



**SAN LUIS OBISPO
LOCAL AGENCY FORMATION COMMISSION
FEBRUARY 19, 2009**

Call to Order:

The San Luis Obispo Local Agency Formation Commission meeting was called to order at 9:00 a.m. on Thursday, February 19, 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, Chairman David L. Brooks, and Richard Roberts, and Alternate Commissioner Ed Eby.

Absent: Commissioner Allen Settle, and Alternate Commissioners Tom Murray, Jim Patterson, 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

Chairman Brooks presented a plaque of appreciation to Commissioner Roberts, who was the LAFCO Commission Chairman for 2008.

Chairman Brooks presented a plaque to former Alternate City Commissioner Gary Nemeth, who was unable to attend this meeting. Vice-Chairman Picanco will present the plaque to Mr. Nemeth at a future City of Paso Robles City Council meeting.

Approval of Minutes: Motion was made, seconded, and passed with one abstention to approve the draft minutes of January 15, 2008.

Non-Agenda Public Comments: None

Consent Agenda Items: None

Mr. Paul Hood, LAFCO Executive Officer advised the Commissioners that a new Alternate City Commissioner had been selected by the City Selection Committee. The new alternate is Mr. Kris Vardas, City of Pismo Beach.

Regular Agenda Items:

Item A-1: LAFCO File 3-S-08: Consideration of the Municipal Service Review and Sphere of Influence Determination for the Avila Beach Community Services District.

Mr. Hood introduced this item. A PowerPoint presentation was provided by Mr. David Church, LAFCO Deputy Executive Officer.

Mr. Hood stated that the Sphere of Influence Update/Municipal Service Review (SOI/MSR) for the Avila Beach Community Services District (ABCSD) had been prepared at the direction of the Commission. The Public Review Draft of the SOI/MSR was released on December 12, 2008, with the comment period ending on February 2, 2009. LAFCO staff attended the January 12, 2009 ABCSD Board of Directors meeting, and met with the San Miguelito Mutual Water Company Board of Directors on January 16, 2009.

At the January 15, 2009 LAFCO Commission Hearing, the item was continued to the February 19, 2009 hearing.

Mr. Hood stated that the results for the meetings show that the ABCSD is a well-documented entity. Available for LAFCO review were:

- studies
- reports
- Water and Wastewater Master Plans
- budgets
- audits

Mr. Hood stated that the ABCSD was working through some challenging issues:

- water supply
- water rates
- wastewater improvements
- other infrastructure improvements

Mr. Hood stated that the ABCSD manages these issues in a professional and responsive manner and that the ABCSD appears to be in stable financial condition.

Mr. Hood stated that comments on the SOI/MSR Public Review Draft had been received from the ABCSD, Port San Luis Harbor District, San Miguelito Mutual Water Company, and Chevron.

Mr. Church stated that the Chevron Oil Company had stated that they would need 65 acre-feet of water for the tank farm project

Commissioner Gibson asked about the principals of the San Miguelito Mutual Water Company.

Mr. Church responded that the principals are the stockholders and property owners.

Commissioner Roberts stated that the water company appeared to be a cooperative group.

Mr. Church stated that he met with the water company to discuss the ABCSD SOI/MSR, explaining what it was and assuring the principals that the SOI would not impede their operations.

Mr. Hood stated that there were issues around the State regarding mutual water companies not being connected with districts.

Mr. Church stated that there were no issues and that the water company has expanded although it was within the ABCSD SOI. He further stated that an SOI is a planning boundary.

Vice Chairman Picanco stated that he did not want a repeat of problems associated with other districts. He stated that the ABCSD did not have enough water to serve their obligations.

Mr. Church responded that the ABCSD recognized their water problem. He added that there were accessible wells and the Chevron would be responsible for finding their own water supply.

Mr. Hood stated that the San Miguelito Mutual Water Company has State water plus a buffer.

Commissioner Gibson asked if, based on the expected demand, the ABCSD would not issue "will serve" letters until there is a clear policy in place.

Mr. Church responded that he believed that the ABCSD did not issue will serve letters in excess of their water supply.

Chairman Brooks opened the meeting to public comment.

Mr. John Wallace, General Manager of the ABCSD, 612 Clarion Court, San Luis Obispo, CA 93401, stated that he was available to answer questions from the Commissioners.

He stated that there is another water company in the Avila Valley, the Avila Valley Water Company, plus the San Luis Coastal Unified School District and that there were inter-ties among the districts and CSA 12. Mr. Wallace stated that the SOI/MSR is a "horizon" document with a 15-20 year horizon and that the ABCSD had no problems with the operation of the San Miguelito Mutual Water Company.

