



**SAN LUIS OBISPO  
LOCAL AGENCY FORMATION COMMISSION  
MEETING MINUTES FOR  
JUNE 15, 2017**

**Call to Order:**

The San Luis Obispo Local Agency Formation Commission meeting was called to order at 9:01 a.m. on Thursday, June 15, 2017 in the Board of Supervisors Chambers at the County Government Center in San Luis Obispo, California by Chairman Marshall Ochylski.

**Pledge of Allegiance:** Led by Chairman Ochylski

**Roll Call:**

**Present:** Chairman Marshall Ochylski, Vice-Chairman Ed Waage, Commissioners Debbie Arnold, Lynn Compton, Robert Enns, Roberta Fonzi, and Tom Murray

**Absent:** Alternate Commissioners Ed Eby, Adam Hill, Jamie Irons, and Heather Jensen

**Staff:** David Church, LAFCO Executive Officer  
Raymond A. Biering, LAFCO Legal Counsel,  
Mike Prater, LAFCO Senior Analyst,  
Donna J. Bloyd, LAFCO Commission Clerk

LAFCO Legal Counsel Ray Biering was in attendance at the meeting via telephone conference call.

**Approval of Minutes:** **Commissioner Murray** moved approval of the Minutes for May 18, 2017 with no changes or corrections. **Commissioner Fonzi** seconded the motion. The motion passed with a voice vote with Commissioner Waage abstaining.

**Non-Agenda Public Comments:** None

**Consent Agenda:**

**A-1:** Protest Hearing Results for the Formation of the Estrella-El Pomar-Creston Water District

**Public Comment:** None

Chairman Ochylski stated that the item was received and filed.

Chairman Ochylski stated that he would change the order of the items on the agenda, moving

Item B-2: City of Morro Bay Sphere of Influence and Municipal Service Review Update, to the last item since he would recuse himself from the discussion.

**Regular Matters:**

**B-1:** LAFCO Audit for Fiscal Year 2015-16.

**Mr. Church** discussed this item. He began by stating that this was the first ever audit for the San Luis Obispo LAFCO. The audit covered fiscal year 2015-2016. A credit card policy had been suggested by the auditing agency, Brown Armstrong Certified Public Accountants. The draft policy was attached to the Staff Report for the Commission's review.

**Ryan Nielsen, Brown Armstrong**, stated that this was the first audit for the LAFCO Commission and the first year in which Brown Armstrong has worked for LAFCO. He announced that San Luis Obispo County handled most of LAFCO's transactions and that the financials reports were very clean and well-organized and that there were no issues with the transactions.

Mr. Nielsen added that there was only one area in which there was minor concern and that was the pension liability. He discussed the matter and stated that there was no issue that would have an impact on LAFCO operations.

Mr. Nielsen thanked LAFCO Executive Officer and LAFCO Staff for their assistance in providing information to Brown Armstrong. Mr. Nielsen continued by saying that there were no material weaknesses and that an "unmodified opinion" is the highest level an agency could attain in an audit.

There were questions to Mr. Nielsen from the Commissioners regarding the frequency of an audit.

Mr. Nielsen recommended an annual audit.

**Chairman Ochylski** stated that there should be a credit card limit in the Credit Card policy.

**Mr. Church** stated that the LAFCO credit card had a limit of \$5,000.00. That amount was determined to be appropriate.

**Jim Erb, SLO County Auditor-Controller, Tax Collector**, stated that an annual audit was not required and that an audit every two years would be acceptable. He added that LAFCO had never had an audit and that this one was very clean. He added that Mr. Church often spoke with his office and that any questions or concerns were immediately addressed.

Mr. Erb explained the pension liability expenses.

**Public Comment:** None

**Vice-Chairman Waage** moved to accept the audit for fiscal year 2015-2016 and approve the attached policies for use of the LAFCO Credit Card with a limit of \$5,000.00 on the Credit Card and for LAFCO Staff to submit the audit to the County Auditor.

**Commissioner Fonzi** seconded the motion.

AYES: Vice-Chairman Waage, Commissioners Fonzi, Arnold, Compton, Enns, Murray and Chairman Ochylski

NAYS: None

ABSTAINING: None

The motion passed with a unanimous roll call vote.

**B-3:** Release Sphere of Influence/Municipal Service Review Update for the County Service Areas

**Mr. Church** began discussion of this item stating that people usually didn't know that County Service Areas (CSAs) exist. He explained that CSAs are called dependent districts and are subject to the Board of Supervisors as the governing board.

Mr. Church said that the Public Review draft of the Sphere of Influence/Municipal Service Review Update (SOI) had been released for public review on June 7, 2017 and would be available for public review for 30 to 45 days.

Mr. Church summarized the CSAs and turned the presentation over to LAFCO Senior Analyst, Mike Prater.

**Mr. Prater** discussed the 11 CSAs, providing an inventory of their powers and a map of each CSA.

There were questions from the **Commissioners** regarding what happens to CSA funds following dissolution of a district.

**Mr. Prater and Mark Hutchinson, County Public Works Director**, responded to the questions, explaining how any leftover monies are treated.

There were questions from the Commissioners regarding how services were provided to communities in which a CSA had been dissolved.

Mr. Hutchinson responded to the questions.

The discussion became focused on individual CSAs.

**Chairman Ochylski** reminded the Commissioners that today's issue was introducing the SOI/MSR Update. The Update had not received comments at this time.

**Public Comment:** None

No action was necessary

**B-4:** Adopted Budget for Fiscal Year 2017-18

**Mr. Church** presented this item and reported that the final budget had been sent to all interested parties.

There were no questions or comments from the Commissioners

**Public Comment:** None

**Vice-Chairman Waage** moved to adopt the final budget by resolution and submit to the County Auditor the Fiscal Year 2017-18 LAFCO budget, as found in Attachment A of the Staff Report.

**Commissioner Murray** seconded the motion.

AYES: Vice-Chairman Waage, Commissioners Murray, Arnold, Compton, Enns, Fonzi, and Chairman Ochylski

NAYS: None

ABSTAINING: None

The motion passed with a unanimous roll call vote.

At 10:18 a.m. Chairman Ochylski recused himself from hearing Item B-2 and left the meeting. Vice-Chairman Waage chaired the meeting

**B-2:** City of Morro Bay Sphere of Influence and Municipal Service Review Update

**Mr. Church** began discussion of this item by summarizing the Cortese-Knox-Hertzberg Act factors. He continued the discussion by saying that the Sphere of Influence and Municipal Service Review Update (SOI/MSR) had been postponed to allow the City time to work on the wastewater site issues.

The **Commissioners** had questions regarding data in the SOI/MSR Update.

**Commissioner Murray** moved to continue this item to the August 17, 2017 LAFCO hearing.

**Commissioner Enns** seconded the motion.

AYES: Commissioners Murray, Enns, Arnold, Compton, Fonzi and Vice-Chairman Waage

NAYS: None

ABSTAINING: None

The motion passed with a unanimous roll call vote.

**Commissioner Comments:** None

**Legal Counsel Comments:** None

**Executive Officer Comments:** Mr. Church indicated that he and Commissioner Murray were working on a course, "When Opinions Collide", for CALAFCO U[niversity] for presentation at a June 26 class in Sacramento.

**Adjournment:** With no further business before the Commission, the meeting adjourned at 10:40 a.m. until the next meeting of the Commission 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.**

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Respectfully submitted,  
Donna J. Bloyd, LAFCO Commission Clerk