



**SAN LUIS OBISPO
LOCAL AGENCY FORMATION COMMISSION
MEETING MINUTES FOR
SEPTEMBER 15, 2016**

Call to Order:

The San Luis Obispo Local Agency Formation Commission meeting was called to order at 9:00 a.m. on Thursday, September 15, 2016 in the Board of Supervisors Chambers at the County Government Center in San Luis Obispo, California by

Pledge of Allegiance: Led by Commissioner Fonzi

Roll Call:

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

Absent: Vice-Chairman Marshall Ochylski, 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 Enns** moved approval of the Minutes for July 21, 2016 with no changes or corrections. **Commissioner Gibson** seconded the motion.

The motion passed with a unanimous voice vote.

Non-Agenda Public Comments: None

Consent Agenda:

Item A-1: Mosquito Abatement Agreements

Public Comment: None

Item A-2: Estrella-El Pomar-Creston Water District-Notice of Intent to Circulate a Petition

Public Comment:

Jerry Reaugh. Mr. Reaugh spoke about the Estrella-El Pomar-Creston Water District and distributed an “invitation to Landowners in the Estrella, El Pomar and Creston Areas” to join in a discussion about forming an opt-in water district.

Commissioner Gibson moved to approve the Consent Agenda.

Commissioner Fonzi seconded the Motion.

The motion passed with a unanimous voice vote.

Informational Matters:

Item B-1: Status Report: Shandon-San Juan Water District Formation

David Church, LAFCO Executive Officer, presented this item stating that petitions submitted by the applicants were being reviewed by the Assessor’s office. He added that the Plan for Services, budget, fiscal study and fees had been submitted to LAFCO for review.

Mr. Church described the process that will be specific to this district formation. Only landowners who want to be in the District are included in the boundary.

Mr. Church reviewed the budget that had been submitted by the applicants.

There were questions and comments from the Commission regarding funding for the district, a possible Memorandum of Agreement of Joint Powers Agreement and conflict resolution within the district once it is formed.

Mr. Wade Horton, Director of Public Works for the County of San Luis Obispo, spoke to the Commission stating that the County is currently working on formation of five new districts and so the County has much experience in forming new districts. Mr. Horton will advise the Board of Supervisors at its November 1, 2016 meeting regarding where the Public Works Department is in the process of forming the districts.

Public Comment:

Willy Cunha, Shandon, CA. Mr. Cunha spoke about the farmer in the district’s area stating that people who used water in the Paso Robles Basin should pay for the water, that compliance with SGMA is important and that if there are conflicts within a water district SGMA is a tool for settling the issues.

Allen Duckworth, 5535 Forked Horn Place, Paso Robles, CA 93446. Mr. Duckworth stated that he was not a farmer and that he against having banked or stored water, water sales, and underground storage of water, as well as prohibiting the district from importing water into the basin.

Greg Grewal, 8080 Webster Road, Creston, CA 93432. Mr. Grewal stated that he did not agree with Mr. Cunha’s comments. He also spoke about water in Monterey County, sales of water from the Paso Robles Basin via trucks and stated his opposition to the new district.

There were no further questions of comments from the Commission.

Chairman Mecham stated that Item B-1 was received and filed.

Item B-2: Status Report: City of San Luis Obispo Sphere of Influence Update/Municipal Services Review Update

Mr. Prater, LAFCO Senior Analyst, presented this item stating that the Sphere of Influence/Municipal Service Review Update (SOI/MSR Update) for the City of San Luis Obispo (City) was being prepared and that a revised Memorandum of Agreement had been approved by the San Luis Obispo City Council and that the San Luis Obispo County Board of Supervisors would consider the Memorandum of Agreement between at its September 20, 2016 meeting.

Mr. Prater added that The Public Review draft of the SOI/MSR Update was released in June 2016 for a 45-day review period. The review period was extended to October 5, 2016.

Mr. Prater stated that the SOI/MSR Update will likely be considered a status quo for the City.

Public Comment: None

Chairman Mecham stated that Item B-2 was received and filed.

Item B-3: Mutual Water Company Directory Update

Mr. Prater presented this item stating that in compliance with State Assembly Bill 54, LAFCO had created a directory with information about the mutual water companies within San Luis Obispo County (County) in 2013.

Mr. Prater indicated that over the past three years some changes had occurred. The updated Directory contains four pages with three new maps for previously unknown boundaries and one contact change.

Public Comment: None

Chairman Mecham stated that Item B-3 was received and filed.

Informational Matters:

Item C-1: San Luis Obispo LAFCO Audit Options

Mr. Church presented this item stating that the San Luis Obispo County Auditor's (County) office had reviewed LAFCO's transactions through the County's SAP financial system from fiscal years 2013-2014, 2014-2015, and 2015-2016 and had found minor discrepancies that had been corrected. The County's Auditor suggested that LAFCO prepare the year-end report once the County Auditor had closed its book for each fiscal year.

Mr. Church indicated that, at a past meeting, the Commission had suggested that LAFCO have an annual audit performed by an outside agency. Mr. Church stated that he had prepared a draft Request for Proposals for Audit Services for the Commissions' review and comments. The audit would be completed on the fiscal year 2015-2016 LAFCO budget. Mr. Church added

that the County would assist with the audit and that the findings would be presented to the Commission.

Mr. Church indicated that the likely cost of such an audit would cost approximately \$7,000.00 - \$8,000.00.

Commissioner Gibson stated that perhaps LAFCO could have an “occasional” audit rather than an annual audit.

Commission Murray stated that he had long-range experience with various entities and financial matters and that, in his opinion, the County had the best auditor in the state. He added that he was absolutely confident in the County staff and that it was good to have an uninterested third party examine an entity’s books.

Commissioner Fonzi questioned the need for an annual audit. She opined that an occasional audit would be sufficient.

Commission Murray stated that he thought that an audit every two or three years would be sufficient.

The Commission asked Mr. Church to request costs for two-to-three-year audits as well an annual audit.

Commissioner Waage stated that he felt the LAFCO budget was very straight forward.

Public Comment: None

Commissioner Gibson moved that (1) the Commission receive and file the attached memo from the County Auditor; (2) that the Auditor’s recommendation that LAFCO’s final year-end budget report be finalized after the County has completed its year-end financial system closing process and (3) review the attached draft request for proposals and that the LAFCO Executive Officer also request proposals for two and three year audits.

Commissioner Murray seconded the Motion.

The motion passed with a unanimous voice vote.

Item C-2: CALAFCO 2016 Annual Conference

Mr. Church presented this item stating that the Conference Program had been completed and that the hotel rooms had been reserved for all LAFCO Staff and Commissioners who planned to attend the conference in Santa Barbara on October 26 -28, 2016.

Mr. Church added that Commissioner Murray would be the voting delegate at the Conference.

Public Comment: None

Chairman Mecham stated that Item C-2 was received and filed.

Commissioner Comments: None

Legal Counsel Comments: None

Executive Officer Comments:

Mr. Church related that three nominations had been submitted for consideration by the CALAFCO Awards Committee for (1) Most Effective Commission, (2) Outstanding Commissioner - Tom Murray, (3) Project of the Year - Paso Robles Basin Water District Formation.

Commissioner Murray praised the Commission for its work in 2015 and 2016.

Adjournment: With no further business before the Commission, the meeting adjourned at 9:51 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