



**SAN LUIS OBISPO
LOCAL AGENCY FORMATION COMMISSION
JUNE 18, 2009**

Call to Order:

The San Luis Obispo Local Agency Formation Commission meeting was called to order at 9:00 a.m. on Thursday, June 18, 2009, in the Board of Supervisors Chambers at the County Government Center in San Luis Obispo, California by Vice Chairman Duane Picanco.

Roll Call:

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

Absent: Chairman David Brooks, Commissioner Allen Settle, and Alternate Commissioner James R. Patterson.

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 Commissioner Achadjian

Approval of Minutes: Motion was made, seconded, and passed to approve the draft minutes of April 16, 2009.

Non-Agenda Public Comments:

Boyd Horne, League of Women Voters, thanks LAFCO staff for their attention to Avila Valley matters and their willingness to share information.

Chairman Pro Tem, Duane Picanco, read a letter to the Commissioners and LAFCO staff from Chairman Brooks commending the staff for their outstanding professional service. A plaque was also presented to LAFCO staff in appreciation.

Regular Matters:

Item A-1: LAFCO File 1-R-09: Sphere of Influence Amendment and Annexation No. 5 to the Oceano Community Services District (Halcyon Estates).

Paul Hood, LAFCO Executive Officer, thanked the Commissioners for their kind words and the plaque and introduced Item A-1. Deputy Executive Officer, David Church, provided a PowerPoint presentation.

Mr. Hood stated that this item involves Grande Mobile Manor and Halcyon Estates Mobile Home Park, whose property owners were in the audience: Chuck Knollenberg and Jerry Collins. The purpose of the Sphere of Influence Amendment (SOI) and Annexation is to

provide reliable, adequate, sustainable water service for the two existing mobile home parks (MHP) as well as to provide other services available from the Oceano Community Services District (OCSD). Those services include: fire protection, parks and recreation, solid waste removal, and street lighting.

Mr. Hood further stated that a third MHP, Ken Mar Gardens, should be considered for inclusion to this proposal, so as not to leave a gap in the boundary of the OCSD. Ken Mar Gardens would be left on their water well until such time as it deteriorates and that they ask the District for water service.

Mr. Hood stated that it made sense to include Ken Mar Gardens in the SOI Amendment and annexation. The acreage and location of the three MHPs are as follows:

Grande Mobile Manor and Halcyon Estates are 5.9 acres located at The Pike and Halcyon Road

Ken Mar Gardens is 5.3 acres located adjacent to and south of the first two MHPs.

Mr. Hood stated that this area is located within the City of Arroyo Grande's SOI which was updated in 2004. Consideration was given to placing these parcels into the OCSD's SOI at that time so that water services could be provided. Today's action would also amend the City's SOI.

Mr. Hood stated that the City of Arroyo Grande does not have adequate water supply to continue serving these MHPs. The Outside User Agreements signed in 2003 were temporary in nature and the City of Arroyo Grande had been extending the agreements as necessary. Water is wheeled through City pipes to the MHPs.

Mr. Hood further stated that:

- The MHPs will not be served by the City in the future,
- the City could continue to provide sewer service, and
- the City supports the action.

Mr. Hood stated that the OCSD has an adequate water supply to serve the MHPs and it has approved the service agreements with the two MHPs (Grande Mobile Manor and Halcyon Estates) and had approved the water wheeling agreement with the City of Arroyo Grande.

Mr. Hood stated that LAFCO is acting as the Lead Agency for CEQA issues in this case. A Categorical Exemption is recommended. There would be no significant impacts from this action and a Notice of Exemption would be filed if the action is approved by the Commission.

A Conducting Authority Hearing will be held following the waiting period. Mr. Hood recommends adding the Ken Mar Gardens MHP to the OCSD.

Mr. Hood stated that a new condition is recommended: Provision of Indemnification Insurance to the OCSD before the annexation is finalized.

Commissioner Achadjian had a question concerning who had jurisdiction of the Ken Mar Gardens water well and if the OCSD had plenty of water.

Mr. Hood responded that the two wells are only being used for landscaping because of poor

water quality. They need to be upgraded or the MHPs need to be connected to a better water source. The area is currently in the County and the City of Arroyo Grande does not want to use the wells.

