



**SAN LUIS OBISPO
LOCAL AGENCY FORMATION COMMISSION
APRIL 17, 2008**

Call to Order:

The San Luis Obispo Local Agency Formation Commission was called to order at 9:00 a.m. on April 17, 2008 in the Board of Supervisors Chambers at the County Government Center in San Luis Obispo, California by Chairman Richard Roberts.

Commissioners Present: K.H. "Katcho" Achadjian, Bruce Gibson, Barbara Mann, Duane Picanco, Allen Settle, Vice Chairman David Brooks, and Chairman Richard Roberts, Alternate Commissioners Ed Eby and Tom Murray

Commissioners Absent: Alternate Commissioners Gary Nemeth and James R. Patterson

Staff:

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

Pledge of Allegiance - led by Commissioner Brooks

Approval of Minutes: Motion was made and seconded to approve the draft minutes of February 21, 2008.

Non-Agenda Public Comments: None

Consent Agenda:

Item A-1: Consideration of 2007-08 LAFCO Third Quarter Budget Report

Motion was made by Commissioner Achadjian to approve the Consent Agenda. Commissioner Mann seconded the motion.

The motion carried with a unanimous voice vote.

Regular Matters:

Item B-1: LAFCO File 2-R-07: Annexation No. 77 to the City of San Luis Obispo (SLO Airport and Margarita Area)

This item was introduced by LAFCO Executive Officer, Paul Hood. LAFCO Deputy Executive Officer, David Church provided a PowerPoint presentation.

Mr. Hood stated that the project property is considered inhabited (12 or more registered voters). The location of the project is at the south of the City of San Luis Obispo's ("the City") city limits. The Airport Area is comprised of 270 acres and the Margarita Area is comprised of

256 acres containing 66 parcels. This annexation would be considered the first phase of three annexations envisioned for the entire area.

Mr. Hood also stated that the area is within the City of San Luis Obispo's Sphere of Influence ("SOI"). The SOI was updated in 2006. Mr. Hood stated that, according to the Municipal Service Review ("MSR"), the City is prepared to serve future growth and development in the project area. Mr. Hood added that the City carefully manages its resources and plans for future development.

Mr. Hood spoke about the Margarita/Airport Area Specific Plans in the project area and LAFCO's Agriculture Goals-Policies-Guidelines. Specifically, Policy No. 12 discussed annexation of prime agricultural lands.

Mr. Hood stated that the City has complied with Policy No. 12 by adopting mitigation measure LU-5.1 which dedicates open space land or Pay-in-Lieu Fees to secure open space easements on Ag lands outside the URL at a ration of no less than 1:1.

Mr. Hood also discussed the Airport Area Specific Plan in depth.

Mr. Hood stated that LAFCO is acting as a Responsible Party for this project and is using SLO's environmental documentation. Mr. Hood added that the City has pre-zoned the area and has prepared adequate CEQA documents.

In discussing the City services to be provided to the area, Mr. Hood stated that the City has an adequate, reliable, sustainable water supply. He stated that the City's Specific Plans will only be built out if the City has an available water supply at the time of build out. Mr. Hood further stated that the City prepares an annual water status report. As well as an adequate water supply, the sewer capacity is adequate and will need increased capacity as the City expands.

Mr. Hood stated that the City provides police and fire to the area in a "first responder" role. Other services include: Parks & Recreation, solid waste removal and road maintenance.

Regarding the property tax exchange for the area, Mr. Hood stated that the San Luis Obispo County Board of Supervisors approved the property tax agreement on February 12, 2008. Details are as follows:

SLO approved the Property Tax Agreement on February 12, 2008;

No annual property tax increment shall be transferred from the County to the City;

All sales tax accruing from the area within the Airport Area shall accrue to the City;

The City and County have agreed to a phased approach for redistribution of sales tax;

Over a 5-year period the City will pay to the County one percent sales tax generated in the Airport Area;

In the first year, the City shall pay the County 100% of the sales tax; and

This payment will be reduced by 20% per year until year 6, when the City will retain all of the sales tax

Mr. Hood stated that the City had performed many various public outreach procedures and that there had been numerous public hearings regarding the project area.

Mr. Hood explained the Conducting Authority process to the meeting participants.

