



**SAN LUIS OBISPO  
LOCAL AGENCY FORMATION COMMISSION  
MEETING MINUTES FOR  
OCTOBER 20, 2016**

**Call to Order:**

The San Luis Obispo Local Agency Formation Commission meeting was called to order at 9:00 a.m. on Thursday, October 20, 2016 in the Board of Supervisors Chambers at the County Government Center in San Luis Obispo, California by Chairman Frank Mecham

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

**Roll Call:**

**Present:** Chairman Frank Mecham, Commissioners Robert Enns, Roberta Fonzi, Tom Murray, Ed Waage and Alternate Commissioners David Brooks and Ed Eby

**Absent:** Vice-Chairman Marshall Ochylski, Commissioner Bruce Gibson 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 September 15, 2016 with no changes or corrections. **Commissioner Enns** seconded the motion.

AYES: Commissioners Fonzi, Enns, Eby, Murray Waage and Chairman Mecham

NAYS: None

ABSTAIN: None

The motion passed with a unanimous roll call vote.

**Non-Agenda Public Comments:**

**Greg Grewal**, P.O. Box 376, Creston, CA 93432. Mr. Grewal spoke regarding his concern about the proposed Estrella El Pomar Water District. He also voiced concerns about water being trucked to other areas in the Adelaide area.

**Consent Agenda:**

Item A-1: First Quarter Budget Status Report - Fiscal Year 2016-17

**Public Comment:** None

**Commissioner Waage** moved to direct the Executive Officer to receive and file this first quarter financial report for Fiscal Year 2016-17 with the County Auditor.

**Commissioner Murray** seconded the Motion.

AYES: Commissioners Waage, Murray, Eby, Enns, Fonzi and Chairman Mecham

NAYS: None

ABSTAIN: None

The motion passed with a unanimous roll call vote.

**Regular Matters:**

Item B-1: Outside User Agreement: City of Pismo Beach, California Department of State Parks and Recreation and the Santa Barbara County Mosquito and Vector Management District

David Church, LAFCO Executive officer, presented this item stating that the purpose of the Outside User Agreement (OUA) is to allow the jurisdiction to provide an effective and efficient response to the Zika virus threat. Mr. Church also noted that the services would be provided by a district from outside San Luis Obispo County.

Mr. Church also discussed LAFO's Policy #20, which speaks to the issue of non-compliance with an existing LAFCO Cost Accounting and Indemnification Agreement as determined by the LAFCO Executive Officer, pursuant to the City of Pismo Beach's legal issues with LAFCO.

Mr. Church stated that only the actual staff costs should be billed to the City. A waiver of fees as requested by the City was not recommended.

There were comments and questions from the Commissioners.

Mr. Church responded to the comments and questions.

**Public Comment:**

**Ben Fine**, Public Works Director, City of Pismo Beach. Mr. Fine thanked LAFCO Executive Officer, David Church, for his help processing the application. He stated that the OUA provides benefits to the City of Pismo Beach as well as to the City of Grover Beach and that the budget for the abatement is \$11,000. He asked that the total LAFCO fees for the application be waived.

**Commissioner Waage** moved to approve the Outside User Agreement consistent with the Staff recommendations.

**Commissioner Fonzi** seconded the Motion.

AYES: Commissioners Waage, Fonzi, Eby, Enns, Murray, and Chairman Mecham

NAYS: None

ABSTAIN: None

The motion passed with a unanimous roll call vote.

Item B-2: Consideration of the Sphere of Influence Update/Municipal Services Review for the City of San Luis Obispo

Mr. Church introduced this item, discussing the seven factors in processing a Sphere of Influence Update, and turned the presentation over to Mike Prater, LAFCO Senior Analyst.

Mr. Prater provided maps of the Sphere of Influence (SOI) area and information about the SOI and Municipal Services Review (MSR).

Mr. Prater stated that the Memorandum of Agreement (MOA) between the City of San Luis Obispo (City) and the County of San Luis Obispo (County) has been approved. He added that conditions for annexations have changed as follows:

1. Water supplies must be adequate, reliable, and sustainable as well as available and deliverable;
2. Agricultural and Open Space is to be protected and to be identified when a Land Use Plan is prepared;
3. Agricultural areas must be preserved using conservation easements or other methods of preservation.

Mr. Prater identified the public outreach completed for SOI Update, the updates to the Commission, and the extended review period for the SOI Update/MSR. He also noted that Attachment D of the Staff Report included proposed changes to the SOI Update and that the changes added to the accuracy of the MSR.