Mr. Wallace stated that the Chevron situation required no will serve letters. He added that the tank farm will develop at some time in the future. He stated that the ABCSD Water Master Plan allocated 20 acre-feet of water to the tank farm. He stated that the ABCSD was not aware that Chevron planned to request 65 acre-feet of water. He added that the ABCSD received 168 acre-feet of water from Lopez and the State and that there was 65 acre-feet not being used at this time.

Mr. Wallace stated that with all the water resources the ABCSD sewer plant expected 200,000 gallons per day usage. He further stated that the Port San Luis Harbor owned 35% of the capacity.

Vice Chairman Picanco asked what happens in the "wet" months.

Mr. Wallace stated that the ABCSD needed to tighten their system and reduce flows from some pipes and create more manholes. He stated that the tourist season created more problems than the wet season.

Commissioner Achadjian asked about the Diablo Canyon Desalinization Plant.

Mr. Wallace responded that, because of distance, it was a costly plan and far into the future of water planning.

Commissioner Gibson asked about the ABCSD effluent disposal plan.

Mr. Wallace responded that there was a pipeline into the ocean that had recently been surveyed with the results of the survey showing that it was in good condition. He added that a longer pipeline would be installed at some time in the future.

Mr. Wallace also stated that the ABCSD financial situation was positive.

Motion was made by Commissioner Achadjian to approve the Municipal Service Review and Sphere of Influence Determination for the Avila Beach Community Services District,

Commissioner Mann seconded the motion.

AYES: Commissioner Achadjian, Commissioner Mann, Commissioner Gibson, Vice Chairman Picanco, Commissioner Roberts, and Chairman Brooks

NAYS: None

ABSTAIN: None

The motion carried unanimously.

Special Matters:

Item B-1: 2009-10 Work Plan Based on Results of the Sphere of Influence (SOI) and Municipal Service Review (MSR) Update Surveys.

Mr. Hood introduced this item and turned the floor over to Mr. Church. Mr. Church stated that LAFCO was starting the process of updating the MSR reviews for the following cities and districts:

- City of Pismo Beach
- City of Atascadero
- Nipomo Community Services District
- Oceano Community Services District

Mr. Church further stated that the Memoranda of Agreement between each city and the County (Pismo Beach and Atascadero) should be reviewed for consistency with SB 375 and other regional planning efforts.

LAFCO will work with the Air Pollution Control District (APCD) and the Council of Governments (SLOCOG) to implement SB 375 and promote collaboration between jurisdictions.

Mr. Church reported that in seeking feedback and direction from the jurisdictions and LAFCO:

- Sent a questionnaire to aid LAFCO in determining whether an update was necessary. The questionnaire was sent to five cities, two community services districts, the cemetery districts, and the South County Sanitation District.

LAFCO received responses from:

four of the five cities with a telephone call from the City of Grover Beach
one of the two CSDs
six of the ten active cemetery districts

Following is information from the SOI/MSR Questionnaire.

City of Pismo Beach

Working on the Price Canyon Master Plan
A Constraints Analysis is being prepared
A Master Plan and EIR are under consideration for the project
1,700+ acres are being studied in the area

Constraints include:

Traffic
Topography
Water
The need for a railroad crossing
Visual
Biology-wildlife movement

The City Council will meet later in February 2009 to provide direction on the project.

City of Atascadero

Eagle Ranch is in the works
No other expansions have been planned or requested
Atascadero Mutual Water Company is updating its Water Master Plan

City of Arroyo Grande

There are a number of small SOI adjustments to be made
20+ acre city-owned parcel
SOI reduction excluding some mobile home parks
No major expansion of the SOI is foreseen

City of Paso Robles

The City has requested that their SOI not be reviewed for two years. The City is currently updating the Circulation and Housing Elements of its General Plan.

The River Oaks project includes 20 acres, an SOI Amendment and an annexation.

City of Grover Beach

The City's Interim Community Development Director telephoned in December requesting a discussion of the Grover Beach SOI in the New Year (2009).

Nipomo Community Services District

The CSD is working on the pipeline project with the City of Santa Maria. The EIR is being reviewed.

The NCSD prefers the existing SOI and is in the process of complying with the conditions of the SOI as follows:

- Reduce water conservation by 15%
- Obtain a supplemental water supply
- Update the Urban Water Management Plan (completed)

Oceano Community Services District

There is a possibility of a mobile home park annexation in the future.

Following are actions planned as a result of the SOI/MSR Questionnaire.

City of Pismo Beach

- Update the SOI after the Master Plan/EIR is complete
- The MSR should then be updated with the new information
- Annexations will be processed following the SOI Update and further development planning by the City (Specific Plan/EIR)
- The City will provide comments on any public documents

City of Arroyo Grande

- Update the SOI after the mobile home parks have been removed from the Arroyo Grande SOI
- Prepare an updated MSR.

