AGREEMENT WITH OWNER OF 1707 LYN ROAD, APN 091-063-039, APPROVING THE LAFCO PLAN FOR SERVICE AND DIRECTING THE GENERAL MANAGER TO FILE IT WITH SLO LAFCO, AND FINDING THAT THE ANNEXATION IS CATEGORICALLY EXEMPT FROM REVIEW UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (“CEQA”)**

**CEQA REVIEW**

The proposed annexation is categorically exempt from review under CEQA. The proposed annexation would result only in the extension of District water service a short distance to property that is already improved with two relatively small residences. No new development is approved or would be permitted under this application. Thus, the application is categorically exempt from CEQA review under CEQA Guidelines Sections 15303 and 15319. The General Manager shall cause a Notice of Exemption to be timely filed.

**PASSED AND ADOPTED** by the Board of Directors of the Nipomo Community Services District at a regular meeting thereof held on the 12th day of November, 2025, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

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ED EBY, President  
Nipomo Community Services District

**ATTEST:**

**APPROVED AS TO FORM:**

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RAY DIENZO  
Secretary to the Board

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CRAIG A. STEELE  
District Legal Counsel

REGULAR BOARD MEETING  
OF  
NOVEMBER 12, 2025

ITEM E-2

ATTACHMENT C

RECORDING REQUEST BY  
AND WHEN RECORDED  
RETURN TO:  
NIPOMO COMMUNITY SERVICES DISTRICT  
P.O. Box 326  
Nipomo, CA 93444

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APN# 091-063-039

## **ANNEXATION AGREEMENT**

THIS agreement regarding the annexation of property ("Agreement"), is made this \_\_\_\_ day of November, 2025, by and between the Nipomo Community Services District, ("District"), and Tracy Robins ("Applicant"), with reference to the following recitals:

### **RECITALS**

A. Applicant represents and warrants that Applicant is the fee title owner of approximately 9.7 acres of real property depicted and described in **Exhibits A**, attached hereto and incorporated herein by this reference (the "Property" or the "Area of Annexation"). The Property is located at 1707 Lyn Road, Arroyo Grande, California

B. The Property is located inside the District's Sphere of Influence as established by the San Luis Obispo County Local Agency Formation Commission ("LAFCo") and adjacent to the current District service boundary.

C. Applicant has applied to annex the Property into boundaries of the District. The annexation process is referred to herein as the "Annexation".

D. The Annexation has been processed in accordance with the District's Annexation Policy and applicable provisions of the District's Code and is subject to the approval of LAFCo.

E. The applicant's water well has failed, and the applicant is requesting to be annexed to the District so that the District can provide water service to the parcel.

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

1. Annexation Description:

The Annexation shall consist of approximately a 9.7 acre residential parcel with existing dwellings. The District has no land use authority over the proposed uses proposed for the subject property, but no new land uses are proposed as part of the Annexation.

2. Proposed District Services:

The District services proposed to be provided to the Area of Annexation include water and solid waste collection. This property already receives solid waste collection services but sewer infrastructure is not available. This Agreement is not to be deemed an "Intent to Serve" or "Verification of Service" or any other commitment to provide any District service prior to the Applicant making application for services and payment of all applicable District fees and charges.

3. Term.

This Agreement shall be effective immediately following its approval by the Board and execution by both parties ("Effective Date"). The Term of this Agreement shall be one (1) calendar year from the Effective Date.

4. Service Limitations:

The District's approval of the Annexation is expressly limited to the density and intensity of the parcel as currently developed. Any proposed increase to the number of residential units that would materially change the District's analysis of water services available from the District may, at the discretion of the General Manager, require an amendment to this Agreement approved by Applicant and the District's Board.

5. Annexation Processing Costs:

A. At the time of execution of this Agreement, Applicant has on deposit with the District the sum of \$15,000 for District services in processing the Annexation. The Applicant authorizes the District to continue to withdraw from the deposit payment for the costs of processing the Annexation as they are incurred by District, through and including the date of approval of the Annexation by LAFCO.

