



**SAN LUIS OBISPO
LOCAL AGENCY FORMATION COMMISSION
JULY 31, 2008**

Call to Order:

The San Luis Obispo Local Agency Formation Commission was called to order at 9:00 a.m. on July 31, 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, Duane Picanco, Allen Settle, Vice Chairman David Brooks, and Chairman Richard Roberts, Alternate Commissioners Ed Eby and Tom Murray

Commissioners Absent: Commissioner Barbara Mann and 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 Eby

Approval of Minutes: Motion was made and seconded to approve the draft minutes of April 17, 2008.

Chairman Roberts asked Donna Bloyd, LAFCO Commission Clerk, to explain the timing system to members of the public. Ms. Bloyd stated that there is a clock on either podium that shows the amount of time as it diminishes. There is also a yellow warning light when a speaker is near the end of the allotted time and a red light when the end of the allotted time is reached. There is also a timer on the screen behind the dais that is visible to the audience.

Non-Agenda Public Comments:

Ed Eby, LAFCO Commissioner speaking as a private citizen. Mr. Eby posed a question regarding a proposed County boundary change to the Commission.

Mr. Hood responded by explaining the procedures, noting that LAFCO is not involved in County boundary changes.

Chairman Roberts stated that Item A-3 involving Taxpayers Watch would be removed from the consent agenda and would be considered separately as a regular matter.

Consent Agenda:

Item A-1: Ratification of Voting Delegates for the 2008 CALAFCO Annual Conference.

Item A-2: Submittal of 2007-08 LAFCO Year-end Budget Report.

Motion was made by Commissioner Gibson to approve the Consent Agenda.

Commissioner Picanco seconded the motion.

**AYES: Commissioner Gibson, Commissioner Picanco, Commissioner Achadjian
Commissioner Brooks, Commissioner Eby, Commissioner Settle, Chairman Roberts**

NOES: None

ABSTAIN: None

The motion carried with a unanimous roll call vote.

Regular Matters:

**Item A-3: Ratification of Time Extension for Taxpayers Watch to Pay LAFCO Charges
Associated with Processing the Proposal to Dissolve the Los Osos Community Services
District.**

Public Comment:

The following people spoke against a time extension:

Lisa Schicker, 2122 9th Street, Los Osos, CA 93402

Chris Allebe, P.O. Box 6617, Los Osos, CA 93412

Julie Tacker, 2807 Redman Dr., Los Osos, CA 93402

Bruce Payne, 1061 Green Oaks Drive, Los Osos, CA 93402

Gewynn Taylor, P.O. Box 6383 Los Osos, CA 93412

Norman Risch, 1665 10th Street, Los Osos, CA 93402

Chuck Cesena, 591 Ramona Avenue, Los Osos, CA 93402

Craig Woodmansee, 1218 13th Street, Los Osos, CA 93402

Jerri Walsh, 1911 Nancy, Los Osos, CA 93402

Keith Swanson, 541 Ramona Avenue, Los Osos, CA 93402

The following people spoke in favor of a time extension:

Sharon Frederick, P.O. Box 6477, Los Osos, CA 93412

Lynette Tomatzky, 1341 16th Street, Los Osos, CA 93402

Joyce Albright, 597 Woodland Drive, Los Osos, CA 93402

Chairman Roberts closed the public comment portion of the item.

Mr. Raymond Biering, LAFCO Legal Counsel explained the details of fees and costs associated with requiring an immediate payment from Taxpayers Watch. He stated that there would be some costs associated with pursuing immediate payment through the court system and that the process would take several months. Mr. Biering stated that it was not unreasonable for Taxpayers Watch to have requested an extension in time to pay their remaining costs since they have been extremely punctual up to this point.

Commissioner Gibson asked Mr. Biering about the cost of enforcing the original agreement and about late fees.

Commissioner Eby asked the total amount owed by Taxpayers Watch.

Commissioner Gibson asked Mr. Biering what could be done to immediately collect the remaining monies.

Mr. Biering responded that the process would require a court judgment enforcing the settlement agreement.

Mr. Hood, LAFCO Executive Officer stated that LAFCO had a Stipulation for Extension of Payment Schedule Pursuant to Stipulation for Entry of Judgment signed by Ms. Joyce Albright and that, based on the Commission's approval, he would sign it.