In summary, Mr. Hood stated that the City has completed a rigorous planning process to arrive at this point in the annexation project. He stated that:

The annexation is a logical and orderly extension of the City's boundaries;

All steps in the annexation process have been completed;

The City has the resources to serve the annexation; and

The annexation is consistent with LAFCO policies and procedures.

There was discussion among the Commissioners regarding possible creation of an island if some property owners did not wish to be annexed.

Mr. John Mandeville, Community Development Director, City of San Luis Obispo, stated that he was available to answer questions from the Commission. Mr. Mandeville stated that this project is an in-fill project not a leap frog annexation. He stated that all LAFCO requirements have been met. Mr. Mandeville also stated that this annexation is supported by a majority of the property owners.

Commissioner Achadjian asked Mr. Mandeville about building permits currently in the County system.

Mr. Mandeville stated that all building permits currently in the County system will be honored by the City.

Commissioner Gibson asked about saving prime agriculture lands.

Mr. Mandeville stated that there is a Citywide General Plan in place to protect and preserve agriculture lands and that the protection of the lands goes into effect when those properties begin to be developed.

Mr. Hood stated that with the new LAFCO Agriculture Goals-Policies-Guideline in place there is now a condition of annexation that agricultural lands be protected. He added that City staff assured LAFCO of the 1:1 ratio for preserving agricultural land. Mr. Hood stated that there must be an element of trust in conducting business.

There was discussion among the Commissioners, LAFCO staff, and City staff regarding water and sewer hook-ups, types of potential development and zoning for new business and those already in place.

Commissioner Settle stated that, for the long-term, the savings outweighed the costs for land owners.

Chairman Roberts opened the meeting to public comment.

Mr. Ned Rogoway, Rogoway Planning Group, 412 Marsh Street, San Luis Obispo, CA 93401 requested a continuance on behalf of his client Air-Vol Block.

Mr. Michael Jencks, Esq., 4349 Old Santa Fe Road, Suite 5, San Luis Obispo, CA 93401, representative for the Dolezal Family Limited Partnership requested a continuance on behalf of his client.

Mr. Pat Stone, 165 Suburban Road, San Luis Obispo, CA 93401, stated his concerns that a portion of his property could be used for easements and/or to build a road onto another property.

Commissioner Achadjian asked the City staff about a possible road.

Mike Codron, Associate Planner, City of San Luis Obispo, stated that he and his staff had numerous conversations and meetings with Mr. Stone and had assured him that his property would not be affected by the annexation to the City. Mr. Codron stated that Mr. Stone's property is "on the border" between the City and County and that the road needs to be down the middle of that area, but that there were no requirements for Mr. Stone's property. He stated that the road would be built "as if" it were located entirely in the County.

Commissioner Achadjian had a discussion with Mr. Stone regarding the benefit and necessity of having a road in place when or if Mr. Stone decided to develop or sell his property.

Mr. Michael Sullivan, 1127 Seaward Street, San Luis Obispo, CA 93405, requested a continuance based on potential impacts to the environment of the annexation area.

Ms. Susan Basham, Esq., Price, Postel & Parma, LLP, 200 East Carrillo Street, Santa Barbara, CA requested a continuance on behalf of her client Hanson Aggregates. Hanson Aggregates has voiced concern that once a part of the City, it will be deemed an "undesirable neighbor".

Mr. Codron stated that the City already had pre-annexation agreements with AirVol Block, and that the agreement had been approved by the SLO City Council.

He further stated that there were ongoing discussions regarding a pre-annexation agreement in place with Mr. Jencks' clients. Mr. Codron stated that the City wanted the businesses in the annexation area to remain successful.

Mr. Codron stated that there was a pre-annexation agreement in discussion with Hanson Aggregates which is not ready for immediate approval.

Mr. Codron asked the Commission to take action on the annexation and not delay any longer. He stated that many property owners were ready to hook up to City water and sewer services.

Commissioner Mann asked Mr. Codron if the pre-annexation agreements that were unfinished could be finished within one month.

Mr. Codron responded in the affirmative.

Mr. Mandeville stated that under zoning ordinances which are State law, existing uses of the properties are "grandfathered" into the annexation and existing use of the properties will not be

changed. Only businesses new to the area will need to follow City procedures and meet City standards.

Commissioner Settle asked for clarification regarding the EIR.

Mr. Mandeville stated that the EIRs for the City Specific Plan were the basis for the environmental review. Mr. Mandeville stated that the City Specific Plan has been certified with no legal challenges. He stated that road alignment has been reviewed many times.