Mr. Church stated that the wells would still be available for outdoor use.

Commissioner Eby asked if the Ken Mar Gardens MHP was a passive party.

Mr. Hood stated that this MHP did not want to be involved because they get good quality water from their well. The main objection of the MHP was the expense involved with the annexation. After discussion with the OCSD, it was determined that the MHP would not incur expenses and will not be required to connect to the OCSD water until they want to.

Commissioner Eby asked is the sewer can be disconnected if Ken Mar Gardens MHP does not pay their bill.

Commissioner Mann stated that the OCSD did not want to push the sewer issue because of money. She stated that Arroyo Grande, Grover Beach and the OCSD all own the sewer pipes.

Commissioner Achadjian asked if Arroyo Grande and the OCSD sewer bills are paid.

Mr. Hood stated that LAFCO does not get involved with payment of bills by jurisdictions.

Chairman Pro Tem Picanco asked about the annual water usage for the MHPs.

Mr. Church stated that 8.7 acre feet per year (afy) were used by the two MHPs. In 2008, a total of 890 afy was used by the District. He also stated that state water is a "wild card".

Ms. Cindy Lewis, Wallace Group, 612 Clarion Ct., San Luis Obispo, CA 93401, stated that this application is an excellent example of how local governments can work together. She asked the Commission to approve the application.

Motion was made by Commissioner Achadjian to:

- 1) Approve, by resolution, the Sphere of Influence Amendment to reduce the City of Arroyo Grande's SOI excluding the parcels identified in the Staff Report;**
- 2) Approve, by resolutions, the Sphere of Influence amendment to expand the Oceano Community Services District SOI to include the parcels identified in the Staff Report;**
- 3) Approve, by resolution, Annexation #5 to the Oceano Community Services District, including the addition of Ken Mar Gardens Mobile Home Park, with the following conditions:**
 - a) Prior to the Certificate of Completion being filed by the Executive Officer, the District shall enter into an agreement with Ken Mar Gardens Mobile Home Park owners that allows the use of their on-site well until Ken Mar Gardens chooses to hook up to the OCSD water system.**
 - b) Prior to the Certificate of Completion being filed by the Executive Officer, the**

proponents shall submit a revised legal description and map that includes the Ken Mar Gardens Mobile Home Park. The map shall be reviewed by the County Surveyor, modified if needed and resubmitted.

c) Prior to the Certificate of Completion being filed by the Executive Officer, the applicant and District shall agree to terms regarding insurance and any necessary indemnification agreements.

Commissioner Roberts seconded the motion.

AYES: Commissioners Achadjian, Roberts, Eby, Gibson, Mann, Vardas and Chairman Pro Tem Picanco

NOES: None

ABSTAIN: None

The motion carried with a unanimous roll call vote.

Informational Items:

B-1 Report on the April 29-May 1, 2009 CALAFCO Staff Workshop, The Cliffs Hotel, Pismo Beach.

Mr. Hood introduced this item stating that Chairman Brooks, Commissioner Gibson and Mayor Reiss welcomed attendees to Pismo Beach and the Central Coast.

Mr. Church extended LAFCO's compliments to The Cliffs Hotel because of their excellent service, both to individual attendees and to CALAFCO in general.

Chairman Pro Tem Picanco stated that CALAFCO had presented LAFCO staff with a Certificate of Appreciation for the CALAFCO Staff Workshop.

B-2 Report on the SB 375 Joint Policy Committee (JPC)

Mr. Church summarized the Joint Policy Committee's (JPC) introduction to SB 375. The JPC stated that the bill affected everybody. The next JPC meeting will be June 24, 2009.

Commissioner Gibson stated that it is a daunting task, but that San Luis Obispo County is the right scale for getting things done. He stated that he is "cautiously hopeful".

B-3 Report on the Price Canyon Master Plan

Mr. Hood introduced this item and turned the floor over to Mr. Church.

Mr. Church stated that the Price Canyon Master Plan ("the Plan") is a total of 1,700 acres: 820 acres within the City's SOI and 880 acres outside the SOI. The Plan is considering having 600+ residential units, a golf course, for visitor services uses.

Mr. Church stated that this is an early look at the Plan, but a possible outcome of the Plan could

be urban sprawl and doubling the size of the City of Pismo Beach.

