



CAYUCOS SANITARY DISTRICT

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GOVERNING BOARD

R. Enns, President
J. Curti, Vice-President
J. Smith, Director
J. Clark, Director
J. Billings, Director

**BOARD OF DIRECTORS
SPECIAL MEETING AGENDA
THURSDAY, OCTOBER 22, 2026 AT 4:00 PM
200 ASH AVENUE, CAYUCOS, CALIFORNIA 93430**

1. ESTABLISH QUORUM AND CALL TO ORDER

2. PUBLIC COMMENT ON AGENDA ITEM(S)

As this is a special meeting, members of the public may speak before consideration of the items that appear on this agenda, however, there is no opportunity afforded under the Brown Act to speak on non-agendized items.

3. DISCUSSION AND CONSIDERATION TO ADOPT RESOLUTION 2026-12 ACCEPTING THE PROPERTY TAX ALLOCATION RATE OF 0% FROM THE COUNTY OF SAN LUIS OBISPO FOR ANNEXATION 21

4. DISCUSSION AND CONSIDERATION TO ADOPT RESOLUTION 2026-11 RECOMMENDING CANDIDATES FOR APPOINTMENT TO DISTRICTS 2 AND 3 OF THE CAYUCOS SANITARY DISTRICT BOARD OF DIRECTORS

5. ADJOURNMENT

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CAYUCOS SANITARY DISTRICT STAFF REPORT

AGENDA ITEM:

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TO: BOARD OF DIRECTORS

FROM: DAVID ATHEY, DISTRICT MANAGER

DATE: OCTOBER 22, 2026

SUBJECT: DISCUSSION AND CONSIDERATION TO ADOPT RESOLUTION 2026-12 AGREEING TO A PROPERTY TAX ALLOCATION RATE OF 0% WITH THE COUNTY OF SAN LUIS OBISPO FOR ANNEXATION 21

DISCUSSION

Josef Steinman (Applicant) is proposing to construct an eight-lot subdivision on North Ocean Avenue. This property is within the Cayucos Sanitary District (District) Sphere of Influence and the Applicant desires to annex into the District's Service Area. The Applicant is currently working with Local Area Formation Commission (LAFCO) to finalize the annexation process.

State regulations require that the District and County agree on a tax increment share prior to LAFCO finalizing the annexation process. Historically, the County has agreed to a tax increment share on every annexation. However, the County was unwilling to share any of the tax increment and adopted a 0% increment tax share on July 28, 2026.

The County's unilateral action has left the District without a funding source for these eight lots. District services are partially paid by property taxes. Annexation of properties without a tax increment share is a concern as Proposition 218 does not allow subsidization of one ratepayer at the expense of other ratepayers. Therefore, the District and Applicant have agreed upon an Annexation Settlement Agreement and Revenue Replacement Contribution. The District and Applicant have agreed to a revenue replacement contribution of \$7,340.73 per residential lot.

The District can now move forward with the adoption of a 0% tax increment since the lost tax increment share revenue will be replaced by the revenue replacement contribution. Adoption of the 0% tax increment share will also enable LAFCO to move forward with the annexation. Once the LAFCO process is complete, the District will be able to issue a Will-Serve Letter and the Steinmann subdivision can move forward to construction.

OPTIONS

1. Adopt a 0% tax share increment
2. Send this item back to staff for additional review and consideration
3. Do not act on this item

RECOMMENDATION

Staff recommends that the Board of Directors adopt Resolution 2026-12 establishing a 0% tax increment share with the County of San Luis Obispo.

ATTACHMENTS

1. Resolution 2026-12

RESOLUTION 2026-12

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT ACCEPTING A NEGOTIATED EXCHANGE OF PROPERTY TAX REVENUE AND ANNUAL TAX INCREMENT BETWEEN THE COUNTY OF SAN LUIS OBISPO AND THE CAYUCOS SANITARY DISTRICT

WHEREAS, Joseph Steinmann (the “Applicant”) filed an application with the San Luis Obispo Local Agency Formation Commission (“LAFCO”) to annex Assessor’s Parcel Number 064-481-005, located on North Ocean Avenue, to the Cayucos Sanitary District (the “District”) in connection with a proposed subdivision; and

WHEREAS, in the case of an annexation into the District Service Area, Revenue and Taxation Code Section 99(a)(1) requires that the amount of 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, when a special district is involved, the negotiations are conducted by the Board of Supervisors of the County on behalf of the district or districts, unless otherwise requested by said district or districts pursuant to Revenue and Taxation Code Section 99(b)(5); and

WHEREAS, Revenue and Taxation Code Section 99(b)(6) requires that 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 annual tax increment and requires that each local agency transmit a copy of each such resolution to the Executive Officer of the LAFCO; and

WHEREAS, no later than the date on which the certificate of completion of the jurisdictional change is recorded with the County Recorder, the LAFCO Executive Officer shall notify the County Auditor of the exchange of property tax revenues by transmitting to the Applicant a copy of said resolutions and the County Auditor shall thereafter make the appropriate adjustments as required by law; and

WHEREAS, the negotiations have taken place concerning the transfer of property tax revenues and annual tax increments between the County of San Luis Obispo and the Cayucos Sanitary District pursuant to Section 99(a)(1) for the jurisdictional change designated as Annexation No. 21 to the Cayucos Sanitary District; and

WHEREAS, the negotiating parties County of San Luis Obispo staff, on behalf of the County and the CSD District Manager, on behalf of the Cayucos Sanitary District have negotiated the exchange of property tax revenue and annual tax increments between such entities as hereinafter set forth; and

WHEREAS, it is in the public interest that such negotiated exchange of property tax revenues and annual tax increments be consummated.

