



**SAN LUIS OBISPO
LOCAL AGENCY FORMATION COMMISSION
MEETING MINUTES FOR
APRIL 15, 2010**

Call to Order:

The San Luis Obispo Local Agency Formation Commission meeting was called to order at 8:58 a.m. on Thursday, April 15, 2010 in the Board of Supervisors Chambers at the County Government Center in San Luis Obispo, California by Chairman Duane Picanco.

Roll Call:

Present: Commissioners David Brooks, Ed Eby, Bruce Gibson, Allen Settle, and Chairman Duane Picanco and Alternate Commissioners Tom Murray and James R. Patterson

Absent: Vice Chairman Richard Roberts, Commissioner Katcho Achadjian and Alternate Commissioner Kris Vardas

Staff:

David Church, LAFCO Executive Officer, Raymond A. Biering, LAFCO Legal Counsel, Donna J. Bloyd LAFCO Commission Clerk.

Pledge of Allegiance: Led by Commissioner Settle

Non-Agenda Public Comments: None

Consent Agenda:

Item A-1: Submittal of Third Quarter 2009-10 LAFCO Budget Status Report

There were no public comments or comments from the LAFCO Commissioners regarding this item.

**Motion was made by Commissioner Gibson to approve the Consent Agenda.
Commissioner Patterson seconded the motion.**

AYES: Commissioners Gibson, Patterson, Brooks, Eby, Murray, Settle, and Chairman Picanco

NOES: None

ABSTAIN: None

The motion carried with a unanimous roll call vote.

Regular Matters:

Item B-1: LAFCO File 1-R-10, Sphere of Influence Amendment and Annexation No. 30 to the City of Arroyo Grande (Pearwood) and the South San Luis Obispo County Sanitation District

LAFCO Executive Officer David Church introduced this item and provided a PowerPoint presentation.

Mr. Church stated that the City of Arroyo Grande ("City") owns the property in question and has approved a Resolution of Application regarding its development. The purpose of the application before the Commission is to annex the property into the City to implement the City's General Plan and Land Use Approvals and to enhance the City's revenues helping to improve the City's current financial situation.

Mr. Church stated that the site is a 7.4-acre site located on the northern boundary of the City. The area is outside the City's Sphere of Influence ("SOI"). The SOI would be amended to include the area.

Mr. Church stated that the City had approved the proposal through the course of several meetings with the public, the Planning Commission and the City Council. The City has also approved a General Plan Amendment and Approved Mitigated Negative Declaration and the Annexation. A Tentative Tract Map will be approved in the near future.

Mr. Church stated that the land is rezoned for land use with 3.6 acres zoned Residential Hillside and 3.6 acres zoned Public Facilities-Drainage/Open Space with .2 acres being road right-of-way.

Mr. Church stated that the City has limited water resources, but has taken actions to mitigate the water shortage. The City no longer serves the mobile home parks on Halcyon Road, reducing water demand by nine acre-feet. The City has also implemented a mandatory water conservation program.

Mr. Church stated that the City's Mitigated Negative Declaration addresses impacts of this proposal and that mitigation measures have been identified. Mr. Church added that Conditions of Approval for the proposal required approval of a Tentative Tract Map prior to final approval. This was to ensure that mitigation measures were implemented by the City.

Commissioner James R. Patterson (seated for Commissioner K.H. Achadjian) asked who maintained the drainage basin.

Mr. Church stated that the City owns and maintains the property.

Commissioner Brooks asked staff to comment on the letter submitted by the Air Pollution Control District's ("APCD") dated February 1, 2010.

Mr. Church responded that the Clean Air Plan is very restrictive and that most proposals of this type would be inconsistent with the Plan.

Commissioner Tom Murray (seated for Vice Chairman Roberts) asked Mr. Rob Strong, representative for the City of Arroyo Grande, if the City's Well No. 10 was online at this time.

Mr. Strong stated that Well #10 is not yet in service.

Commissioner Murray asked if there was a moratorium on building in the City at this time.

Mr. Strong stated that this project was started over a year ago and that nine months ago a moratorium was placed on new development. The moratorium did not affect projects in progress.