**Public Comment:** None

Commissioner Murray stated that the City's planning documents contained "clean, precise, clear language". Commissioner Eby complimented the City of San Luis Obispo on the availability and variety of its water sources.

**Commissioner Murray** moved to approve the SOI/MSR as consistent with the Staff recommendation, and: (1) Certify by resolution the Notice of Exemption found in Attachment A as complete and adequate. (2) Give "great weight" to the Memorandum of Agreement that has been approved by the Board of Supervisors found in Attachment B and (3) approve by resolution the Sphere of Influence Update and Municipal Services Review with the proposed changes found in Attachment D. The resolution shall incorporate by reference the written determinations related to the factors as addressed in the Municipal Services Review.

**Commissioner Eby** seconded the Motion.

AYES: Commissioners Murray, Eby, Enns, Fonzi, Waage, and Chairman Mecham

NAYS: None

ABSTAIN: None

The motion passed with a unanimous roll call vote.

Mr. Church ended this item by complimenting Mr. Prater on his months of review and analysis on the City of San Luis Obispo Sphere of Influence Update and Municipal Services review.

Item B-3: Formation of the Shandon-San Juan Water District

Mr. Church presented this item and began by covering the overview of the proposed District, including:

- The application & plan for services, budget, fees and 218 fiscal study;
- Completion of the staff review of the proposal;
- Conduction of study sessions;
- Intention of the District to become a GSA or part of a GSA or both.

He stated that by forming the District landowners in the area would have a voice on the Groundwater Sustainability Agency, which is their goal in forming the District.

Mr. Church spoke about the Sustainable Groundwater Management Act (SGMA) the Groundwater Sustainability Agencies (GSAs), boundaries, and funding.

Mr. Church described LAFCO options in forming the District stating that LAFCO has broad discretion in light of the record to approve or modify the proposal. He added that reasons for possible denial of the proposal are found in the Staff Report, and stated that LAFCO has broad discretion in light of the record to deny the proposal.

Mr. Church continued his report saying that he recommended conditional approval of the proposal. He then discussed the key conditions of approval.

Mr. Church stated that LAFCO had received several requests for inclusion into the District including one presented at today's meeting.

There were questions and comments from the Commissioners regarding changes of the Sphere of Influence of the proposed District, enforcement of use of groundwater, litigation regarding the District, opting out of the District, possible assessment of properties in the District.

**Wade Horton**, SLO County Director of Public Works. Mr. Horton gave a short overview of the County's role in the Groundwater Sustainability Agency. The Department of Public Works will bring information to the Board of Supervisors on November 1, 2016.

There were questions from the Commissioners regarding creating agencies and their funding

mechanisms, County ordinances regarding private well water use and coordination of agencies in forming a GSP.

**Mr. Horton** responded to the Commissioners' questions.

**Applicants:**

**Steve Sinton** spoke about creating the District in order to provide water for agricultural uses. He stated that people in the basin depend on groundwater and do not have alternate sources of water, and stated that in the future, the vote will shift to the assessed value of the land. He stressed that the residents within the proposed district do not want State regulation of groundwater in the basin.

**Willy Cunya** spoke about irrigated acres versus non-irrigated acres and agricultural wells being metered and users paying fees based on water use. He reiterated that the residents within the proposed district want to have a local say in what happens in the basin. They do not want to be bystanders regarding water issues in the basin.

**Public Comment:**

**Allen Duckworth**, 5535 Forked Horn Place, Paso Robles, CA 93446. Mr. Duckworth stated that since the defeat of the former proposed water district, he did not feel that the new District should be formed. He would like the County to manage the District and is opposed to the District.

**Greg Grewal**, P.O. Box 376, Creston, CA 93432. Mr. Grewal spoke about Condition 11 in the Staff Report and is opposed to formation of the District.

**Fred Hoey**, 4945 Creston Valley Rd., Creston, CA 93432. Mr. Hoey felt that subsequent LAFCOs could change the conditions and felt that the County should manage the basin and that he did not want to be pulled into a Sphere of Influence.

**April Tallman**, PO Box 312, Shandon, CA 93461. Ms. Tallman was in favor of the proposed District and stated that small landowners were in favor of formation of the District. She did not want the State to tell her what to do.

**Chad Rava**, 2445 Truesdale Road, Shandon, CA 93461. Mr. Rava owns land in Shandon and is not in favor of forming the District.

