

Monday, June 19, 2006

The Board of Supervisors of the County of San Luis Obispo, and ex-officio the governing body of all other special assessment and taxing districts for which said Board so acts, met in regular adjourned session at 9:00 A.M..

PRESENT: Supervisors Harry L. Ovitt, Shirley Bianchi, Jerry Lenthall, James R. Patterson and Chairperson K.H. 'Katcho' Achadjian

ABSENT: None

PLEDGE OF ALLEGIANCE TO THE FLAG LED BY CHAIRPERSON K.H. 'KATCHO' ACHADJIAN.

SUM AGN

1 BH This is the time set for consideration of the Proposed Budget for Fiscal Year 2006-2007.

Mr. Jim Grant: Deputy County Administrative Officer, provides an overview of the procedure for the hearings today and tomorrow; indicates there are three documents for the Board to review: 1) Proposed Budget 2006-07 document; 2) Special Districts Budget; and, 3) Supplemental Document which will need to be formally accepted for the hearings today; addresses the additional positions that are being recommended; there are no "at-issue" items; provides an overview of the proposed State budget and the "May rewrite"; this "rewrite" proposal increases funding to Public Safety, Libraries, Emergency Preparedness, and Health & Human Services; addresses the proposed County Budget recommendations and the additions to the Library budget to help with cutbacks; six additional Deputy Sheriffs; additional funding for Parks and Recreation; funding for road related flood control issues; Proposition 63 and funding to Mental Health from the same; creation of a Children's Assistance Center; outlines the budget balancing equation for 2006-07; highlights the various Funds and amounts to each; thanks all the Department Heads and staff for their work and cooperation; thanks the Auditor and his staff; and, thanks the Administrative staff for all their work.

Thereafter, on motion of Supervisor Ovitt, seconded by Supervisor Bianchi and unanimously carried, the Board accepts the Supplemental Document and makes it a part of the official record for the public hearings regarding the 2006-2007 Proposed Budget.

Chairperson Achadjian: opens the floor to general public comment on the Proposed Budget.

Mr. Michael Kovacs: questions whether the Board got the message from the voters that they don't want any new taxes; addresses the history of voting by the past two 5th District Supervisors.

LAND BASED BUDGETS, 141 - Agricultural Commissioner, 142 - Planning and Building, 290 - Community Development, 405 - Public Works, 201 - Public Works Special Services, 245 - Roads, 248 - Road Impact Fees and Special District Budgets, are presented.

Mr. Eric Greening: comments on the Planning and Building budget and questions funding for the various plans/updates they will be doing this year.

Chairperson Achadjian: comments on his recent appointment to the Coastal Commission and asks about his use of County staff to assist him with various issues before this Commission; indicates he won't do it without the approval of the Planning and Building Director and the Board members.

Mr. Victor Holanda: Director of Planning and Building, states they will provide any assistance he needs.

The Board members also indicate they have no problem with this occurring.

Mr. Holanda: responds to comments, the use of volunteers and answers questions raised by Mr. Greening.

Ms. Pat Beck: Assistant Director of Planning and Building, indicates they will be coming to the Board for a discussion regarding a work program for the Conservation Element in August.

Supervisor Patterson: questions the Housing Programs with Mr. Holanda responding.

Supervisor Ovitt: addresses the problems occurring with abandoned vehicles.

Mr. Art Trinidad: Code Enforcement, responds indicating it is difficult to get funding for County roads and the CHP is dealing with State Highways; there is a State Funding Program that they are looking into.

Supervisor Ovitt: addresses the roads and how they have not been funded previously; suggests with the "May rewrite" by the State there will be money available for roads and suggests funding Roads at the \$5.5 million they are requesting and getting that money back when the State budget is approved.

Supervisor Patterson: comments on the idea of more funding for roads.

Mr. Noel King: Public Works Director, states they discussed funding with the Board back in May but the funding amount was deferred to Budget Hearings; and discusses the funding for flood control issues and this being a one time use; they need the entire \$5.5 million for road paving to bring things back up to where they should be.

Matter is fully discussed and thereafter, on motion of Supervisor Ovitt, seconded by Supervisor Lenthall and unanimously carried, the Board tentatively approves increasing Fund 245 - Roads by \$3.3 million, to be funded from Contingencies and tentatively approves Land Based Budgets 141, 142, 290, 405, 201, 245, 248 and Special District Budgets as recommended by the County Administrative Officer, as outlined in the Supplemental Document and as amended by this Board.