Mr. David Church, LAFCO Deputy Executive Officer stated that LAFCO is the responsible agency in this annexation project and that the City Specific Plan is fully vetted.

Commissioner Gibson asked if environmental issues had been studied.

Mr. Church and Mr. Mandeville both answered in the affirmative.

Commissioner Achadjian asked if Hanson Aggregates was in danger of becoming an "undesirable neighbor".

Mr. Mandeville and Mr. Codron both stated that the City wanted Hanson's Aggregates to continue doing business.

Mr. Jencks requested additional time to speak to the Commission.

Chairman Roberts requested that Mr. Jencks keep his comments very brief.

Mr. Jencks stated his client's concern with the "grandfathering" process for the office park.

Mr. Codron stated that a business in the office park could close and the space remain empty for 6 months. Only after that could a new business be required to meet City standards. In the 6-month period, a new business could open in that space and still be under the "grandfathering" process.

Motion was made by Commissioner Settle to use the environmental review documentation adopted by the City of San Luis Obispo to meet the requirements of the California Environmental Quality Act and approve, by resolution, Annexation No. 77 to the City of San Luis Obispo.

Commissioner Achadjian seconded the motion.

Commissioner Brooks stated that, according to the Cortese-Knox-Hertzberg Act, certain impacts were acceptable.

Commissioner Achadjian stated that the 6-month "grandfathering" period was a definite agreement.

Commissioner Mann stated that waiting for one month to approve the annexation was acceptable to her.

AYES: Commissioners K.H. "Katcho" Achadjian, Bruce Gibson, Barbara Mann, Duane Picanco, Allen Settle, Vice Chairman David Brooks, and Chairman Richard Roberts

NOES: Commissioner Mann

ABSTAIN: None

The motion carried with a six to one roll call vote.

Special Matters:

Item C-1: Consideration of the Proposed 2008-09 LAFCO Budget

Mr. Hood introduced this item and there was discussion about the various line items. Mr. Hood stated that the 2007-08 fiscal year had been a busy one for LAFCO, with several large projects having been successfully completed.

There was discussion among the Commissioners regarding the proposed budget.

Commissioner Achadjian asked if LAFCO was indemnified in case of possible lawsuits.

Mr. Raymond A. Biering, LAFCO Legal Counsel, stated that an indemnification agreement was included with the paperwork for each project.

There was discussion among LAFCO staff and Commissioners regarding the budget dilemma for the State of California as well as the County of San Luis Obispo. There was also discussion regarding employee benefits and retirement programs.

Motion was made by Commissioner Mann to (1) approve the 2008-09 LAFCO Budget as set forth in Exhibit A of the Staff Report and (2) increase the designation to reserves to 15 percent of the operating budget.

Commissioner Settle seconded the motion.

AYES: Commissioners Barbara Mann, Allen Settle, K.H. "Katcho" Achadjian, Bruce Gibson, Vice Chairman David Brooks, and Chairman Richard Roberts

NOES: Duane Picanco

ABSTAIN: None

The motion carried with a six to one roll call vote.

Closed Session:

Item D-1: Public Employee Personnel Evaluation and Amendments to Employment Contract: LAFCO Executive Officer

At 11:07 a.m. Chairman Roberts, closed the session to the public to discuss Item D-1: Public Employee Personnel Evaluation and Amendments to Employment Contract (Pursuant to Government Code Section 54957): Executive Officer

At 11:37 a.m., Chairman Roberts called the open session back into order.

Special Matters, continued

C-2: Consideration of Amendments to the Executive Officer's Employment Contract

Mr. Raymond A. Biering, Mr. Biering reported that the LAFCO Commissioners conducted an annual personnel evaluation regarding Mr. Hood and that Mr. Hood "exceeded expectations" in all areas and would be compensated with a salary adjustment of 3.5% plus a COLA. Mr. Hood's contract would also be updated to reflect changes that have occurred since 2005.

The Commissioners unanimously approved Mr. Hood's salary adjustment and contract update as stated above.

Commissioner Comments: None

Legal Counsel Comments: None

Executive Officer Comments: None

Adjournment: With no further business before the Commission, the meeting adjourned at 11:41 a.m. until the next meeting scheduled for May 15, 2008 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 J. Bloyd, Commission Clerk.