

PLAN FOR SERVICES

For the Proposed Annexation and Sphere of Influence (SOI) Amendment

Kylix Vineyards California LP & Dimello LP

Shandon-San Juan Water District (SSJWD)

3425 Truesdale Road, Shandon, CA 93406

APNs 037-301-020, 037-301-025, 037-301-026, 037-301-007, 037-321-001, 037-321-016, & 037-331-014

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1.0 Background

The proposed project is a request by Kylix Vineyards California LP and Dimello LP to amend the Sphere of Influence (SOI) and annex approximately 3,956.63 acres of agricultural land into the Shandon-San Juan Water District (SSJWD). The subject properties are located at 3425 Truesdale Road in rural Shandon, California, within the North County Planning Area, Shandon-Carrizo Sub Area North.

The SSJWD was established in 2016–2017 pursuant to LAFCO Resolution No. 2016-08 as a California Water District authorized to exercise powers under California Water District Law (Water Code § 34000 *et seq.*). The District was created primarily to function as a Groundwater Sustainability Agency (GSA) under the Sustainable Groundwater Management Act (Water Code §10270 *et seq.*) (SGMA) and was formally recognized as a GSA by the State of California Department of Water Resources (DWR) in 2017. SSJWD currently provides groundwater management, monitoring, and reporting services and does not provide sewer, municipal, or industrial water service.

The District manages groundwater sustainability activities within its jurisdiction as part of the Paso Robles Groundwater Basin and participates in the implementation of the adopted

Groundwater Sustainability Plan (GSP). Through its administrative, financial, and technical resources, the SSJWD has the capacity to extend these services to additional properties within its jurisdictional boundaries.

The proposed annexation and SOI amendment will allow the applicant's properties to participate in the District's groundwater sustainability planning and management activities under SGMA, including access to technical and administrative resources and participation in the implementation of the Groundwater Sustainability Plan for the Paso Robles Groundwater Basin.

2.0 Description of Services

Description of Services to Be Provided by the District

The services to be provided by the SSJWD upon annexation will be consistent with the District's established authority and powers under the California Water District Law and SGMA. These include:

- **Groundwater Management and Compliance with SGMA:**
Participation in basin-wide groundwater monitoring, management, enforcement, and reporting pursuant to SGMA and the adopted GSP.
- **Data Collection and Reporting:**
Regular collection and reporting of groundwater pumping, elevation, and quality data to the SSJWD Board of Directors and the DWR.
- **Sustainability Planning:**
Contribution to the development and implementation of the Paso Basin GSP, including monitoring, best management practices (BMPs), and groundwater recharge initiatives.
- **Regulatory Coordination:**
Collaboration with neighboring GSAs, including the County of San Luis Obispo, and state agencies to ensure basin-wide sustainable management.
- **Water Resource Stewardship:**
Promotion of water conservation and recharge projects, as well as exploration of feasible supplemental water sources to support agricultural operations, groundwater augmentation, and sustainable groundwater management.

No municipal water supply, sewer, or fire protection services will be provided. The SSJWD's focus remains exclusively on groundwater management and sustainability consistent with its enabling legislation and SGMA authority.

Boundary of the Proposed Annexation Area

The proposed annexation area consists of approximately 3,956.63 acres encompassing seven (7) legal parcels identified as APNs 037-301-020, 037-301-025, 037-301-026, 037-301-007, 037-321-001, 037-321-016, and 037-331-014. The parcels are contiguous to the existing SSJWD boundary and are located along Truesdale Road and Shell Creek Road, approximately four miles south of

Highway 46 and two miles east of Highway 41. The properties are zoned Agriculture (AG) and are subject to Williamson Act Contracts (Resolution Nos. 76-93 and 76-622). Existing land uses include approximately 742.9 acres of irrigated vineyard, as well as pastureland and cattle grazing areas, with several agricultural structures and one residence on site.