District will notify Applicant whenever the deposit is reduced to five thousand dollars \$5,000 or less. Within fifteen 15 calendar days after such notification is e-mailed to Applicant, Applicant shall make an additional deposit in an amount reasonably estimated by District to be necessary to reimburse District's remaining costs.

B. Following LAFCo's action on the Annexation application and final resolution of the litigation referenced in Section 5C, any funds deposited by Applicant in excess of the District's processing costs shall, at the Applicant's option, either be refunded to the Applicant or retained by District as a credit toward payments Applicant is required to make to District pursuant to this Agreement. Conversely, any costs incurred by the District over and above the amount deposited by Applicant shall be paid by Applicant within fifteen (15) calendar days of notification by District.

6. Applicant's Payment of District's Fees and Charges:

A. Annexation Fees: Prior to final LAFCo consideration of the proposed Annexation, Applicant shall deposit with District the sum of four thousand eight hundred fifty (\$4850.00) representing the District's Annexation fees of \$500 per acre. This Annexation fee deposit shall be refunded to Applicant if the Annexation is denied by LAFCo.



1) District Connection and Capacity Charges: Applicant shall make non-refundable payment to the District for the then-current District application fee adopted pursuant to the District Code for an "Intent to Serve" Letter for Water or the equivalent;

2) Applicant shall deposit with the District the District's 100% estimate of District's then-current applicable water capacity charges (including supplemental water capacity charges), and all applicable connection fees, reimbursement charges (if applicable), meter fee and account set-up fee, and any other costs or fees due to the District for connection charges for District services pursuant to Chapter 2.04 of the District Code.

B. Intent to Serve Payments Run With the Land: Pursuant to the District's Code, Applicant acknowledges and agrees that if an Intent to Serve letter is approved by the District, all payments made by the Applicant under Section 6(C) shall be non-refundable and shall run with the land, be retained by the District and shall be credited against any future computation of fees and charges for the same property.

C. Service Rates: Following annexation, new customers in the Area of Annexation shall pay the then-current rates for service, duly-approved by the Board of Directors. Applicant agrees, on behalf of itself and its successors in interest, not to protest or challenge the initial rates for service for the Area of Annexation adopted by the Board of Directors including, without limitation, differential rates for service for annexed properties served only by imported water, if such rates are established according to applicable law including, without limitation, the requirements of California's Proposition 218.

7. Obligations of Applicant:

In addition to the fiscal obligations of Applicant referenced in Section 6 of this Agreement, the Applicant shall have the following additional obligations:

A At Applicant's sole cost, Applicant shall promptly and diligently process the Annexation through LAFCo. If annexation has not been completed within eighteen (18) months from the date of this Agreement, the District shall have the right to terminate this Agreement at any time thereafter, unless such time for completion is extended by written agreement. Such extension must be requested in writing by the Applicant two (2) months prior to the expiration of said period. If the Agreement is terminated the District shall have no further obligation under this Agreement. Upon termination the District shall refund the Annexation Fee paid under Section 6(A) and any deposits made by Applicant under Section 5 which have not been used by the District prior to the date of termination but District shall not be required to refund any payments made under Sections 6(8) and 6(C).

B. Enter into the District's standard plan check and inspection agreement ("PCIA").

C. At Applicant's sole cost, design construct, and dedicate to the District upon District's approval, the water infrastructure improvements required to provide District water to the Area of Annexation.

- D. Comply with all conditions placed on the Annexation by LAFCo.
- E. Applicant shall completely abandon the existing well on the property, to the satisfaction of the General Manager, within 30 days following the start of water service from the District.

8. Obligations of District:

A. Applicant and the District understand and agree that processing the Annexation by the District and the LAFCo will require other discretionary approvals. Therefore, there are no promises or guarantees that the Annexation will be successfully processed/approved by LAFCo. The District will respond in a timely manner to LAFCo's requests for information.

B. The District shall use reasonable best efforts to timely process the applications for service made by Applicant or Applicant's successors in interest, pursuant to the District Code and applicable policies.

