



Council Agenda Report

From: Darcy Delgado, Associate Planner

Subject: LAFCO's Decennial Paso Robles Sphere of Influence and Municipal Service Review Update

CEQA Determination: The City finds that this action is not a project under the California Environmental Quality Act pursuant to State CEQA Guidelines, Sections §§ 15060, subd. (c)(2)-(3), 15378, subd. (b)(5).

Date: December 2, 2025

Facts

1. The San Luis Obispo Local Agency Formation Commission ("LAFCO") is preparing the required decennial update of the City of Paso Robles' Sphere of Influence ("SOI") and Municipal Service Review ("MSR").
2. A Sphere of Influence is a long-range (approximately 20-year) planning boundary that identifies the probable future limits and service areas of a city. Placement of property within an SOI does not grant additional development rights; it simply informs LAFCO decisions regarding potential future boundary changes.
3. A Municipal Service Review evaluates a jurisdiction's ability to provide municipal services to existing and future development within its SOI.
4. Because the two documents are closely related, the MSR and SOI update processes are conducted concurrently.
5. City staff has been actively reviewing LAFCO's administrative draft of the MSR/SOI Study as part of the update process as it relates to the City's interests.
6. On June 24, 2024, the City Council passed Resolution 24-073 to forward preliminary Sphere of Influence priorities to LAFCO.
7. The draft MSR/SOI Study for the City of Paso Robles is now available for a 30-day public review and comment period, running from November 10, 2025, through December 10, 2025. Once the public review and comment period is complete, the MSR/SOI Study will be scheduled for public hearing by LAFCO.
8. The City Council is requested to review the draft document and provide comments. Staff will transmit all City Council input to LAFCO for consideration during the agency's public hearing process.

Options

1. Take no action; or
2. Direct staff to forward a recommendation on the public draft MSR/SOI Study to LAFCO with or without comments; or
3. Provide alternative direction to staff.

Analysis and Conclusions

The San Luis Obispo Local Agency Formation Commission ("LAFCO") is working to prepare an update of the City's Sphere of Influence ("SOI") and the Municipal Service Review ("MSR") and has asked the City to

provide comments on the public review draft of the MSR/SOI Study. The purpose of the MSR and SOI is to help LAFCO make decisions on a variety of matters, including but not limited to annexations to cities and special districts, city incorporations, activation of powers for special districts, dissolutions of special districts, reorganizations, etc.

MSR/SOI Study Update Process

Efforts by LAFCO to update the City’s MSR/SOI Study have been in progress for the last two years. In 2024, City staff provided input to LAFCO to include the nine existing study areas as well as two new study areas (see Figure 1 below). This input to LAFCO was based on City Council’s direction at their June 4, 2024 meeting (See Attachment 1, Resolution 24-073) which identified what areas should remain within the Sphere of Influence, what areas should be removed, and what areas should be added.

Figure 1 – Initial Sphere of Influence Study Areas

SOI Study Area	Description/ Location	Status	SOI Recommendation
Area 1	Mill Road	Existing	Remain
Area 2	East Chandler Ranch area	Existing	Remove
Area 3	SW corner of Charlois / S River Road (Oak Lane)	Existing	Remove
Area 4	South Ramada Drive	Existing	Remain
Area 5	Bailey Drive	Existing	Remove
Area 6	W 19th Street	Existing	Remove
Area 7	Nacimiento Lake Drive / Mustang Springs Road	Existing	Remove
Area 8	North Vine Street	Existing	Remove
Area 9	Wisteria Lane west of Golden Hill Road	New	Include
Area 10	Buena Vista Drive west of Airport Road	New	Include
Area 11	Union Rd near the Landfill	Existing	Remain

As LAFCO continued refining the MSR/SOI Study, two additional study areas (shown in purple hatch in Figure 3 below) were identified by LAFCO for potential evaluation and are discussed in the MSR/SOI document. In consultation with LAFCO, City staff opposed including these areas in the study for several reasons, including but not limited to anticipated negative fiscal impacts, existing infrastructure that does not meet City standards, the likelihood that General Fund resources would be required to subsidize service provision, and concerns about assuming responsibilities viewed as belonging to the County. Although LAFCO evaluated both areas as part of their analysis, they ultimately concluded—based on the input provided by City staff—that the two new areas should be excluded from the final Sphere of Influence.

LAFCO also determined that Area 10 (Buena Vista Drive west of Airport Road), which was originally recommended by Council to be included in the SOI, should be excluded in the final SOI due to CEQA issues related to prime farmlands. All other areas previously recommended by the City Council remain unchanged in LAFCO’s final recommendation.