Mr. Gere Sibbach: Auditor-Controller, cautions the Board that if the money doesn't come through from the State this \$3.3 million will impact the County's budget.

PUBLIC PROTECTION BUDGETS, 134 - Child Support Services, 143 - Contribution to Court Operations, 140 - County Fire, 132 - District Attorney, 133 - Victim/Witness Assistance, 138 - Emergency Services, 131 - Grand Jury, 139 - Probation, 135 - Public Defender, 136 - Sheriff-Coroner, 137 - Animal Services and 130 - Waste Management, are presented.

Mr. Michael Kovacs: questions the increases in the District Attorney's and Sheriff's budget as he doesn't believe there has been any increase in crime in the County; questions why the Department Heads don't put a hold on any salary increases for themselves.

Mr. David Edge: County Administrative Officer, addresses the Prevailing Wage Rate requirements and the increases in the same that affect the salaries in all the departments.

Thereafter, on motion of Supervisor Ovitt, seconded by Supervisor Bianchi and unanimously carried, the Board tentatively approves Public Protection Budgets 134, 143, 140, 132, 133, 138, 131, 139, 135, 136, 137 and 130 as recommended by the County Administrative Officer and as outlined in the Supplemental Document.

HEALTH & HUMAN SERVICES BUDGETS, 164 - Clinical Lab Services, 350 - County Medical Services Program, 375 - Drinking Driver Programs, 162 - Drug and Alcohol Services, 351- Emergency Medical Services Fund, 184 - Law Enforcement Medical Care, 161 - Mental Health, 165 - Mental Health Act, 352 - Other Indigents Health Program, 160 - Public Health Department, 163 - Suspected Abuse Response Program, 180 - Social Services Administration, 182 - CalWORKs, 181 - Foster Care, 185 - General Assistance, 183 - Medical Assistance Programs and 186 - Veterans Services, are presented.

Mr. Paul Hyman: addresses Y-rating of salaries in some Public Health positions and not allowing Cost of Living increases; addresses his concern to the impact this can have on retirement benefits as these figures are based on an employee's highest 12 months; suggests grandfathering these folks in rather than penalizing them.

Mr. Edge: addresses the Y-rating and that these employees are no longer doing jobs they were previously doing with the reorganization of the Department.

Thereafter, on motion of Supervisor Bianchi, seconded by Supervisor Lenthall and unanimously carried, the Board tentatively approves Health and Human Services Budgets 164, 350, 375, 162, 351, 184, 161, 165, 352, 160, 163, 180, 182, 181, 185, 183 and 186 as recommended by the County Administrative Officer and as outlined in the Supplemental Document.

COMMUNITY SERVICES BUDGETS, 425 - Airports, 215 - Farm Advisor, 331 - Fish and Game, 427 - Golf Courses, 377 - Library, 305 - Parks and 330 - Wildlife and Grazing, are presented.

Ms. Vera Wallen: Friends of the Cayucos Library, thanks the Board for their support for libraries; comments on the use of volunteers for libraries when needed to keep a library open; keeping libraries staffed is very important to communities.

Thereafter, on motion of Supervisor Bianchi, seconded by Supervisor Ovitt and unanimously carried, the Board tentatively approves Community Services Budgets 425, 215, 331, 427, 377, 305 and 330 as recommended by the County Administrative Officer and as outlined in the Supplemental Document.

FISCAL AND ADMINISTRATIVE BUDGETS, 104 - Administrative Office, 275 - Organizational Development, 109 - Assessor, 107 - Auditor-Controller, 100 -Board of Supervisors, 110 - Clerk-Recorder and 108 - Treasurer-Tax Collector-Public Administrator, are presented.

Mr. Michael Kovacs: comments on the Health and Human Services Budget, specifically regarding the Social Services' budget and his concern regarding the increase in salaries and benefits.

Thereafter, on motion of Supervisor Bianchi, seconded by Supervisor Lenthall and unanimously carried, the Board tentatively approves Fiscal and Administrative Budgets 104, 275, 109, 107, 100, 110 and 108 as recommended by the County Administrative Officer.