Chairman Picanco asked Mr. Strong how many parcels were left to be served by the City.

Mr. Strong stated that there was no detail on the number of undeveloped lots.

Commissioner Patterson asked about affordable housing.

Mr. Strong stated that the City's Housing Element allowed the use of in-lieu fees from developers. He also stated that the City has acquired a site for new affordable housing units.

Commissioner Patterson asked about water off-sets.

Mr. Strong stated that the City had water and will require developers to implement conservation measures that offset water demand for the project in the amount of two acre-feet.

Commissioner Gibson asked about sea water intrusion into the City's water sources, mandatory water conservation measures and the City's 540 acre-foot margin of available water in relation to build-out.

Mr. Strong stated that the water requirements were within current entitlements and that the City was seeking to develop supplemental water resources. He stated that there was no significant need for water beyond the 540 acre-feet. He also stated that the City is continuing to improve its conservation efforts.

Commissioner Gibson queried Mr. Strong further about water resources for the City.

Ms. Teresa McClish, Planning Director for the City of Arroyo Grande, stated that the building moratorium may be lifted in July 2010 after the City had completed a review process and published its report.

Commissioner Gibson had further discussion with Ms. McClish and Mr. Strong regarding the City's water resources and supply. Commissioner Gibson suggested that an additional condition of approval that confirms the water situation described in the Staff Report be added. The City indicated that it would agree with this additional condition.

Chairman Picanco opened the Item to Public Comments.

Mr. John Wallace, Wallace Group, 612 Clarion Ct., San Luis Obispo, CA 93401, stated that South San Luis Obispo County Sanitary District was able to serve this site and was in support of the proposed annexation.

Chairman Picanco closed the item for comments from the public.

Motion was made by Commissioner Gibson to conditionally approve the Sphere of Influence Amendment to include the Pearwood site in the City of Arroyo Grande's and the South San Luis Obispo County Sanitation District's Sphere of Influence and; conditionally approve Annexation No. 30 to the City of Arroyo Grande and the South San Luis Obispo County Sanitation District and;

prior to filing of the Certificate of Completion by LAFCO, the City shall submit documentation to be reviewed and approved by the LAFCO Executive Officer that confirms the water supply and demand information contained in the Staff Report.

Commissioner Settle seconded the motion.

AYES: Commissioners Gibson, Settle, Brooks, Eby, Murray, Patterson, and Chairman Picanco

NOES: None

ABSTAIN: None

The motion carried with a unanimous roll call vote.

Commissioner Brooks commended LAFCO staff for its work on the proposal

Item C-1: LAFCO File No. 2-S-09, Status Report for the Municipal Service Review and Sphere of Influence Update for the Nipomo Community Services District.

Mr. Church introduced this item and provided a PowerPoint presentation.

Mr. Church stated that the SOI Update/MSR was distributed for a 45-day public review period which ended on March 22, 2010.

LAFCO received comment letters from several organizations. Staff is in the process of reviewing the comment letters. Changes to the SOI Update/MSR may be proposed. Mr. Church is coordinating a meeting with representatives from the Nipomo Community Services District ("NCSD") and County staff regarding the Memorandum of Agreement ("MOA"). Mr. Church stated that the plan is to bring the revised draft SOI Update/MSR to the Commission at the May 20, 2010 meeting.

Chairman Picanco asked about Area 4 for future expansion of the NCSD's wastewater treatment facility.

Mr. Church stated that he would work with the NCSD to clarify of how much acreage might be needed for potential expansion of the wastewater treatment facility.

Commissioner Murray asked about water capacity in the NCSD. He also asked about water conservation and the NCSD's methods of water consumption analysis.

Commissioner Gibson stated that Black Lake Village had concerns about water within the NCSD.

Mr. Church stated that LAFCO and the NCSD will respond to those concerns.

Mr. Church stated that the current MOA restricted serving certain areas with sewer service.

Commissioner Gibson stated that the MOAs, in general, are extremely important for jurisdictions.

Mr. Church stated that, in 2004, the MOA with the County and the NCSD was a key element in the SOI/MSR process.

Commissioner Eby addressed an issue Commissioner Murray had regarding the Intertie project.