Commissioner Brooks stated that all the costs would be collected from Taxpayers Watch, and that no fees had been waived. He stated that a time extension would not affect LAFCO funds.

Commissioner Achadjian asked if more costs would accrue if a time extension were granted.

Mr. Biering stated that no costs would be incurred in collecting the approximately \$4,000 at \$1,000 per month.

Commissioner Gibson asked the total amount that LAFCO is owed not including court costs for a judgment requiring immediate payment. He made a motion to grant a time extension through January 1, 2009.

Commissioner Settle stated that he was in agreement that Taxpayers Watch should have a specific time by which the monies owed are repaid in full.

Commissioner Picanco asked if Commissioner Gibson's motion is to ask Taxpayers Watch to pay up to \$2,000.00 per month. He stated that the \$1,000.00 per month repayment rate was acceptable to him since all payments had been made on time.

Commissioner Brooks stated that he concurred with Commissioner Picanco.

Commissioner Achadjian stated that it was acceptable to him if all payments were made by the end of the fiscal year instead of the calendar year.

Chairman Roberts asked Mr. Biering to summarize the motion.

Mr. Biering stated that the current motion was that Taxpayers Watch could make any size monthly payment or a balloon payment as long as the balance was paid in full by January 1, 2009.

Motion was made by Commissioner Gibson to stipulate that Taxpayers Watch pay all LAFCO charges associated with processing the proposal to dissolve the Los Osos Community Services District by January 1, 2009.

Commissioner Settle seconded the motion.

AYES: Commissioner Gibson, Commissioner Settle, Commissioner Achadjian,

NOES: Vice Chairman Brooks, Commissioner Eby, Commissioner Picanco, Chairman Roberts

ABSTAIN: None

The motion failed with a 3 to 4 roll call vote.

Commissioner Eby stated that he did not want LAFCO to incur court costs and supported the proposed time extension at \$1,000 per month.

Motion was made by Commissioner Brooks to ratify the extension of time for Taxpayers Watch to repay LAFCO charges at \$1,000 per month associated with processing the proposal to dissolve the Los Osos Community Services District.

Commissioner Picanco seconded the motion.

AYES: Vice Chairmen Brooks, Commissioner Picanco, Commissioner Achadjian, Commissioner Eby, Commissioner Gibson, Commissioner Settle, Chairman Roberts

NOES: None

ABSTAIN: None

The motion carried with a unanimous roll call vote.

Item B-1: LAFCO File 1-S-08: Consideration of Municipal Service Review for the Cambria Community Services District.

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

Mr. Hood stated that in December 2007, the Commission had approved the Sphere of Influence Update ("SOI") and Municipal Service Review ("MSR") for the Cambria Community Services District ("CCSD"). A limited MSR was prepared and approved by the Commission. In response to public input and a number of service issues faced by the CCSD, the Commission directed LAFCO Staff to complete a more comprehensive MSR for the CCSD. The expanded MSR was completed in June 2008 and was released for public review on June 5, 2008 with the comment period ending on July 11, 2008.

Mr. Hood stated that this is an informational document that expands on the work approved by LAFCO in December 2007. It is not intended for use in updating the CCSD's existing SOI. The CCSD's SOI will remain unchanged from what was determined in December 2007.

Mr. Hood asked Mr. Church to comment further on the issue.

Mr. Church stated that the MSR summarizes the service capability of the CCSD. This MSR is an expanded review based on information provided by the District. The North Coast Area Plan and other County documents were also used to prepare the MSR. Mr. Church reviewed the steps in the service review process.

Mr. Church stated that the CCSD is a well-documented entity. There are many reports, studies and audits as well as other documents available for review. There were a variety of studies made available to LAFCO for staff to review.

Mr. Church stated that the District was working through some challenging issues such as:

- Water supply alternatives-desalinization plant
- Establishing new water rates
- Implementing a build-out reduction program
- Infrastructure improvements to water and sewer systems

Mr. Church stated that the District is aided by professional consultants for their long term financial plan, water master plan and draft EIR.

He further stated that it appears that the CCSD is managing these issues in a professional and timely manner.

Mr. Church had some suggestions based upon the MSR:

- Improve the organization of the budget
 - All narrative sections to describe functions
 - Management discussion and analysis found in the Annual Audits are very useful
 - The CCSD may want to consider adopting budget policies and guidelines
- The CCSD may want to continue to improve their public outreach efforts.

