



**SAN LUIS OBISPO
LOCAL AGENCY FORMATION COMMISSION
MEETING MINUTES FOR
APRIL 6, 2017**

Call to Order:

The San Luis Obispo Local Agency Formation Commission meeting was called to order at 9:00 a.m. on Thursday, April 6, 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 Vice-Chairman Waage

Roll Call:

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

Absent: 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 February 16, 2017 with no changes or corrections. **Commissioner Murray** seconded the motion. Vice-Chairman Waage abstained from voting since he had not been in attendance at the February meeting

Non-Agenda Public Comments:

Greg Grewal, Creston, CA. Mr. Grewal spoke about an issue that he had discussed at the Board of Supervisors meeting on February 5, 2017 regarding property to be removed from the Shandon-San Juan Water District.

Consent Agenda

A-1: Two-year Time Request for the Fiero Lane Outside User Agreement

A-2: Audit Letter of Engagement with Brown and Armstrong Accounting Firm

Commissioner Murray had a question regarding Item A-1.

LAFCO Executive Officer David Church responded to his question.

Public Comment: None

Vice Chairman Waage moved to approve the consent agenda.

Commissioner Compton seconded the motion.

The motion was approved with a unanimous voice vote.

Regular Matters:

B-1: Formation of the Estrella-EI Pomar-Creston Water District

LAFCO Executive Officer, David Church, introduced this item stating that the formation of the two water districts is unusual in the course of the LAFCO typical business purview. He gave thanks for their hard work on the proposals to LAFCO Staff: Mike Prater, LAFCO Senior Analyst, notably for his mapping skills, and Donna Bloyd, LAFCO Commission Clerk.

Mr. Church gave a brief summary of the proposal with an overview of the Sustainable Groundwater Management Act (SGMA) and of the LAFCO processing of this application. He also gave a brief history of SGMA.

Mr. Church described the boundaries of the Estrella-EI Pomar-Creston Water District (District) stating that this District is based on only those landowners who want to be in the District. He added that it is an “opt-in” district. Only landowners who want to be in the District are in the District’s boundary. Mr. Church also stated that the purpose of the District is to comply with SGMA

Mike Prater, LAFCO Senior Analyst, presented maps of the proposed district, describing inclusion and exclusion requests and the locations of the original petitioners, as well as the inclusion and exclusion requests.

The **Commissioners** had questions regarding the properties and boundaries and reasons for including or excluding various properties.

Mr. Church and Mr. Prater responded to their questions.

Mr. Prater spoke about the powers of the proposed district and functions. The Water Code identifies powers for districts. LAFCO Staff recommends that all powers be active except for the power to move water outside of the Paso Robles Groundwater Basin (Basin). The sewer power will also be inactive.

Mr. Church reiterated that there is a condition on the District that prohibits it from moving water outside the Basin. He also stated that the District must be compliant with State laws, such as the Proposition 218 process and the CEQA regulations.

Mr. Church summarized the key conditions for approval of the District:

Condition 3a. Powers to export, transfer, or move water outside of the Basin are inactive.

Condition 4. The Proposition 218 funding process, a benefit assessment, shall be completed by the District. If the Proposition 218 is not successful, the District is subject to dissolution. The District has one year to activate funding. That time limit may be extended.

Condition 10. Written landowner consent is required for a landowner to be included in the Sphere of Influence. This condition preserves voluntary landowner participation in the District.

Condition 11. The District is required to be a GSA or be part of a GSA within one year of formation or be subject to dissolution. That time limit may be extended.

Two conditions to address concerns of the San Miguel Community Services District:

Proposed Condition 12. This condition applies to any proposed annexation to the San Miguel Community Services District (CSD) for areas that are within the EPC District. If LAFCO approves such an annexation, the CSD may apply to the DWR to become the GSA. As a part of the annexation, the area shall be detached from the EPC Water District.

Proposed Condition 13. The EPC Water District shall develop policies insuring that any water wells do not interfere with, or be detrimental to, the CSD's wells. The CSD and EPC Water District shall work together to avoid well interference. This policy shall be further detailed in the Groundwater Sustainability Plan (GSP).

Mr. Church stated that the Commission has broad discretion in light of the record to approve, modify or deny the proposal. He added that LAFCO is recommending conditional approval of the proposal.

The Commissioners had questions about formation and potential detachments from the District as well as the process for detaching from the District, and condition compliance.

Mr. Church responded to their questions.

Ms. Courtney Howard, San Luis Obispo County Department of Public Works spoke to the Commission giving it a brief update on how SGMA efforts are going in the Basin as well as the Atascadero Sub-Basin. She spoke about outreach to the many entities within the area.

