



**SAN LUIS OBISPO
LOCAL AGENCY FORMATION COMMISSION
APRIL 16, 2009**

Call to Order:

The San Luis Obispo Local Agency Formation Commission meeting was called to order at 9:00 a.m. on Thursday, April 16, 2009, in the Board of Supervisors Chambers at the County Government Center in San Luis Obispo, California by Chairman David L. Brooks.

Roll Call:

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

Absent: Alternate Commissioners Tom Murray and Kris Vardas.

Staff:

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

Pledge of Allegiance: Led by Chairman Brooks

Approval of Minutes: Motion was made, seconded, and passed to approve the draft minutes of February 19, 2009.

Non-Agenda Public Comments:

Ed Eby, LAFCO Alternate Special District Commissioner, speaking as a member of the public, stated that he wanted to give the Commission a report regarding the Nipomo Community Services District water pipeline. He stated that a meeting would be held in Nipomo on Thursday, April 23, 2009.

There were questions from the Commissioners regarding a variety of possibilities regarding the issue.

Consent Agenda Items:

Item A-1: Consideration of 2008-09 LAFCO Third Quarter Budget Report

There was no discussion of the Consent Agenda.

Motion was made by Commissioner Roberts to approve the Consent Agenda

Vice Chairman Picanco seconded the motion.

The motion carried with a unanimous voice vote.

Special Matters:

Item B-1: SB 375 - Discussion and Appointment of LAFCO Commissioner to Steering Committee

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

Mr. Church stated that SB 375:

- Encourages regional planning to reduce vehicle use and regulated greenhouse gas emissions (GHG)
- Requires regional transportation plans to include a Sustainable Communities Strategy (SCS)
- The San Luis Obispo Council of Governments (SLOCOG) is starting the process of updating the RTP
 - The SCS must consider Spheres of Influence in their preparation
 - SB 215 would make the SCS a factor LAFCO would need to consider.
 - Allows exemption from CEQA for projects that are consistent with the SCS.

Mr. Church stated that the San Luis Obispo Regional efforts include:

- Meetings to explore implementation of SB 375 with staff from APCD, COG, SLO County, and LAFCO
- Planning is underway to prepare a preliminary SCS
 - Regional Transportation Plan (RTP) is being updated with a Draft RTP due for public review in November/December 2009
 - A Preliminary SCS is proposed for inclusion into the Draft RTP
 - This offers San Luis Obispo County an opportunity to get ahead of the SCS curve

This approach has been approved by the APCD, COG and SLO County

Mr. Church reported that a Joint Policy Committee (JPC) is being formed to oversee the preparation of the SCS. The JPC includes:

- Two Board members from the COG
- One Board/Commission member from the APCD
- One Board member from the Board of Supervisors
- Executive Directors from the APCD, COG SLO County, and LAFCO

- The JPC would review all the work products and provide feedback and guidance
- There would be a working team of staff to prepare information and data to be included in the SCS
- An outreach program will be implemented over the next six months to incorporate feedback from a variety of stakeholders
- The APCD has appointed City of Paso Robles Councilman John Hamon
- The COG has appointed Grover Beach Mayor John Shoals and Board of Supervisors member James R. Patterson
- The County Board of Supervisors has appointed Board Chairman Bruce Gibson
- It is recommended that LAFCO appoint a Commissioner to the JPC

Mr. Church stated that the Commissioners might like to discuss who would like to serve on the JPC.

Mr. Hood stated that he and Chairman Brooks had discussed this matter and the decision was made to appoint a representative from LAFCO.

Commissioner Picanco suggested that a member representing special districts be appointed to the JPC.

Chairman Brooks stated that he had discussed this issue with Mr. Hood and, if nominated by the Commission, he would serve on the JPC.

Commissioner Achadjian moved that Chairman Brooks be appointed as the LAFCO representative to the JPC.

Commissioner Picanco seconded the motion.

The motion carried with a unanimous voice vote.

There was discussion among the commissioners regarding the JPC procedures and committee make-up.

Commissioner Achadjian asked why LAFCO could not appoint two members to the JPC.

Mr. Hood stated that appointing two members was allowed, however, the second appointment would be made by the SLOCOG.

Mr. Ron De Carli, SLOCOG, spoke, stating that the JPC is an information-gathering committee for the development strategy. The kick-off of the SCS would be September 2010.

Commissioner Achadjian recommended that Commissioner Settle be appointed to the JPC. Commissioner Roberts seconded the recommendation. Mr. De Carli mentioned that he would

discuss the matter with SLO COG President John Shoals to make sure that the City of San Luis Obispo was represented in the JPC.

Mr. De Carli stated that the JOC is an ad hoc committee of the SLOCOG with 10 members

Item B-2: Consideration of the Proposed 2009-10 LAFCO Budget

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

Mr. Hood stated that, overall the budget shows a one per cent (1%) increase in total expenses which results in a one per cent (1%) increase in charges to agencies. The LAFCO staff salaries are recommended for a zero increase. Benefits are increased slightly because of increased pension costs. The Services/Supplies line item has been reduced by two percent (2%).

Mr. Hood further stated that the budget reflects an annual rent increase of one per cent (1%) and reduced travel costs (accommodations, car rentals), reduced costs in equipment, office supplies and copying line items.