Mr. Church stated that several organizations as well as one individual had responded during the public comment period:

Ms. Amanda Rice
Sierra Club
Greenspace
SLO County Agriculture Commissioners Office

The Sierra Club and Greenspace questioned the use of the Water Master Plan and the Draft EIR as an information source.

Ms. Rice provided detailed comments regarding the MSR

The SLO County Agriculture Commissioners Office had no concerns with the MSR.

Mr. Church stated that LAFCO Staff recommended approval of the CEQA Exemption and approval of the MSR with minor changes proposed in the staff report attachment B as follows:

Changes:

Page 10: clarify that the County prepared the North Coast Area Plan.

Modify language: "The plan reflects many of the concerns and values of the community."

Page 26: add language that the CCSD stopped adding to the wait list in 1990.

Page 27: a summary of the Chevron settlement will be added.

Page 33: clarify that the \$8.1 million will not be a bond.

Page 36: clarify the language to indicate that the Final Fiscalini Ranch Preserve document will be considered.

Public Comment:

Tammy Rudock, General Manager, CCSD, stated that the \$8.1 million is only a proposal and not yet a loan to the CCSD and has not been approved.

Commissioner Eby asked Ms. Rudock if there was a contingency for the coming water rate protest hearing in the CCSD.

Ms. Rudock stated that there was not, because there was a balanced operations budget.

Amanda Rice, 2220 Ardath Drive, Cambria, CA 93428, thanked LAFCO staff for their prompt response to her letters and questions and comments to the MSR.

Joan Cobin, President CCSD Board of Directors, spoke on the state of the CCSD and its future plans.

Jerry McKinnon, 2580 Emerson Road, Cambria, CA 93428, rebutted Ms. Cobin's remarks.

Peter Chalcott, member CCSD Board of Directors, stated that the Board of Directors did not wish to increase its authority in the CCSD.

Commissioner Gibson thanked Ms. Rice and David Church for their attention to and work on the MSR. He asked if the Sphere of Influence for the CCSD should be pulled back and stated that it was not necessary to do so at this time, suggesting that it be revisited in the next SOI Update.

Motion was made by Commissioner Gibson to:

- 1) **Approve the CEQA Exemption and Environmental Checklist as set forth in Attachment A of the staff report, and**
- 2) **Approve the Municipal Service Review with the changes proposed in Attachment B of the staff report.**

Commissioner Achadjian seconded the motion.

AYES: Commissioner Gibson, Commissioner Achadjian, Vice Chairman Brooks, Commissioner Eby, Commissioner Picanco, Commissioner Settle, Chairman Roberts

NOES: None

ABSTAIN: None

The motion carried with a unanimous roll call vote.

Special Matters:

Item C-1: Request from CALAFCO for Nominations to the CALAFCO Board of Directors

Mr. Hood explained that there are three open seats on the CALAFCO Board of Directors. He explained the responsibilities of the members of the Board.

Commissioner Brooks asked Mr. Hood if there were costs to LAFCO associated with membership on the Board.

Mr. Hood explained that the Board held a meeting each quarter, so there are costs associated with travel.

Commissioner Settle stated that he would like to run for the City member position on the CALAFCO Board.

Commissioner Achadjian nominated Commissioner Settle for the position.

Commissioner Brooks seconded the nomination.

There was a unanimous voice vote nominating Commissioner Settle for the CALAFCO Board of Directors position.

Commissioner Comments: None

Legal Counsel Comments: None

Executive Officer Comments: Mr. Hood stated that Donna Bloyd would give a brief update on the upcoming CALAFCO Annual Conference that will take place September 3-5, 2008. Ms. Bloyd stated that the conference is to be held at Universal Studios in Los Angeles and that there were various activities available for attendees and spouses. She stated that all attendees were registered for the conference as well as for the hotel. She stated that she would send the final schedule of activities to all attendees when it was available and asked that if any attendees had questions to contact her.

Mr. Hood stated that he attended the Special Districts annual meeting in Avila Beach in early July. He stated that he had also attended a meeting of the SLO County Grand Jury, at their invitation, to provide an update on LAFCO. The newly seated Grand Jury is meeting with various agencies to better understand what they do.

Adjournment: With no further business before the Commission, the meeting adjourned at 10:27 a.m. until the next meeting scheduled for August 21, 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.

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