The final recommendations regarding areas to retain, remove, or add to the SOI are shown in Figures 2 and 3 below and more comprehensively in the public review draft MSR/SOI Study (see Exhibit A of Attachment 2, Public Review Draft of the Municipal Service Review and Shere of Influence Study). The Council is requested to take action by recommending the public review draft be approved by LAFCO, with or without comments.

Figure 2 – Final LAFCO Sphere of Influence Recommendation Table

SOI Study Areas	Description/ Location	Status	City's SOI Request ⁵⁰	LAFCO SOI Recommendation
1	Mill Road	Existing	Remain	Remain
2	East Chandler Ranch Area	Existing	Remove	Remove
3	SW corner of Charolais / S River Road (Oak Lane)	Existing	Remove	Remove
4	South Ramada Drive	Existing	Remain	Remain
5	Bailey Drive	Existing	Remove	Remove
6	W 19th Street	Existing	Remove	Remove
7	Nacimiento Lake Drive / Mustang Springs Road	Existing	Remove	Remove
8	North Vine Street	Existing	Remove	Remove
9	Wisteria Lane west of Golden Hill Road	New	Include	Include
10	Buena Vista Drive west of Airport Road	New	Include	Exclude
11	Union Rd near the Landfill	Existing	Remain	Remain
12	Rancho Paso Mobile Home Park	New	Exclude	Exclude
13	Almira Water Association	New	Exclude	Exclude