**Patricia Wilmore**, 1446 Spring Street, Paso Robles, CA 93446. Ms. Wilmore is the government affairs coordinator with the Paso Robles Wine Alliance. She stated that when SGMA came forth that groundwater would be managed, the question is how it will be managed.

**Ann Myhre**, PO Box 459, San Ardo, CA 93450. Ms. Myhre is opposed to formation of the District.

**Mary Russell**, PO Box 82, Shandon, CA 93461. Ms. Russell is opposed to formation of the District. She believes that the County should manage the basin.

**Gordon Edmonds**, no information given. Mr. Edmonds stated that the County should manage

the area and the District should not be formed. He was concerned with the vote changing to assessed value rather than one vote per one acre of land.

**Laurie Gage**, 5715 Linne Road, Paso Robles, CA 93446. Ms. Gage stated that she supports the District as proposed. She stated that she does not live within the District and has supported formation of the Estrella-El Pomar district too and likes the idea of local control.

**Sue Luft**, 4561 Almond Drive, Templeton, CA 93465. Ms. Luft lives in the potential Estrella-El Pomar District and supports the Shandon-San Juan District and believes that metering and cut backs are needed.

**Felicia Morrison**, Camatta Ranch 9330 Camatta Creek Road, Santa Margarita, CA 93453. Ms. Morrison stated that she is concerned with the State mandate about water and that formation of local districts is necessary. She supports formation of the District.

**Irv McMillan**, Shandon, CA. Mr. Mc Millan stated that water has been taken for granted and that people have known about the water shortage for years. Mr. McMillan supports formation of the District.

**Chad Wickstrom**, 1100 West Centre Street. Mr. Wickstrom stated that he trusts the people who are forming the District. He supports formation of the District.

**Paul Clark**, 1031 Pine Street, Paso Robles, CA 93446. Mr. Clark thanked the LAFCO staff for supporting the application to form the District. He is in favor of local control and formation of the District.

**Barbara McMillan**, PO Box 63, Shandon, CA 934621. Ms. McMillan believes that the State should manage the basin.

**Marshall Miller**, 3555 Camatta Creek Road, Santa Margarita, CA 93453. Mr. Miller stated that he strongly supported formation of the District. He stated that the proposal is "a coalition of the willing".

### **End Public Comment**

At 10:51 a.m. Chairman Mecham called for a 10-minute break.

At 11:00 a.m. Chairman Mecham called the meeting back into order.

Chairman Mecham thanked the members of the public for attending the meeting.

Chairman Mecham asked about monitoring water usage and SGMA requirements.

**Dane Mathis**, State Department of Water Resources. Mr. Mathis stated that annual reports are required from GSAs statewide.

There were questions from the Commissioners about a fee structure and SGMA.

Mr. Mathis stated that a draft document proposing a fee structure was available on the state website for water management (<http://www.water.ca.gov/>).

There were questions from the Commissioners regarding proliferations of GSAs, governance of GSAs, records for GSAs, water district monitoring, managing the basin, the possible Sphere of Influence of the Water District, and water restriction among other pertinent topics.

**Mr. Church and Mr. Biering** responded to those questions.

There was discussion among the Commissioners regarding these issues.

**Commissioner Waage** moved that Formation of the Shandon-San Juan Water District be conditionally approved including the additional requests to join the Water District, and other changes.

**Commissioner Murray** seconded the Motion.

AYES: Commissioners Waage, Murray, Eby, Enns, and Chairman Mecham

NAYS: Fonzi

ABSTAIN: None

The motion passed with a 5-to-1 majority roll call vote.

**Closed Session:**

At 11:39 a.m. Chairman Mecham closed the session to the public. The Commission will meet in closed session pursuant to Government Code Section 54956.9(b)(1) to confer with LAFCO Legal Counsel regarding litigation in the matter of the Los Robles Del Mar Annexation #15 to the City of Pismo Beach.

At 11:44 a.m. Chairman Mecham called the open session back into order.

**LAFCO Legal Counsel, Ray Biering** stated that he updated the Commission on the Los Robles Del Mar litigation, but that there was no action taken.

**Commissioner Comments:** None

**Legal Counsel Comments:** None

**Executive Officer Comments:** Mr. Church stated that he had mailed the notices for applications for the Public Member and Alternate Public Member seats on the Commission. He added that Commissioner Murray was re applying for the seat.

Mr. Church indicated that the applicants would appear before the Commission at the November 17, 2016 meeting.

**Adjournment:** With no further business before the Commission, the meeting adjourned at 11:45 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