

# 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, 037-331-015, & 037-331-016**

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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 subject properties are currently located within the County GSA, which, together with SSJWD and the other Paso Robles Subbasin GSAs, implements the adopted Paso Robles Area Groundwater Sustainability Plan (GSP). The proposed annexation will require a corresponding GSA boundary modification whereby the County relinquishes GSA authority over the subject properties and SSJWD assumes GSA authority. This administrative boundary modification will not change the applicable GSP but will transfer local groundwater sustainability management responsibilities from the County GSA to SSJWD.

## **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.

Following annexation and the associated GSA boundary modification, SSJWD will become the Groundwater Sustainability Agency responsible for administering SGMA (Water Code §10270 *et seq.*) within the annexation area. The annexation will not alter the applicable Paso Robles Area GSP, which will continue to govern groundwater sustainability management within the Paso Robles Groundwater Basin. The annexation area will also be subject to the District's jurisdiction

for all purposes within its authority as a California Water District as specified in the California Water Code (Water Code § 34000 *et seq.*).

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, 037-331-015, and 037-331-016<sup>1</sup>. 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**

The subject properties are currently located within the County GSA, which administers SGMA responsibilities for the area pursuant to the adopted Paso Robles Area GSP. Upon annexation, a corresponding GSA boundary modification will occur whereby the County relinquishes GSA

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<sup>1</sup> Following approval and recordation of Minor Lot Line Adjustment N-SUB2023-00022 / COAL 22-0044, APNs 037-331-015 and 037-331-016 were assigned to the reconfigured parcels, which were formerly identified as APNs 037-321-016 and 037-331-014, respectively.

authority over the subject properties and SSJWD assumes that responsibility. The applicable GSP will remain unchanged and continue to be implemented in coordination with the other GSAs within the Paso Robles Subbasin. Because the same GSP will continue to apply, the proposed annexation is not expected to adversely affect groundwater sustainability management or other service providers

The proposed annexation will not adversely affect other service providers, as the GSA boundary modification described above will be coordinated directly with the County and will not create duplicative service providers 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 \$26,355.01 , 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.

Lastly, PRAGA levies separate groundwater extraction fees on properties within the Paso Robles Groundwater Basin, including the subject parcels, under the adopted GSP. These PRAGA fees are independent of, and in addition to, the District's assessments described above; annexation into SSJWD will not offset, reduce, or replace a landowner's independent obligation to pay applicable PRAGA fees.

##### **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 approximately 3,956.63 acres into the SSJWD will transfer GSA authority over the subject properties from the County GSA to the SSJWD through a concurrent GSA boundary modification. Although the subject properties are currently managed under the adopted Paso Robles Area GSP, that GSP will remain unchanged and the applicant is requesting annexation into SSJWD for the reasons set forth below: .

- Logical Boundary Expansion and Contiguity: The subject properties are entirely contiguous to the existing SSJWD boundary.
- Consolidation of Existing Operations: Importantly, the property owner already owns and operates adjacent agricultural parcels within the existing SSJWD boundary<sup>2</sup>. Annexing these adjacent parcels promotes long-term administrative consistency, streamlining the owner's regional water coordination and aligning their contiguous, unified operations under a single, localized public agency rather than having a single operation split between two different GSA jurisdictions.

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<sup>2</sup> The property owner's existing parcels within the SSJWD boundary, contiguous with the proposed annexation area, are APNs 017-251-061, -062, -080, -081, -082, & -083; 017-253-012, -013, -015, -016, -017, & -018; 037-291-007, -009, -010, -036, -037, -038, & -039; 037-301-019, -024, -027, -028, -029, -030, & -031; and 037-311-006, -025, -028, & -029.

- **Administrative Consistency & Coordination:** While the subject properties are currently located within the management boundary of the GSA and are subject to the adopted Paso Robles Area GSP, the purpose of the proposed annexation is not to alter the applicable GSP or change the baseline level of groundwater sustainability management. Rather, the annexation places the parcels within the localized jurisdiction of the SSJWD, a member GSA of the PRAGA that represents neighboring agricultural landowners in this portion of the basin.
- **Resource and Communication Optimization:** This boundary adjustment allows the properties to participate in the regular, water-focused monthly public meetings held by the SSJWD Board, fostering direct communication, efficient localized data collection, and coordinated planning within the surrounding service area.
- **Long-Term Planning Alignment:** In addition, annexation ensures the properties are properly positioned to participate in any future local infrastructure, SSJWD programs, projects, or regional water supply initiatives that may be developed to support cooperative implementation of the GSP or address long-term groundwater sustainability objectives.

The applicable GSP and overall level of groundwater sustainability management will remain completely unchanged.

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.