



**SAN LUIS OBISPO
LOCAL AGENCY FORMATION COMMISSION
MEETING MINUTES FOR
AUGUST 17, 2017**

Call to Order:

The San Luis Obispo Local Agency Formation Commission meeting was called to order at 10:00 a.m. on Thursday, August 17, 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 Ochylski, Vice-Chairman Ed Waage, Commissioners Debbie Arnold, Lynn Compton, Robert Enns, and Roberta Fonzi, and Alternate Commissioners Ed Eby and Heather Jensen

Absent: Commissioner Tom Murray and Alternate Commissioners Adam Hill and Jamie Irons

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

Approval of Minutes: Commissioner Fonzi moved approval of the Minutes for June 15, 2017 with no changes or corrections. Commissioner Arnold seconded the motion.

Non-Agenda Public Comments: None

Chairman Ochylski stated that he would change the order of the items on the agenda, moving Item B-1: City of Morro Bay Sphere of Influence and Municipal Service Review Update, to the last item since he would recuse himself from the discussion.

Consent Agenda:

A-1: Year-end Fiscal Year 2017-2018 Budget Report

A-2: Amend Legal Counsel Contract to increase Annual Retainer consistent with the Adopted FY 17-18 Budget

Public Comment for Items A-1 and A-2: None

Commissioner Fonzi moved to approve the Consent Agenda.

Vice-Chairman Waage seconded the motion.

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

NAYS: None

ABSTAINING: None

The motion passed with a unanimous roll call vote.

Regular Matters:

B-2: San Luis Obispo County - County Service Areas Sphere of Influence Update and Municipal Services Review

LAFCO Executive Officer, David Church, presented this item and began by summarizing the factors that go into a Sphere of Influence Update/Municipal Service Review (SOI/MSR).

Mr. Church then noted that the Staff report showed that the Jack Ranch had been added to County Service Area (CSA) 18 and that the annexation of the Jack Ranch would need to progress. He added that more information would be available about that issue once all of the annexation processes are complete. He observed that there is a conditional "intent to serve" the Jack Ranch from the County of San Luis Obispo.

Mr. Church stated that representatives for the Jack Ranch project were in the audience and were available for questions.

Mike Prater, LAFCO Senior Analyst, discussed CSA 10 and stated that the recommendation is to remove that area that is in an Agricultural contract for growing avocados. He added that the area is comprised of two single family dwellings and out buildings and the area is in an Agricultural contract and is also an Agricultural Preserve.

Mr. Church summarized all of the CSAs stating that there were few changes to any of them.

Commissioner Fonzi asked if the Jack Ranch was one assessor's parcel.

Ms. Jamie Kirk, the Jack Ranch representative, stated that it was one assessor's parcel. Ms. Kirk discussed the Jack Ranch project, giving the Commission information regarding the plans for the project.

Public Comment: None

Vice-Chairman Waage moved to Certify the Notice of Exemption found in Attachment A of the Staff Report as complete and adequate and the approved by resolution the Sphere of Influence Update and Municipal Service Review with the proposed changes found in Attachment C of the Staff Report. The resolution shall incorporate by reference the written determinations related to

the factors addressed in the Municipal Service Review.

Commissioner Arnold seconded the motion.

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

NAYS: None

ABSTAINING: None

The motion passed with a unanimous roll call vote.

Informational Matters:

C-1: Conflicts of Interest - Disadvantaged Unincorporated Communities

Mr. Church presented this item and began by stating that it is any official's responsibility to determine if s/he has a conflict. He added that the State Attorney General's office had an online questionnaire that would help officials determine whether s/he has a conflict.

Ray Biering, LAFCO Legal Counsel stated that LAFCO's are an exception to a general rule about conflict since LAFCO is a legislative body and does not adjudicate issues. There are no conflicts for a LAFCO Commissioner. He added that there is an express exemption for city representatives to be allowed to vote on city matters while on the LAFCO commission.

There was discussion among LAFCO staff and the Commissioners regarding this issue.

Commissioner Fonzi asked about loyalty playing a part in the decision-making process.

Mr. Biering responded that "loyalty" is difficult to define and stated that a commissioner might think about the difficulty of serving two masters when trying to define "loyalty".

There was continued discussion about potential conflicts of interest among LAFCO staff and the Commissioners.

Public Comment: There was no public comment concerning the Conflict of Interest issue portion of this item.