INTERNAL SUPPORT BUDGETS, 111 - County Counsel, 113 - General Services, 407 - Fleet Services, 406 - Reprographics, 114 - Information Technology Department, 112 - Human Resources, 105 - Risk Management and 408 - Self Insurance, are presented.

Thereafter, on motion of Supervisor Bianchi, seconded by Supervisor Patterson and unanimously carried, the Board tentatively approves Internal Support Budgets 111, 113, 407, 406, 114, 112, 105 and 408 as recommended by the County Administrative Officer and as outlined in the Supplemental Document.

FINANCING BUDGETS, 226 - Countywide Automation Replacement, 277 - Debt Service, 265 - Enterprise Financial System, 267 - General Government Building Replacement, 102 - Non-Department - Other Financing Uses, 101 - Non-Departmental Revenues, 392 - Pension Obligation Bonds and 247 - Public Facility Fees, are presented.

Thereafter, on motion of Supervisor Lenthall, seconded by Supervisor Bianchi and unanimously carried, the Board tentatively approves Financing Budgets 266, 277, 265, 267, 102, 101, 392 and 247 as recommended by the County Administrative Officer.

CAPITAL PROJECTS BUDGETS, 230 - Capital Projects and 200 - Maintenance Projects, are presented.

Mr. Grant: addresses two future construction projects that are large in scope, one being the Women's Jail.

Thereafter, on motion of Supervisor Lenthall, seconded by Supervisor Bianchi and unanimously carried, the Board tentatively approves Capital Projects Budgets 230 and 200 as recommended by the County Administrative Officer.

Thereafter, on motion of Supervisor Bianchi, seconded by Supervisor Ovitt and unanimously carried, the Board continues the Budget Hearings to June 20, 2006 at 9:00 a.m..

2 CS The Board announces it will be going into Closed Session regarding:

I. PENDING LITIGATION (Gov. Code, §54956.9) It is the intention of the Board to meet in Closed Session concerning the following item:

A. Conference with Legal Counsel - Existing Litigation (Gov. Code, §54956.9(a)) (Formally Initiated.) *(1) Los Osos CSD v. Golden State Water Company.*

Chairperson Achadjian: opens the floor to public comment without response.

Thereafter, pursuant to the requirements of the Brown Act, County Counsel reports out on the items discussed during Closed Session as follows: No report required as no final action taken and the Board goes into Open Public Session.

3 A-1 This is the time set for consideration of potential options for County involvement in the Los Osos Wastewater Project.

Ms. Gail Wilcox: Deputy County Administrative Officer, provides an overview of what is before the Board today; outlines the key events that occurred in 1998 with the creation of the Los Osos Community Services District (LOCSD); outlines the events that occurred in 2005 including the recall election and Measure B regarding the location of the sewer plant and the Court's subsequent ruling that this measure was invalid; Assemblyman Blakeslee's involvement with the LOCSD and questions to the County; addresses the key legislative elements before the County will agree to be involved and highlights the six elements; states the County didn't ask to be involved they were asked to be involved; thanks staff from County Counsel and Public Works for all their help.

Mr. Noel King: Public Works Director, addresses their strategic plan and costs associated with the same; outlines the benefits of the proposed approach.

Mr. Paavo Ogren: Public Works, outlines the project strategies and objectives; addresses the "near-compromise" based on the Fall 2005 LOCSD's actions; comments on additional scope strategies and the schedule for the same; highlights the sequence of significant milestones including a Proposition 218

Assessment Vote; concluding Alternatives Review and Environmental Review; conducting a Community Advisory Election; addresses the Budget strategies that include not exceeding \$2 million in “at-risk” County funds; full recovery of the County funds which is unlikely if the 218 election fails; presents a graph showing the sequence of events if this moves forward under the County’s purview.

Ms. Wilcox: outlines the staff recommendations to 1) support legislation that allows the County, at its discretion and upon confirmation of the conditions outlined in the staff report, to assume responsibility; 2) create a subcommittee of Board members created and explains; 3) approve the six Key Elements; and, 4) approve the Project Objectives and Strategies.

Mr. Gere Sibbach: County Auditor-Controller, addresses the \$4.8 million the County lost when the LOCSD was created; and, cautions the Board on future expenditures.

Mr. Eric Greening: addresses the impacts to other County departments if this is taken on and urges the Board to remember this and the potential cost to the rest of the County.