Level and Range of Services to Be Provided

Following annexation, the SSJWD will extend its services, including groundwater management and monitoring services, to the subject territory. These services will be provided at the same level and range currently implemented within the District, including:

- Groundwater monitoring and reporting;
- Participation in regional GSP implementation activities;
- Assessment and evaluation of sustainable groundwater yields; and
- Enforcement of the GSP and District rules and regulations.

No new or additional infrastructure will be constructed as part of this annexation. The District's powers related to water export or sewer service remain inactive.

Indication of Any Improvements or Conditions Required

The annexation will not require physical improvements such as roads, sewer, or new water facilities. The SSJWD may, at its discretion, require groundwater monitoring equipment (such as flow meters or telemetry) to ensure compliance with the GSP. Any future improvement projects identified through the GSP (e.g., recharge basins or monitoring wells) would be subject to further evaluation, funding availability, and environmental review.

3.0 Identification of Existing Service Providers and Potential Fiscal Impact

There are no existing agencies providing the services or a California Water District or groundwater sustainability management services to the subject parcels.

The proposed annexation will not adversely affect other service providers, as there are no overlapping California Water Districts or GSAs providing services within the area. The fiscal impact on landowners will consist solely of the standard District assessment used to fund groundwater monitoring, administration, SGMA compliance, and other activities. The annexation will generate additional assessment revenue for the SSJWD, strengthening the District's financial stability and operational capacity.

4.0 Plan for Financing the Provision of Services

Total Estimated Cost to Provide Services

The SSJWD operates under an annual budget supported by assessments on irrigated, non-irrigated, and residential acreage. The annexation area's participation will contribute proportionately to District operating revenues and will not increase costs for existing members.

Based on the District's current assessment rates of \$35.00 per acre for irrigated land and \$0.11 per acre for non-irrigated land, the total annual assessment revenue generated by the annexation will be approximately \$26,436.73, as summarized below:

- Irrigated Vineyard (742.9 acres x \$35.00) = \$26,001.50
- Non-Irrigated Land (3,213.73 acres x \$.011) = \$353.51
- Total Annual Assessment: \$26,355.01

Additionally, each parcel eligible for residential development may be assessed at \$7.50 per single-family residence, resulting in a potential additional \$52.50 per year if all seven parcels are developed.

Estimated Cost of Services to Customers

The assessments outlined above represent the sole cost of SSJWD membership and participation in the GSA. These funds support basin monitoring, reporting, administration, compliance with SGMA, and other activities SSJWD undertakes from time to time as a California Water District. No additional service charges or connection fees are anticipated.

Identification and Stability of Revenue Sources

The SSJWD's principal revenue source is its annual per-acre benefit assessment approved through Proposition 218 procedures. This funding source has proven stable and predictable since the District's formation.

Additional potential revenue sources include:

- State and federal grants for groundwater monitoring and sustainability projects;
- Collaborative cost-sharing agreements with other GSAs or public agencies; and
- Interest income and permit fees for future projects, if applicable.

Together, these sources provide a reliable and diversified fiscal foundation for the District's continued operations and compliance with SGMA.

Initial Budget Summary

The District's operational budget includes expenditures for administration, groundwater monitoring, legal and consulting services, and SGMA compliance activities. The additional annual assessments generated by the annexation area will contribute to the overall SSJWD budget and provide proportional benefits to member properties through enhanced data collection, representation, and sustainable groundwater management. No new or extraordinary costs are anticipated as a result of the annexation.

5.0 Conclusion

The proposed annexation and Sphere of Influence amendment of 3,956.63 acres into the Shandon-San Juan Water District will allow the applicant to participate in groundwater

sustainability planning and management consistent with SGMA. The District is capable of providing the necessary SGMA and other services without adversely affecting existing members or requiring new infrastructure.

This Plan for Services demonstrates that the SSJWD has the financial, administrative, and technical capacity to extend its established groundwater management functions to the annexation area in a fair, efficient, and sustainable manner.