Ms. Howard stated that the County will provide GSA services to the EPC Water District area until it is formed and then would notify the State that there had been a jurisdictional transition in the GSA area.

Ms. Howard indicated that the County is working on a Memorandum of Agreement (MOA) that spells out how the agencies and GSAs would work together.

Ms. Howard added that San Luis Obispo County would need to coordinate with Monterey County as well.

Ms. Howard stated that the Atascadero Sub-Basin needs to be prioritized by the State and will likely require need a GSA.

Ms. Howard answered questions from the Commissioners.

Ms. Howard also stated that if no adequate plan is adopted among agencies, the State would intervene and review the agencies and plans.

Mr. Dane Mathis, State Department of Water Resources (DWR), Department of Integrated Water Management, South Central Division in Fresno, CA. Mr. Mathis spoke to the Commission regarding the DWR's role in GSA formations and SGMA compliance. Mr. Mathis stated that this GSA program is "outcome based", which means that a lot of data will be collected on wells and well-output. The State would prefer local solutions to groundwater management issues, but it will intervene if necessary.

Mr. Church stated that this gave a lot of incentive for local agencies to work together, otherwise there could be State intervention managing the Basin. He added that SGMA had changed the game plan for the future of groundwater management.

The Commissioners had questions for Mr. Mathis.

Mr. Mathis responded to the Commissioners' questions.

Mr. Dana Merrill, Applicant. Mr. Merrill presented a slide show of the EPC Water District area and brought the Commission up-to-date on the proposal. The Shandon-San Juan Water District and EPC are key components that fit with the County's statement that it will be the GSA for the wine area of the County. Mr. Merrill discussed the timeline for the EPC District and stated that petitions and letters were still arriving. Mr. Merrill gave kudos to Courtney Howard and Caroline Berg for all of their work with SGMA and the GSAs.

The Commissioners had questions for Mr. Merrill regarding funding of the EPC Water District and conservation efforts. There were also questions for **Mr. Church**.

Mr. Merrill stated that the EPC was reviewing applying for grants and purple pipe from the City of Paso Robles and responded to other questions. **Mr. Church** also responded to the questions directed to him.

Public Comment:

Dick McKinley, City of Paso Robles, 1000 Spring Street, Paso Robles, CA 93446 (City). Mr. McKinley stated that the City is supportive of local management of local groundwater. The City supports the formation of the EPC Water District.

Steve Sinton, P.O. Box 112, Shandon, CA 93461. Mr. Sinton is part of the Shandon-San Juan Water District and supports formation of the EPC Water District.

Laurie Gage, 5715 Linne Road, Paso Robles, CA93446. Ms. Gage stated that she had opted-

in to EPC Water District; she is supportive of the formation of the EPC Water District.

Kerry Fuller, San Miguel, CA. Ms. Fuller is Counsel to the San Miguel CSD and spoke on behalf of the CSD. She spoke about the proposed conditions of the EPC Water District

Tavo Acosta, 7991 Estrella Road, San Miguel, CA 9. Mr. Acosta spoke in support of the formation of the EPC Water District.

Russell McGlothlin, Esq., 1020 State Street, Santa Barbara, CA 93117. Mr. McGlothlin, a water resource attorney, spoke in favor of the formation of the EPC Water District. He spoke about agencies working together to achieve consensus in working toward the GSA.

Jeff Graeber, P.O. Box 4789, no city, CA. Mr. Graeber stated that he is opposed to formation of the EPC Water District. He felt there were too many entities involved in managing the Basin.

Al Webster, 6101 Webster Road, Creston, CA 93432. Mr. Webster stated that he is a long-time local resident and farmer in the Creston area. Mr. Webster is in favor of formation of the EPC Water District.

Dennis Louck, 1810 San Marcos Road, Paso Robles, CA 93446. Mr. Louck is a resident of District 1 and has concerns about the Sphere of Influence in the area. Mr. Louck is opposed to formation of the EPC Water District.

Chad Rava, 2445 Truesdale Road, Shandon, CA 93461. Mr. Rava is opposed to formation of the EPC Water District.

Dan Wunsch, 7930 Creston Road, Paso Robles, CA 93446. Mr. Wunsch is opposed to formation of the EPC Water District.

Greg Grewal, Creston, CA. Mr. Grewal is opposed to the formation of the EPC Water District.

Fred Hoey, P.O. Box 218, Creston, CA 93423. Mr. Hoey is opposed to formation of the EPC Water District.