Ms. Cinthea Coleman: presents a packet of information for the record; states there was never a State Revolving Fund; comments on the liens on properties in Los Osos between 1990 and 1993.

Mr. Lou Tornatzky: welcomes the County involvement to “restore order and sanity” in Los Osos; feels the property owners should have the say on what occurs; feels folks have lost their trust in the current LOCSD Board.

Mr. Stuart Denker: addresses his concern to the LOCSD’s “dismal” credit standing; feels there will still be problems, even with a positive 218 election, if the current LOCSD Board has any control.

Ms. Joyce Albright: believes the majority of property owners will support a 218 election; indicates she wants to see the LOCSD dissolved.

Ms. Patricia Summerville: Daisy Hills resident, urges the Board to support the staff recommendations; outlines the problems the current situation is creating for them.

Ms. Sally Phillips: states she has never been anti-sewer and indicates she is “ok” with a 218 election as long as certain events occur and explains.

Mr. Dick Sargent: speaks in support of the County taking over the sewer project.

Mr. Richard Heath: supports the staff recommendations; supports a conventional sewer system; and, addresses his concerns regarding the current LOCSD Board.

Ms. Carol Comeau: supports a 218 election as long as the authority will be the County; she will not support this if the LOCSD retains control.

Mr. Chuck Cesena: LOCSD Board Member but speaking as a member of public, states there are problems in Los Osos and believes the residents should have the final say; asks the County for assistance and to work with the LOCSD Board.

Mr. Steven Paige: gives his understanding of what has occurred in Los Osos regarding the loss of State funding.

Ms. Marla Jo Bruton: comments on the history of this project and when a future project is considered wants to see a ponding system considered.

Mr. Richard Sadowski: addresses a meeting in Monterey on this

issue.

Mr. Rodger Anderson: commends Assemblyman Blakeslee and County staff for trying to do this; feels this will be a benefit to the residents if the County takes this on, if for no other reason for the credit rating.

Ms. Rhian Gulassa: speaks in support of the current LOCSD Board; suggests the cost of the sewer needs to be equitable to each property owner.

Mr. Michael Winn: addresses the issue and outlines how they handled this same issue in Nipomo and they have a completed sewer project.

Ms. Cathy Bonnett: comments on the cost of the sewer and wants to see a resolution to all this; asks the County to help Los Osos.

Ms. Bonnie Deringer: addresses the issue and feels the situation in Los Osos has been a “train wreck”; asks the County to put things back in order.

Mr. Rob Shipe: suggests Los Osos should still be allowed to work on alternatives to get this done; asks that the County not take over.

Ms. Sylvia Kneller: thanks Assemblyman Blakeslee for his help; speaks in support of the current LOCSD Board.

Mr. Bruce Payne: comments on prior events in Los Osos with respect to the LOCSD.

Mr. Bill Moylan: thanks the Board for considering the Blakeslee proposal; wants to see it handled as a “partnership” and not a “takeover”; suggests the need for isotopic study.

Ms. Lacey Cooper: speaks to a 218 vote and what information needs to be included; questions when that vote would take place; wants the affordability study that is underway to continue; wants to see the District continue.

Mr. Bo Cooper: addresses the need for the affordability study; states he can’t support a 218 election without this study.

Mr. William Garfinkel: suggests the residents of Los Osos cannot come together on this issue; supports the staff recommendations and believes the County needs to be in charge.

Mr. David Duggan: states if the County wants to be the lead on this they should also take the liability; comments on the current work being done by the LOCSD Board.

Mr. Chris Allebe: addresses the issue and his views on the project.

Mr. Don Asquith: states he did the first EIR on this in 1987; supports the position of the Taxpayers Watch group and supports the staff recommendations.

Ms. Linde Owen: urges support and cooperation with the LOCSD Board; does not want this taken over by the County and explains.

Ms. Christine Robertson: representing Assemblyman Blakeslee, addresses the letter he sent to the Board and reads the same into the record; supports the staff recommendations.

Mr. Al Barrow: questions the high cost of the sewer and his concern to the financial impacts to the residents.

Ms. Daniela Arnon: supports the current LOCSD Board; states she doesn’t want the plant in the center of town; asks the County for assistance but not to take this over.

Mr. Joey Racano: supports the Blakeslee plan; wants the LOCSD to

continue; and, doesn't feel the Tri-W site is appropriate for the sewer.