Figure 3 –SOI Study Area Map

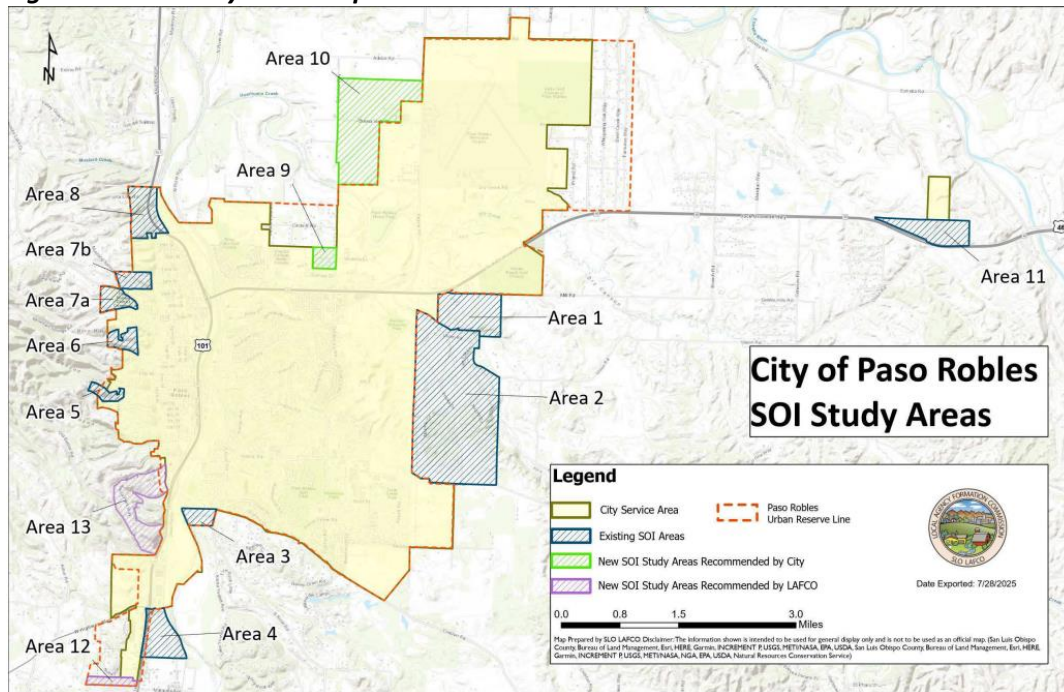
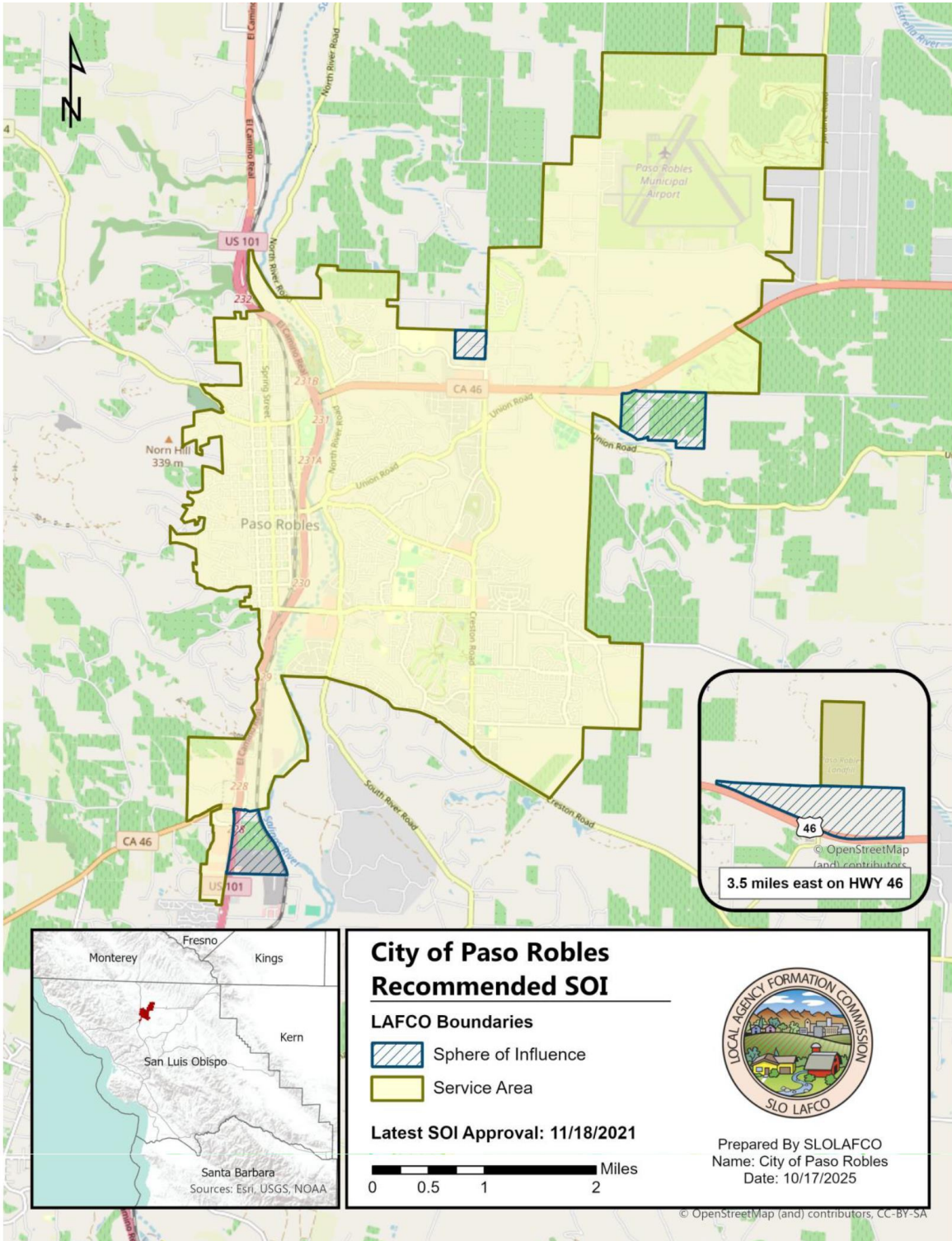


Figure 4 –LAFCO Recommended Sphere of Influence



Fiscal Impact

There is no direct fiscal impact from approving this item. There could be future fiscal impacts from changing the Sphere of Influence. For instance, removing areas from the Sphere that have low economic potential, and greater financial impacts could result in incurred costs. Including areas in the Sphere that have high economic potential, and low financial impacts could result in cost savings.

CEQA

The City finds that the proposed action is not subject to the California Environmental Quality Act (“CEQA”) because it does not qualify as a “project” under CEQA. The proposed action includes directing City staff to forward a recommendation on a draft study to LAFCO. Such action is considered administrative activities that will not result in a physical change in the environment and therefore are not subject to CEQA pursuant to State CEQA Guidelines, Section 15378(b)(5).

Moreover, the proposed action is not subject to CEQA pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment), and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the State CEQA Guidelines because it has no potential for resulting in physical change to the environment, directly or indirectly, as it merely requires the City Council to make a recommendation on a Study which requires final approval by an outside Agency.

Recommendation (Option 2)

Approve Resolution 25-XXX, directing staff to forward a recommendation on the public draft MSR/SOI Study to LAFCO with or without comments.

Attachments

1. City Council Resolution 24-073
2. Resolution 25-XXX – MSR/SOI Study LAFCO
 - a. Exhibit A - Public Review Draft of the Municipal Service Review and Sphere of Influence Study