Mr. Church explained the LAFCO review process:

- Master Plan Approval-EIR Certification
City completes Master Plan & EIR for the area
- Prepare SOI Update/MSR/MOA
- LAFCO prepares documentation
Parts can be prepared concurrent to the Master Plan
- SOI Update/MSR/MOA considered by LAFCO
Expansion/reduction of SOI
- Specific Plan-Prezoning Approval of Environmental Review
Certified by City for individual properties
- Consideration of Annexation by LAFCO
Approval/Denial

Mr. Church stated that agricultural lands would be set aside, which is unusual. Thirty percent of the 1,700 acres would be open space.

Chairman Pro Tem Picanco asked what the number of developed acres would be.

Commissioner Eby stated that in LAFCO's letter to the City of Pismo Beach four topics were mentioned: Water, AG lands, Sprawl, residential areas. He voiced concerns regarding how LAFCO would deal with each issue.

Mr. Church stated that Commissioner Eby brought up good points and stated that the water would be reclaimed water, and that the sprawl issue would need to be addressed early in the process.

Commissioner Eby stated that the designed "sprawl" might be acceptable to the County and wondered if the project would be annexed to the City of Pismo Beach for water.

Commissioner Achadjian felt that the water question was premature and that the jurisdiction should take the responsibility for providing water to the project.

Mr. Hood stated that LAFCO's intent is to work with the City of Pismo Beach, the property owners, and to keep all individuals apprised of the situation before they go through the LAFCO process.

Alternate Commissioner Vardas stated that the project was important to the City of Pismo Beach. He stated that pages in the LAFCO staff report outlined a 5-step process for the Plan, but that the City of Pismo Beach was taking six steps.

Alternate Commissioner Vardas stated that the Pismo Beach City Council had prepared a "constraints analysis" as a tool to form a project description. He further stated that the EIR process would refine the project to prevent urban sprawl.

Alternate Commissioner Vardas defined areas on the maps that were presented at the hearing and stated that the circulation portion of the project had not yet been discussed by the City. He again stated that the City thinks that this is an important project.

Commissioner Mann stated that the State water is for the City of Pismo Beach and not for use outside of the City.

Mr. Randy Bloom, Pismo Beach Planning Department stated that the water issue is “all encompassing” and the water will not come from a single source. It will come from a combination of all sources. He stated that the City Council has a policy that all developers must bring water to all projects.

Mr. Bloom thanked CALAFCO for holding the Staff Workshop at The Cliffs in Pismo Beach.

Mr. David Watson, King Ventures, 285 Bridge Street, San Luis Obispo, CA 93401, stated that the development process for this project is the work of three of the five property owners who are known by the LAFCO staff. He stated that while LAFCO had identified four critical issues, there were more than four.

Mr. Watson stated that this is a large project and an important one which will not “slide by” any entity. He stated that LAFCO will see the project details.

Mr. Watson added that the project began different from what was shown at today’s meeting. He stated that the project had 300 afy of potable water and 400 afy of reclaimed water, which is groundwater. He stated that the project owners were very enthusiastic about the opportunity for using reclaimed water.

Commissioner Comments: Commissioner Eby made a brief report about the Nipomo Community Services District (NCSD) regarding their water pipeline project. He said that the NCSD was certified for 3,000 afy and that the project had been approved and filed with the State. He stated that the NCSD needs to secure financing which would most likely be by creating an assessment district. The NCSD needs \$21 million to begin construction by 2010 and have “wet” water by the first quarter of 2011.

Legal Counsel Comments: None

Executive Officer Comments: Mr. Hood informed the Commission that he planned to retire at the end of August 2009. He also stated that he would be willing to continue working until a new Executive Officer is selected.

Mr. Raymond Biering, LAFCO Legal Counsel stated he would recommend that the Commission’s Executive Committee, consisting of Chairman Brooks and Commissioners Roberts and Picanco, meet regarding finding a new LAFCO Executive Officer and report back to the Commission at the next meeting.

Commissioner Mann stated that she wished Mr. Hood well, but that she did not want to accept his resignation. Other commissioners stated their surprise at the news and wished Mr. Hood well.

Adjournment: With no further business before the Commission, the meeting adjourned at

10:05_a.m. until the next meeting scheduled for July 16, 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