Ms. Lisa Schicker: LOCSD Board President, highlights what they have accomplished, to date; highlights what she believes can still occur.

Ms. Ann Calhoun: addresses the issue and indicates she is unclear about the proposal by Assemblyman Blakeslee and the County.

Ms. Vita Miller: states the LOCSD is still the governing body and needs to have a seat at the table with the County on this.

Mr. Ed Zolkoski: suggests the current LOCSD Board should be supported.

Ms. Galen Ricard: addresses the Blakeslee proposal; supports a 218 election; urges the County to help with this.

Mr. Scott Kimura: states he is "unsettled" about the County being asked to take this over; suggests, with Measure B being thrown out by the Judge, the Tri-W site should be the location again for the sewer.

Ms. Claire Downs: addresses the Blakeslee proposal; supports a 218 election; urges the County to help with this issue.

Ms. Julie Tacker: LOCSD Member, provides a brief history on the money that has been spent and provides information regarding the same; presents a copy of Resolution No. 2006-11, from the LOCSD, requesting the County's assistance with the wastewater project.

Thereafter, on motion of Supervisor Bianchi, seconded by Supervisor Ovitt and unanimously carried, the Board agrees to continue the meeting past 5:00 p.m..

Mr. Keith Swanson: supports the Blakeslee proposal; suggests there is a need to come up with a project that everyone can support and believes the location of the plant is critical to this occurring.

Mr. Richard Margetson: believes the Federal Government should help pay for this; discusses the recommendations by staff.

Mr. Alan Martin: addresses the Tri-W site; urges the County to work closely with the LOCSD Board.

Mr. John Fouche: LOCSD Board Vice President, states they want to work with the County; provides the Board with an update on the LOCSD and how they are also solving water issues in the area.

Ms. Elaine Watson: urges the County to participate in a collaborative resolution; still believes the LOCSD Board is the best group to handle this issue.

Ms. Elisabeth Demongeot: supports the ideas by Assemblyman Blakeslee; supports the LOCSD Board and wants to see them work with the County on this issue.

Ms. Dianne Burke: wants the LOCSD to be the lead agency on this and explains.

Chairperson Achadjian: closes the public comment period and presents a letter from Jan Di Leo in support of the staff recommendations.

Supervisor Ovitt: addresses the history of this issue.

Mr. Ogren: responds to questions by Supervisor Patterson regarding the Proposition 218 election and the time line for that to occur.

Ms. Wilcox: addresses the indemnification issues related to this.

Mr. King: indicates it is his intent to have minimal staff impacts if this returns to the County.

Matter is fully discussed and thereafter, on motion of Supervisor Bianchi, seconded by Supervisor Lenthall and unanimously carried, the Board 1) supports legislation that allows the County, at its discretion and upon confirmation of conditions as outlined in the staff report dated June 19, 2006, to assume responsibility for the design, construction and temporary operation of a community wastewater treatment system in Los Osos and approves the creation of an Ad Hoc Committee of the Board, consisting of Supervisors Bianchi and Lenthall, to review the final legislation and give final approval based on the Board's direction today; 2) approves the key elements of a legislative solution outlined in this report as required conditions for the County's agreement to assume responsibility for this project; and, 3) approves the Los Osos Wastewater Treatment Project strategy and objectives included in the staff report, dated June 19, 2006, in order to minimize County taxpayers' risk and provide the highest probability for success on this project.

On motion duly made and unanimously carried, the Board of Supervisors of the County of San Luis Obispo, and ex-officio the governing body of all other special assessment and taxing districts for which said Board so acts, does now adjourn.

I, **JULIE L. RODEWALD**, County Clerk-Recorder and Ex-Officio Clerk of the Board of Supervisors of the County of San Luis Obispo, and ex-officio clerk of the governing body of all other special assessment and taxing districts for which said Board so acts, do hereby certify that the foregoing is a fair statement of the proceedings of the meeting held Monday, June 19, 2006, by the Board of Supervisors of the County of San Luis Obispo, and ex-officio the governing body of all other special assessment and taxing districts for which said Board so acts.

JULIE L. RODEWALD, County Clerk-Recorder
and Ex-Officio Clerk of the Board of Supervisors

By: /s/ Vicki M. Shelby,,
Deputy Clerk-Recorder

DATED: June 28, 2006
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