Willy Cunha, Shandon, CA. Mr. Cunha presented an information sheet to the Commission. He summarized several of the issues for the Commission. Mr. Cunha is in favor of the formation of the EPC Water District.

Peter Byrne, P.O. Box 1023, Atascadero, CA 93423. Mr. Byrne spoke about information in the Staff Report. Mr. Byrne is opposed to formation of the EPC Water District.

Joe Plummer, 1990 Wellsona, Paso Robles, CA 93446. Mr. Plummer is in favor of the formation of the EPC Water District.

Sue Luft, 4561 Almond Drive, Templeton, CA 93465. Ms. Luft is in favor of the formation of the EPC Water District.

Patricia Wilmore, Paso Robles Wine Country Alliance, 1446 Spring Street, Paso Robles, CA 93446. Ms. Wilmore spoke about the Alliance and the businesses related to the Alliance. Ms. Wilmore is in favor of the formation of the EPC Water District.

Hilary Graves, P.O. Box 577, Creston, CA 93432. Ms. Graves spoke regarding Basin litigation and the Shandon turnout. Ms. Graves is in favor of the formation of the EPC Water District.

Jerry Reaugh, 6240 Cadet Place, Paso Robles, CA 93446. Mr. Reaugh provided a PowerPoint presentation and spoke about SGMA, the County's plan and responsible agricultural and groundwater management. Mr. Reaugh is in favor of the formation of the EPC Water District.

Jerry Lohr, J Lohr Winery, 1000 Lenzen Avenue, San Jose, CA 95126. Mr. Lohr spoke about acreage in the Basin, efficient water use, and the vision shared with the City about a treatment plant. Mr. Lohr is in favor of the formation of the EPC Water District.

Steve Carter, 1090 Wellsona Road, Paso Robles, CA 93446. Mr. Carter stated that he wants to be proactive and is in favor of the formation of the EPC Water District.

John Crossland, 7790 Airport Road, Paso Robles, CA 93446. Mr. Crossland has a 70-acre winery. He spoke about the history of water issues in the County. Mr. Crossland is in favor of the formation of the EPC Water District.

Lee Nesbitt, 5010 Gate 4 Road, Paso Robles, CA 93446. Mr. Nesbitt is in favor of the formation of the EPC Water District.

Marshall Miller, 131 La Vereda Road, Santa Barbara, CA 93108. Mr. Miller is a grape grower on the boundary of the EPC Water District. Mr. Miller is in favor of the formation of the EPC Water District, calling for a "coalition of the willing".

End of Public Comment

At 11:30 a.m. Chairman Ochylski called for a 10 minute break.

At 11:40 a.m. Chairman Ochylski called the meeting back in to order.

Mr. Church commented regarding San Miguel CSD's request for current and future water well interference and on the forced annexation concerns. He referred to Condition 10 in the Staff Report. This condition preserves voluntary landowner participation in the District and assures that properties that were not a voluntary part of the EPC Water District could not be annexed into the EPC Water District without written landowner consent. He also spoke about fees for the processing of the application and exporting water and stressed that the EPC Water District is prohibited from exporting water outside the Basin.

The Commissioners had questions regarding the EPC Water District.

Mr. Church and Mr. Biering, LAFCO Legal Counsel, responded to the questions.

Commissioner Arnold had questions for Mr. Mathis.

Mr. Mathis responded to her questions.

Commissioner Murray moved to approve LAFCO Staff's recommendation with the stated conditions including the conditions regarding the San Miguel Community Services District.

Commissioner Enns seconded the motion.

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

NAYS: Commissioners Arnold and Fonzi

ABSTAINING: None

The motion passed with a five-to-two vote.

Closed Session:

At 12:26 p.m. Chairman Ochylski closed the session to the public.

C-1: The Commission will meet in closed session pursuant to Government Code Section 54957 to discuss the annual Public Employee Personnel Evaluation and Amendments to Employment Contract

Title: Executive Officer

At 12:47 p.m. Chairman Ochylski called the open session back into order.

Report on Closed Session:

LAFCO Legal Counsel Ray Biering stated that there is an amendment to the Executive Officer's contract and action will be taken at the next meeting. He added that the LAFCO Executive Officer exceeds expectations and that his contract will be extended once action is taken through an amendment to Mr. Church's contract.

Commissioner Comments: Chairman Ochylski stated that Mr. Church has provided excellent service to LAFCO.

Legal Counsel Comments: None

Executive Officer Comments: None

Adjournment: With no further business before the Commission, the meeting adjourned at 12:49 p.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