Chairman Picanco mentioned the number of private water purveyors in the NCSD and wondered if each purveyor was also adhering to water conservation methods implemented by the NCSD.

Mr. Church stated that the NCSD was trying to include the private purveyors in the process of developing the intertie project. Private purveyors are not required to implement conservation measures.

Chairman Picanco opened the meeting to public comments.

There were no comments from the public. Chairman Picanco closed the meeting to public comment.

Chairman Picanco asked for a motion to receive and file the Status Report for the Municipal Service Review and Sphere of Influence Update for the Nipomo Community Services District.

Commissioner Murray motioned that the Commission receive and file the Status Report for the Municipal Service Review and Sphere of Influence Update for the Nipomo Community Services District.

Commissioner Eby seconded the motion.

AYES: Commissioners Murray, Eby, Brooks, Gibson, Patterson, Settle, and Chairman Picanco

NOES: None

ABSTAIN: None

The motion carried with a unanimous voice vote.

Item C-2: Consideration of the Proposed 2010-11 LAFCO Budget.

Mr. Church introduced this item and provided a PowerPoint presentation.

Mr. Church stated that there was an overall 15% decrease in total expenses which resulted in a 15% decrease in charges to agencies.

Mr. Church discussed LAFCO salaries and benefits, services and supplies, revenues and reserves. Mr. Church stated that this budget responds to LAFCO's current fiscal situation, decreases expenses by 15%, decreases charges to agencies by 15%, and maintains reserves.

There was discussion about "on-hold" applications in the LAFCO system. Mr. Church stated that there was a possibility that some applicants might request refunds of fees paid if they decided to withdraw their respective projects. This would have an impact on reserves/fund balance.

Commissioner Patterson asked if LAFCO staff had contacted those applicants to determine the disposition of their applications.

Mr. Church stated that staff would be sending letters out in the next few weeks.

Commissioner Murray asked about the long-term effect of benefits for LAFCO employees.

Mr. Church stated that the economy was going through a multi-year recovery from the recent economic crisis. This affected pension plans which are also in the process of recovery.

Mr. Raymond Biering, LAFCO Legal Counsel, stated that the San Luis Obispo Pension Trust was a very strong and viable entity. He stated that there would be few future increases in costs.

Commissioner Brooks asked if staff time and costs were charged before refunding monies to applicants.

Mr. Church stated that staff time and costs were charged before refunds were processed.

Commissioner Settle asked when the Orcutt Area Specific Plan proposal would return to LAFCO.

Mr. Church stated that the City would consider a Resolution of Application sometime in the near future.

Commissioner Gibson thanked the LAFCO staff for sharing the increased pension benefit costs.

Chairman Picanco asked if there was sufficient work to keep a new LAFCO analyst busy.

Mr. Church stated that there was, that there were many SOI Updates to prepare, plus an anticipated increase in applications.

Chairman Picanco opened the meeting to public comments.

There were no comments from the public. Chairman Picanco closed the meeting to public comment.

Motion was made by Commissioner Brooks to accept the proposed 2010-11 LAFCO Budget. Commissioner Gibson seconded the motion.

AYES: Commissioners Brooks, Gibson, Eby, Murray, Patterson, Settle, and

Chairman Picanco

NOES: None

ABSTAIN: None

The motion carried with a unanimous roll call vote.

Commissioner Comments: None

Legal Counsel Comments: Mr. Biering discussed the upcoming depositions of Mr. Church and Mr. Hood, former LAFCO Executive Officer, in the Los Robles del Mar matter with the City of Pismo Beach and a developer.

Executive Officer Comments: None

Adjournment: With no further business before the Commission, the meeting adjourned at 10:21 a.m. until the next meeting scheduled for May 20, 2010 at 9:00 a.m. in the Board of Supervisors Chambers at the County Government Center in San Luis Obispo.

THESE MINUTES ARE NOT OFFICIAL NOR ARE THEY A PERMANENT PART OF THE RECORD UNTIL THEY ARE APPROVED BY LAFCO COMMISSIONERS AT THE NEXT REGULAR MEETING.

Respectfully submitted,

Donna Bloyd, LAFCO Commission Clerk