City of Atascadero

- Monitor the Eagle Ranch development process
- Provide comments on any proposal/project
- Make findings that the existing SOI is adequate
- Update the MSR

City of Paso Robles

- Comment on the River Oaks EIR which includes a 20-acre annexation to the City
- Prepare an updated MSR based on the River Oaks project information and EIR.

Nipomo Community Services District

- Update MSR information using the EIR and Urban Water Management Plan
- Provide comments on any existing proposals/projects
- Make findings that the existing SOI is adequate

Oceano Community Services District

Process the SOI amendment/annexation for the mobile home parks application
Update MSR information
Make findings that the existing SOI is adequate

Cemetery Districts

Update MSR information
Make findings that the existing SOI is inadequate

Mr. Church stated that LAFCO will update the Commissioners as the information gathered is studied.

Commissioner Gibson asked about Memoranda of Agreement (MOAs) among Special Districts, Cities and the NCS.

Mr. Hood stated that the Cortese-Knox-Hertzberg Act (CKH) requires there to be MOAs between all cities and the County. Also, the NCS has a MOA that was approved by the County and the NCS Board.

There was discussion among the Commissioner and staff about how the jurisdictions were notified of SOI/MSR Updates and the MOA process.

Chairman Brooks asked if all Commissioners and interested parties were aware that the SOI for the City of Paso Robles received a 24-month delay.

Mr. Hood stated that the delay had been confirmed with all parties.

Motion was made by Commissioner Roberts to approve the 2009-10 Work Plan Based in Results of the Sphere of Influence (SOI) and Municipal Service Review (MSR) Update Surveys.

Commissioner Mann seconded the motion.

The motion carried with a unanimous voice vote.

Informational Matters:

Item C-1: Report on the February 12-13, 2009 CALAFCO Board of Directors Retreat and Meeting.

Mr. Hood reported on the retreat stating that it was a Strategic Planning Workshop which took place in a riparian area in Irvine, CA. There was discussion about CALAFCO's Mission, opportunities and resources future CALAFCO needs and possible changes, legislative policies, and the Association Governance. Commissioner Settle was also present as a member of the CALAFCO Board of Directors.

There were questions and discussion from the Commissioners regarding CALAFCO dues, voting policies, philosophic issues, a possible division of the state into three separate

CALAFCO areas, and responsibilities of LAFCOs statewide.

Item C-2: Report on the January 29, 2009 CALAFCO Legislative Committee Meeting.

Mr. Hood reported on the Legislative Committee meeting regarding financial liabilities of successor agencies. He stated that there was nothing in the Cortese-Knox-Hertzberg Act regarding districts that are dissolved that are financially viable.

Mr. Hood stated that some agencies are in financial distress and some cities and districts are going bankrupt. If those agencies file for a disincorporation or dissolution, the matter comes before LAFCO, which needs to know how to dissolve those entities without impacting the successor agencies. There is a need to insulate the successor agency. Mr. Hood is working with Assemblyman Blakeslee's staff and CALAFCO to draft legislation to address this issue

Mr. Hood reported that other discussion at the meeting included the status of LAFCO legislation, new proposed LAFCO legislation, and an update on SB 375.

Commissioner Gibson asked if the successor agency bill had a good chance of going forward.

Mr. Hood responded he was "hopeful" that it would proceed.

Commissioner Gibson asked if by filing bankruptcy an entity was separated from other issues regarding continuation of services.

Mr. Hood stated that these are separate issues that need to be addressed in the bill.

Commissioner Achadjian asked if the proposed legislation involved other districts and cities in the state.

Mr. Hood stated that this is a statewide issue.

Item C-3: Report on the April 29-May 1, 2009 CALAFCO Staff Workshop to be held at the Cliffs Resort Hotel in Pismo Beach.

Mr. Hood stated that the SLO LAFCO is hosting the CALAFCO Staff Workshop this year. The venue has been well-received among the LAFCOs statewide and that there has been positive response to the workshop.

Mr. Hood stated that a mobile workshop has been planned for participants. The areas to be visited are Cal Poly, the SLO Airport Area, and Avila Beach. There will be a presentation of San Luis Obispo's greenbelt project and San Luis Obispo's sustainable vision with presentations by City staff and Cal Poly staff.

Commissioner Comments: None

Legal Counsel Comments: None

Executive Officer Comments:

Mr. Hood stated that the 2009 CALAFCO Annual Conference will be at Tenaya Lodge near

Yosemite on October 28-30, 2009 rather than near the Labor Day weekend as has been the tradition.

Adjournment: With no further business before the Commission, the meeting adjourned at 10:04 a.m. until the next meeting scheduled for March 19, 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