C. The General Manager shall have the authority to approve and issue "Intent to Serve" letters that comply with the District's standards and Code, upon payment of all fees and charges specified herein.

9. Dedications and Covenants:

Prior to District's approval of the improvement plans for the improvements that will be dedicated to the District, the Applicant shall offer for dedication to the District easements and other property interests required for such improvements in a form acceptable to the District Engineer and Legal Counsel.

10. Customers of the District:

Upon annexation the property owners, residents, and commercial users within the Area of Annexation shall become "regular customers" of the District with no greater entitlements to service than any other District customer, shall take all water, and solid waste services from the District, and shall be subject to the District's Code.

11. Indemnification and Hold Harmless:

To the extent allowable by law, Applicant agrees to defend, indemnify and hold the District, its directors, officers, employees, agents harmless from costs and expenses, including reasonable attorneys' fees of attorneys chosen by the District, and defense costs, incurred by District or held to be the liability of District in connection with District's defense of its actions in any proceeding brought in any State or Federal court, or administrative tribunal, challenging the District's or SLO LAFCo's actions or decisions with respect to any aspect of the Annexation. Applicant understands and acknowledges that District is under no obligation to defend any legal actions challenging the District's actions with respect to the Annexation.

The Applicant recognizes and hereby agrees that the District and

its directors, officers, employees and agents shall not be liable for any injury or death to any person or damage to any property arising from the performance of any work required hereunder by the Applicant, its officers, employees, independent contractors or agents.

The Applicant shall defend, indemnify and hold the District, its officers, agents, and employees, harmless from any and all claims, causes of actions, demands or charges and from any loss or liability, including all costs, penalties, expenses, attorney's fees, litigation costs, and other fees arising out of or in any way connected with the performance or with the failure to perform under this Agreement by Applicant, its officers, employees, independent contractors or agents, including, but not limited to, the construction of the Project or any improvements associated with the Annexation. In addition, if the District, its directors, officers, employees or agents should be sued as a result of such performance, the District may notify the Applicant which then shall have the duty to defend the District, its directors, officers, employees or agents, or, at the District's option, pay for such defense by attorneys of the District's choice including, but not limited to, payment of all reasonable attorney's fees and expenses incurred by the District, its directors, officers, employees or agents.

Applicant and District hereby agree that District would not enter into this Agreement or agree to annex the Area of Annexation into the District if the District would be liable to Applicant or any of Applicant's successors in interest, assignees, contractors, subcontractors, or partners if District would be subject to monetary damages (including, without limitation, consequential damages) for any breach of this Agreement. The remedy of Specific Performance is adequate to remedy any breach by the District and, therefore, Applicant's sole remedy against the District for any breach hereof shall be limited to the remedy of Specific Performance.

Applicant may transfer the Property, or any portion thereof, to another entity (a "Transferee"). Applicant shall not be released from any obligations under this Agreement unless the Transferee enters into an Assumption and Assignment Agreement that expressly includes the obligations under this Section 11, subject to District's reasonable approval. Applicant shall be released from the obligations under this Agreement if, and only if, (i) Applicant has transferred all interests in the Property to one or more Transferees and (ii) each Transferee has entered into an Assumption and Assignment Agreement in accordance with this Section 11.

#### 12. Termination:

Prior to LAFCo 's final approval of the Annexation, Applicant may terminate this Agreement with fifteen (15) days written notice to District. Termination shall not relieve Applicant of its responsibility for payment of costs incurred by District to the date of termination; however, upon termination the District shall refund the Annexation Fee paid under Section 6(A) and deposits made by Applicant under Section 5 which have not been used by the District prior to the date of termination.

#### 13. 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.

14. Entire Agreement:

This Agreement is the complete and fully integrated agreement between the parties as to its subject, and 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, duly approved, and signed by the Applicant and the District.