NOW, THEREFORE BE IT RESOLVED AND ORDERED by the Board of Directors of the Cayucos Sanitary District, as follows:

1. That the recitals set forth above are true, correct and valid, and are incorporated herein.
2. The Cayucos Sanitary District accepts the negotiated exchange of base property tax revenue and annual property tax increment between the County and the District for Annexation No. 21, as follows:
 - a. No base property tax revenue shall be transferred from the County to the District.
 - b. The District shall receive zero percent (0%) of the annual property tax increment, after allocation to the Educational Revenue Augmentation Fund (ERAF).
3. Upon receipt of a certified copy of this Resolution and a copy of the LAFCO recorded certificate of completion, the County Auditor shall make the appropriate adjustments to property tax revenues and annual tax increments as set forth above.
4. That the Cayucos Sanitary District Board Secretary is authorized and directed to transmit a certified copy of this 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 this 22nd day of October 2026.

Ayes:
Nays:
Absent:
Abstain:

Robert Enns, President
Board of Directors

ATTEST:

APPROVED AS TO FORM:

David Athey
District Manager

Timothy J. Carmel
District Counsel



CAYUCOS SANITARY DISTRICT STAFF REPORT

TO: BOARD OF DIRECTORS

FROM: DAVID ATHEY, DISTRICT MANAGER

DATE: OCTOBER 22, 2026

SUBJECT: DISCUSSION AND CONSIDERATION TO ADOPT RESOLUTION 2026-11 RECOMMENDING CANDIDATES FOR APPOINTMENT TO DIVISIONS 2 AND 3 OF THE CAYUCOS SANITARY DISTRICT BOARD OF DIRECTORS

DISCUSSION

Divisions 2 and 3 currently have no candidates running in the November 2026 General Election. Division 2's term runs from December 2026 to December 2030. Division 3's term runs from December 2024 to December 2028. Any candidate appointed to Division 3 will serve the remaining two years of that term.

When no candidate runs for an open seat, California Election Code Section 10515 stipulates that the San Luis Obispo (SLO) County Board of Supervisors (BOS) must appoint persons to the open division seats. The County Clerk Recorder notified District staff that the Cayucos Sanitary District Board should forward a list of desired candidates for appointment by the BOS by October 22, 2026. The BOS will be appointing the candidates forwarded by the District at the BOS November 3, 2026, meeting.

Board President Enns formed an Ad-Hoc recruitment committee with Vice-President Curti to search for eligible candidates in each division. The Ad-Hoc Committee had not yet identified candidates for Divisions 2 and 3 by Board agenda publishing dates. Therefore, all eligible candidates will be introduced and available for interview at the Board meeting.

The Ad-Hoc Committee recommends that the Board interview identified candidates for appointment for each division.

OPTIONS

1. Interview prospective Division 2 and 3 candidates and instruct staff to forward the Board-selected candidates' names to the BOS for appointment.

RECOMMENDATION

Staff recommends that the Board of Directors interview eligible candidates and vote to adopt Resolution 2026-11 recommending that the SLO County Board of Supervisors appoint the selected candidates to the Division 2 and 3 Director seats.

ATTACHMENTS

1. Resolution 2026-11

RESOLUTION NO. 2026-11

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT RECOMMENDING NOMINEES FOR APPOINTMENT TO DISTRICTS 2 AND 3 OF THE CAYUCOS SANITARY DISTRICT BOARD OF DIRECTORS

WHEREAS, the Cayucos Sanitary District ("District") is a special district organized and existing under the laws of the State of California; and

WHEREAS, the November 3, 2026 General Election includes four seats on the Cayucos Sanitary District Board of Directors, including the seats representing Divisions 1, 2, 3, and 4; and

WHEREAS, no person filed a Declaration of Candidacy for the offices of Director representing **Division 2 or Division 3** during the applicable nomination period; and

WHEREAS, pursuant to California Elections Code Section 10515(b), when no person has filed a Declaration of Candidacy for an elective office of a special district, the supervising authority shall appoint a person who is qualified on the date the election would have been held; and

WHEREAS, the San Luis Obispo County Board of Supervisors is the supervising authority responsible for making appointments to fill the vacant Division 2 and Division 3 seats pursuant to California Elections Code Section 10515; and

WHEREAS, the Board of Directors recognizes the importance of maintaining full representation on the Cayucos Sanitary District Board and has undertaken efforts to identify qualified members of the community who are willing to serve; and

WHEREAS, following the District's recruitment efforts, the Board of Directors has identified **[NAME]** as a qualified and suitable nominee to serve as Director representing **Division 2**, and **[NAME]** as a qualified and suitable nominee to serve as Director representing **Division 3**; and

WHEREAS, the Board of Directors desires to formally recommend these individuals to the San Luis Obispo County Board of Supervisors for appointment to the respective vacant seats.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Cayucos Sanitary District as follows:

SECTION 1. The Board of Directors hereby recommends that the **San Luis Obispo County Board of Supervisors appoint [NAME] to serve as Director representing Division 2** of the Cayucos Sanitary District.

SECTION 2. The Board of Directors hereby recommends that the **San Luis Obispo County Board of Supervisors appoint [NAME] to serve as Director representing Division 3** of the Cayucos Sanitary District.

SECTION 3. The Board of Directors authorizes the District Manager or designee to transmit this Resolution and the names of the recommended nominees to the San Luis Obispo County Board

of Supervisors and/or the appropriate County elections official for consideration pursuant to California Elections Code Section 10515.

SECTION 4. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of the Cayucos Sanitary District at a regular meeting held on _____, 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Robert Enns
President

Amy Lessi
Admin. Services Manager/Board Secretary