Mr. Church discussed Disadvantaged Unincorporated Communities (DUCs). He stated that the DUC issues became law in 2012 because there were several communities in the Central Valley that were receiving no services at all.

Mr. Church noted that there were two communities in San Luis Obispo County (County) that were defined as DUCs: San Miguel and San Simeon. He added that since both communities were receiving services, such as water and wastewater, etc., there were not actually DUCs. A community is considered to be a DUC only if it needs services.

There was discussion regarding this issue since several agencies have their own definition of DUCs. There was also discussion regarding whether LAFCO needed a policy for DUCs in the County.

Mr. Church declared that LAFCO did not need a policy until and unless the County had an actual community that needed services to be provided to it.

Public Comment: None

Chairman Ochylski stated that this item was received and filed.

C-2: CALAFCO Activities and Legislative Update - 2017 Annual Conference

Mr. Church began by informing the Commission that the CALAFCO 2017 Annual Conference would be held from October 25 - 27 at the Bahia Resort Hotel in San Diego. He noted that LAFCO is budgeted for four Commissioners and three Staff members to attend.

Mr. Church added that the mobile tour would be of the largest de-salinization plant in the U.S. and thought it might be interesting for the Commissioners to take the tour.

Mr. Church mentioned that he and Commissioner Murray had made a presentation in Sacramento on the topic of "When Opinions Collide".

Mr. Church summarized the current legislative activities in which CALAFCO is interested:

- AB 464, CALAFCO sponsored bill
- SB 979, CALAFCO co-sponsored with CSDA
- SB 1725, Committee on Local Government
- SB 1728, Committee on Local Government
- SB 37, Roth
- SB 206, 207, 208, Senate Governance & Finance Committee
- SB 435, Dodd
- SB 1461, Garcia
- SB 448, Wieckowski
- Little Hoover Commission

Public Comment: None

Chairman Ochylski stated that this item had been received and filed.

At 9:51 a.m. **Chairman Ochylski** recused himself from hearing Item B-1. Vice-Chairman Waage chaired the meeting. Alternate Special District Commissioner Ed Eby sat for Chairman Ochylski.

B-1: City of Morro Bay Sphere of Influence and Municipal Services Review Update

Mr. Church presented this item and summarized the history of the City of Morro Bay's (City) former Sphere of Influence Updates/Municipal Service Reviews (SOI/MSR). He also summarized the factors that make up a SOI Update.

Mr. Church observed that the previous SOI for the City had been completed in 2007, and was recently put on hold so that the City could work through a preferred site selection for the

wastewater treatment plant (WWTP) the City is contemplating building. He also gave a run down on the significant dates for this SOI.

Mr. Church mentioned issues that were raised at the June 2017 Commission meeting including:

- The northern boundary of the SOI which encompasses the beach and northern finger of the City limit line near Cayucos;
- Water and supply demand estimates at buildout of the WWTP;
- Tri-W site study regarding intent and size for future public facilities;
- Agricultural and urban impacts related to the WWTP;
- Conditional approval for the site selected by the City for the WWTP.

The Conditions of Approval, prior to annexation of the WWYP include:

- The water supply must be adequate, reliable and sustainable as well as available and deliverable;
- Agricultural and open space is to be protected and is identified when the City's Land Use Plan is prepared;
- The City must preserve identified Agricultural areas using conservation easements or other methods;
- LAFCO will revisit the SOI upon completion of the General Plan/Land Use Plan and One Water Plan update;
- The condition allowing the WWTP site in the SOI is to be deleted as the City continues to work in this issue.

Mr. Church discussed changes that add to the accuracy of the MSR and a deletion within the SOI/MSR.

Commissioner Enns thanked Mr. Church for meeting with him to resolve his questions about the SOI.

Public Comment: None

Commissioner Fonzi moved to Certify the Notice of Exemption found in Attachment A of the Staff Report as complete and adequate and the approved by resolution the Sphere of Influence Update and Municipal Service Review with the proposed changes found in Attachment C of the Staff Report. The resolution shall incorporate by reference the written determinations related to the factors addressed in the Municipal Service Review.

Commissioner Compton seconded the motion.

AYES: Commissioners Fonzi, Compton, Arnold, Eby, Enns, Jensen, 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 reminded the Commissioners to determine whether they wish to attend the CALAFCO Annual Conference in San Diego.

Adjournment: With no further business before the Commission, the meeting adjourned at 10:03 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.

Respectfully submitted,
Donna J. Bloyd, LAFCO Commission Clerk