Mr. Hood summarized the proposed budget by indicating that it responds to
LAFCO's current fiscal situation,
Accommodates increases in pension costs, and
Increases LAFCO reserves to about 11%

Commissioner Gibson stated that he appreciated LAFCO's cost containment and thanked the LAFCO staff for not increasing salaries. He suggested a symbolic show of support to local agencies by not increasing the charges to agencies. Commissioner Gibson suggested that by not increasing charges to agencies, and by placing the lesser amount of the fund balance into the reserve account, the LAFCO reserve would still be at nine per cent (9%).

There was discussion among the commissioners regarding the proposed charges to agencies.

Mr. Hood stated that last year the Commission had charged him with creating a 15% reserve and that the reserve account is at 9% at this time.

Commissioner Settle stated that he was a fan of reserve accounts and that he was in favor of increasing the LAFCO reserve account since it may be necessary to use monies from the account for unexpected costs.

There was continued discussion among the commissioners regarding the proposed budget.

Alternate Commissioner Patterson, speaking as a member of the public, thanked the LAFCO staff for presenting a budget that represents the state of the economy and that, given economical conditions, holding the charges to agencies at one percent (1%) in addition to what staff has done as far as reducing several line items and not increasing salaries, was positive.

Commissioner Patterson suggested not increasing the charges to agencies.

Motion was made by Commissioner Settle to approve the 2009-10 LAFCO Budget as set

forth in Exhibit A of the Staff Report.

Commissioner Mann seconded the motion.

AYES: Commissioners Settle, Mann, Achadjian, Picanco, Roberts, Chairman Brooks

NOES: Commissioner Gibson

ABSTAIN: None

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

Closed Session:

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

At 9:44 a.m. Chairman Brooks closed the session to the public to discuss Item C-1: Public Employee Personnel Evaluation and Amendments to Employment Contract (Pursuant to Government Code Section 54957): Executive Officer.

At 9:59 a.m. Chairman Brooks called the open session back into order.

Report on Closed Session:

Mr. Biering, LAFCO Legal Counsel, reported that the LAFCO Commissioners conducted an annual personnel evaluation regarding Mr. Hood and that Mr. Hood “exceeded expectations” in all areas. The Commission stated that Mr. Hood’s request for no additional compensation had been accepted.

Each Commissioner made a personal statement of appreciation to Mr. Hood, acknowledging his superb conscientiousness and productiveness throughout the year.

Commissioner Mann stated that Mr. Hood was “wonderful” to work with.

Mr. Hood thanked the Commissioners for their comments.

Commissioner Settle thanked the LAFCO staff for their work.

Special Matters, continued

Item B-3: Consideration of Amendments to the Executive Officer’s Employment Contract

There were no amendments to the Executive Officer’s Employment Contract.

Informational Items:

Item D-1: Report on AB 1109 (Blakeslee)

Mr. Hood introduced this item. Mr. Church provided a PowerPoint presentation. Mr. Hood stated that the Bill proposes to address “nonperforming or insolvent” special districts and their possible liabilities.

He stated that around the state many public agencies are in financial distress. The current law would likely transfer substantial liabilities to a successor agency if dissolution were approved.

Mr. Hood further stated that the Bill is intended to limit the liability that successor agencies would incur if a district were dissolved. The Bill is a two-year bill at this time which provides time for it to be fully vetted and, most likely, amended.

Commissioner Gibson stated that he did not notice a concept of a “buffer” in the bill.

Mr. Hood stated that he and Mr. Biering are part of the working group that is reviewing state and federal bankruptcy laws.

Commissioner Settle stated that even if a special district files a Chapter 9 bankruptcy, the rate payers are still obligated to pay the debts.

Mr. Biering stated that was true but the County may also have an obligation to pay the debts if the bill does not pass.

Commissioner Settle stated that contractual obligations must still be paid and any fines levied must be paid. Commissioner Settle also asked about state and federal sanctions.

Mr. Biering responded that if a district files for bankruptcy the sanctions are rescinded unless they are imposed against specific individuals.

There was discussion among the Commissioners regarding the bill and its possible implementation date.

Mr. Hood stated that the bill may be two more years in the process of discussion and amendments before its implementation which would be in 2011.

Item D-2: Report on the April 29 - May 1, 2009 CALAFCO Staff Workshop to be held at the Cliffs Hotel in Pismo Beach

Mr. Hood introduced this item. Mr. Church reported on the status of the upcoming CALAFCO 2009 Staff Workshop that will be held April 29-May 1 at The Cliffs Resort in Shell Beach.

Mr. Church stated that a mobile workshop tour of the San Luis Obispo area is one of the features of the workshop. He also summarized the other events and meetings and stated that the attendees will hear welcoming words from Pismo Beach Mayor, Mary Ann Reiss, Supervisor Gibson and LAFCO Chairman Brooks.

Commissioner Comments: Commissioner Settle stated that he attended a CALAFCO University course on SB 375 and felt that valuable information had been presented.

Legal Counsel Comments: None

Executive Officer Comments: Mr. Hood also stated that the San Luis Obispo Special Districts reappointed Chairman Brooks for the term ending in 2012.

Mr. Hood reported that Taxpayers Watch paid their bill in full regarding LAFCO file no. 2-R-06, Dissolution of the Los Osos Community Services District.

Mr. Hood stated that there will be a CALAFCO board meeting on May 15 in Sacramento that he and Commissioner Settle will attend.

Adjournment: With no further business before the Commission, the meeting adjourned at 10:31 a.m. until the next meeting scheduled for May 21, 2009 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