15. Notices:

All notices, statements, reports, approvals, requests, bills 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 on the date of delivery if delivered personally or via email, or three (3) days after mailing if enclosed in a properly addressed and stamped envelope and deposited in a United States Post Office for delivery. Unless and until formally notified otherwise, all notices shall be addressed to the parties at their addresses as shown below:

NIPOMO COMMUNITY SERVICES DISTRICT:

General Manager  
Nipomo Community Services District  
P.O. Box 326  
Nipomo, CA

93444

APPLICANT:

Tracy Robins  
1707 Lyn Road  
Arroyo Grande,  
CA 93420

16. Successors and Assigns:

The District and Applicant agree that Applicant's Obligations, Agreements and Covenants contained in this Agreement shall run with the land and shall be binding upon Applicant, its heirs, successors, executors, administrators, and assigns and shall inure to the benefit of District and its successors and assigns.

17. 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, not shall they enter into the interpretation of this Agreement.

18. 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.

19. Interpretation of this Agreement:

The parties acknowledge that each party and its attorney have 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.

20. Venue:

This Agreement has been executed and delivered in the State of California and the validity, enforceability and interpretation of any of the clauses of this Agreement shall be determined and governed by the laws of the State of California. The duties and obligations of the parties created hereunder are performable in San Luis Obispo County and such County shall be the venue for any action or proceeding that may be brought or arise out of, in connection with or by reason of this Agreement.

21. Agreement to be Recorded:

Applicant and District intend and consent to the recordation of this Annexation Agreement in the Office of the County Recorder of the County of San Luis Obispo.

22. Recitals:

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

In Witness Whereof, District and Owner have executed this Agreement the day and year first above written.

Applicant:

By: \_\_\_\_\_  
(Note: Signature must be notarized)  
[Name]

By: \_\_\_\_\_  
(Note: Signature must be notarized)  
[Name]

DISTRICT:

By: \_\_\_\_\_  
Ed Eby  
President

Attest:

Approved as to Form:

\_\_\_\_\_  
Ray Dienzo  
Secretary to the Board

\_\_\_\_\_  
Craig A. Steele  
General Counsel

**JULIE RODEWALD**  
San Luis Obispo County – Clerk/Recorder

Recorded at the request of  
**Public**

AG  
11/18/2011  
1:07 PM

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

STEPHEN K. HALL, Esq., #141802  
STEPHEN K. HALL & ASSOCIATES  
756 SANTA ROSA STREET  
SAN LUIS OBISPO, CA 93401

DOC#: 2011057941



Titles: 1 Pages: 1

Fees	14.00
Taxes	0.00
Others	10.00
PAID	\$24.00

**MAIL TAX STATEMENTS TO:**

Ms. Tracy A. Robins  
1707 Lyn Road  
Arroyo Grande, CA 93420

**DOCUMENTARY TRANSFER TAX \$ -0- (no consideration)**

— Computed on the consideration or value of property conveyed; OR  
— Computed on the consideration or value less liens or encumbrances remaining at time of sale.

STEPHEN K. HALL, Esq.

Signature of Declarant or Agent determining tax – Firm Name

FILED	FEE PAID	EXEMPT	OUT OF STATE
<i>AK</i>			

R&T CODE 11930 TRANSFER TO A REVOCABLE TRUST

A.P.N.: 091-063-039

**TRUST TRANSFER DEED**

SURVEY MONUMENT FEE \$10.00

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, **RALPH P. MITCHELL**, a married man as his sole and separate property, does hereby GRANT, CONVEY AND TRANSFER unto **TRACY A. ROBINS**, as Trustee of the **MITCHELL FAMILY IRREVOCABLE TRUST**, dated November 8, 2011, all of the real property in the County of San Luis Obispo, State of California, described as follows:

Lot 30 of the Porter Pacific Eucalyptus Tract Subdivision No. 1, in the County of San Luis Obispo, State of California, as per Map recorded August 9, 1911 in Book 1, Page 33 of Maps.

Common Address: 1707 Lyn Road, Arroyo Grande, CA 93420

Dated: November 8, 2011

State of California )  
County of San Luis Obispo ) ss.

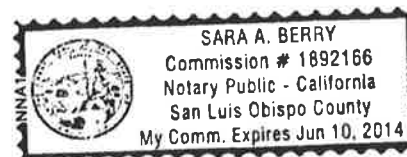
*Ralph P. Mitchell*  
RALPH P. MITCHELL

On November 8, 2011, before me, Sara A. Berry, Notary Public, personally appeared RALPH P. MITCHELL, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacities, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

*Sara A. Berry*  
Signature of Notary Public



END OF DOCUMENT

REGULAR BOARD MEETING  
OF  
NOVEMBER 12, 2025

ITEM E-2

ATTACHMENT D



# NIPOMO COMMUNITY

## BOARD MEMBERS

ED EBY, PRESIDENT  
PHIL HENRY, VICE PRESIDENT  
GARY HANSEN, DIRECTOR  
JOHN JOYCE, DIRECTOR  
TOM GLOVER, DIRECTOR



# SERVICES DISTRICT

## STAFF

RAY DIENZO, GENERAL MANAGER  
JANA ETTEDDGUE, FINANCE DIR/ASST GM  
PETER SEVCIK, DIRECTOR OF ENG. & OPS.  
CRAIG STEELE, GENERAL COUNSEL

*Celebrating 60 Years of Service to the Community, 1965 - 2025*

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148 SOUTH WILSON STREET POST OFFICE BOX 326 NIPOMO, CA 93444 - 0326  
(805) 929-1133 FAX (805) 929-1932 Website address: [ncsd.ca.gov](http://ncsd.ca.gov)

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## PLAN FOR SERVICES

**Date:** November 12, 2025  
**To:** San Luis Obispo LAFCO  
**From:** Nipomo Community Services District

**Applicant Name:** Tracy Robins  
**Mailing Address:** 1707 Lyn Road  
**City, State, Zip:** Arroyo Grande, CA 93420

**Property Address:** 1707 Lyn Road  
**Project Description:** Connect existing parcel to District water service  
**APN:** 091-063-039

### 1. AN ENUMERATION AND DESCRIPTION OF THE SERVICES CURRENTLY PROVIDED OR TO BE EXTENDED TO THE AFFECTED TERRITORY.

The District charges newly annexed users of the water system a differential water use rate based on being served only by imported water. Following annexation, new customers in the Area of Annexation shall pay the then-current rates for service, duly-approved by the Board of Directors. The expected rate will be a base rate of \$47.23 per month and \$10.46 per hundred cubic feet (HCF) of water per month based on actual usage.

The applicant shall also pay a water capacity charge, meter fee, account setup fee, and water inspection fee. The expected total cost is \$16,621 in FY 25-26.

## **2. THE LEVEL AND RANGE OF THOSE SERVICES.**

The project will include one (1) new 1-inch meter which will connect to the District's existing water main in Lyn Road.

The District's 2020 Urban Water Management Plan (UWMP) Update includes estimated water demands for new annexations. The project will not exceed the estimated annexation development demands included in the UWMP Update.

## **3. AN INDICATION OF WHEN THOSE SERVICES CAN FEASIBLY BE EXTENDED TO THE AFFECTED TERRITORY, IF NEW SERVICES ARE PROPOSED.**

The water services can be installed after the applicant submits a complete Will-Serve Application Package to the District.

## **4. AN INDICATION OF ANY IMPROVEMENT OR UPGRADING OF STRUCTURES, ROADS, SEWER OR WATER FACILITIES, OR OTHER CONDITIONS THE LOCAL AGENCY WOULD IMPOSE OR REQUIRE WITHIN THE AFFECTED TERRITORY IF THE CHANGE OF ORGANIZATION OR REORGANIZATION IS COMPLETED.**

The applicant shall install a new 1-inch diameter water service that will connect to the District's existing water main in Lyn Road. Once installed and accepted by the District, the District will install a water meter.

The applicant will also be required to properly abandon the existing water well.

## **5. INFORMATION WITH RESPECT TO HOW THOSE SERVICES WILL BE FINANCED.**

Improvements will be installed at the applicant's expense. There will be no expenditure of District monies, and the District will expect a small increase in property tax revenue equitable to existing percentages received from other parcels within the District service area as a result of the annexation of this property.