

ATTACHMENT 4B - MINUTES FOR JULY 21, 2010 MEETING

COMMISSIONERS PRESENT: Commissioners Clif Clendenen, Jill Duffy, Jeff Farley, Kenneth Zanzi, Kevin McKenny, Jeff Pauli, Marty McClelland, and Alternate Commissioners Bob McPherson and Michael Winkler.

COMMISSIONERS ABSENT: Commissioner Bonnie Neely and Alternate Commissioner Mike A. Harvey.

STAFF PRESENT: George Williamson, Executive Officer, Merle Anderson, Contract Executive Officer, Alisha Oloughlin, Contract LAFCo Staff, and Jeff Guttero and Krista Sanford, Legal Counsel Staff.

The meeting was called to order at 9:00 a.m. in the Humboldt County Board of Supervisors Chambers, Chairman McClelland presiding.

1. **CALL TO ORDER**
2. **FLAG SALUTE**
3. **ROLL CALL**
4. **ALTERNATE PUBLIC MEMBER ACTION VOTE**

Marty McClelland announced Commissioner Bob McPherson as the Alternate Public Member candidate selected by the Alternate Public Member Selection Committee and asked for comments.

THE MOTION WAS MADE by Commissioner Duffy, and seconded by Commissioner McKenny, to re-appoint Commissioner McPherson as the Alternate Public Member.

THE MOTION PASSED BY A VOTE OF 7-0-0.

Marty McClelland welcomed and congratulated Commissioner McPherson on being selected for an additional term on the Commission.

5. STAFFING SERVICES AGREEMENTS: PLANWEST PARTNERS AND PMC

Jeff Guttero, Legal Counsel, stated that the Staffing Services Agreement alternative language that was originally proposed would remove the for-compensation element of automatic recusal once a meritorious objection is raised. He added that although he originally proposed this alternative language, he is satisfied with either language alternative. The reason that the original for-compensation alternative was proposed was because the financial interest element is a statutory requirement regarding conflict of interest, in the context of the statute. The proposed provision could be with or without the financial interest element and still be satisfactory for LAFCo's purposes. The only difference is that automatic recusal, under that provision, would be less restrictive without the language for-compensation that it would be if the for-compensation language is included. He noted his indifference, for LAFCo's purposes, to the two alternatives.

Jill Duffy asked if conflict of interest is restricted to the preparation and response for specific projects or if LAFCo is also responsible for the administrative responsibilities associated with the LAFCo activities.

George Williamson, Executive Officer, responded that on those matters, all activities are handled by PMC, including all administrative functions. Any correspondence received is also directed toward PMC. Planwest Partners is taking a complete hands-off approach for any actions of Humboldt LAFCo where there is a declared conflict.

Jill Duffy added that she is concerned about consistency and insuring that the proper administrative procedures are followed.

George Williamson stated that Planwest can continue to handle the administrative functions if directed to do so, or staff can continue to consult and coordinate with legal counsel, who currently guides staff's actions in regards to this matter.

Marty McClelland asked Mr. Guttero if a split between project administration and processing is a possibility.

Jeff Guttero responded that while he is unaware of any problems arising from a split, he would prefer that a split did not occur. The concern may be alleviated as a function of time. If the potential conflicts are identified earlier in the process than the one currently at hand, perhaps the Commission could get more complete and consistent service from the alternate contractor. A clean break is preferred, which should occur as early in the process as possible.

Jeff Pauli asked what affect the split of duties would have on the LAFCo budget and the sub-contracting expenses incurred.

George Williamson responded that utilizing a sub-contractor would have zero impact on the budget. Conflicts only exist when an application comes before LAFCo in which Planwest Partners may have some prior relationship with a party associated with the application. In all cases of application, the applicant pays all costs associated with application processing. The applicant makes a deposit and when PMC is handling the application processing, PMC submits their invoices to the County Auditor and the Auditor draws from that account, resulting in zero impact on LAFCo's budget.

Clif Clendenen asked if it would be feasible to have a checklist or floating procedural document in place to insure consistency and a seamless transition in administrative procedures between PMC and Planwest Partners staff.

George Williamson responded that there is a series of procedural checklists already in place, including an application processing checklist. There was a recent glitch in noticing, but staff and PMC have resolved that issue. Staff will continue working with Mr. Guttero and PMC to put together a detailed checklist for noticing requirements that be added soon. Staff believes to have the majority of the procedural checklists already in place that PMC can follow.

Jill Duffy stated that Planwest has been handling the bulk of daily administrative functions. When a conflict arises, LAFCo consults-out those functions. Commissioner Duffy asked how an oversight mechanism could be put in place to ensure that all administrative steps are met in an efficient and timely manner.

George Williamson responded that staff will develop a clear checklist to ensure administrative efficiency and consistency, making the process manageable and cost effective.

Kevin McKenny stated that PMC should have internal processes in place for their portion of application processing. Essentially, if there is a conflict of interests present, when an application is submitted, two different paths could be taken- processing by Planwest staff or processing by PMC. It should be clearly delineated when this occurs. The applicant would be in touch with PMC regarding timelines. In that regard, PMC would be responsible for noticing and for having their portion of the agenda prepared for their portion of the meeting.

George Williamson responded that it is staff's intention to ensure that regardless of who prepares the staff reports, they are completely consistent. Staff will also provide PMC with all procedural processing guidelines, as currently utilized by Planwest Partners staff, ensuring consistency between the two agencies.

Frank Bacik, Town of Scotia LLC Vice President of Legal Affairs, stated that from an applicant's point of view, it costs anything to avoid a conflict that can haunt you years from now. All matters should be handled by the consultant. For example, the Town of Scotia LLC has been trying to schedule a hearing for Scotia Community Services District (CSD) for several months and there have been noticing errors. If these noticing errors originated with Planwest and at the same time, Planwest represents Rio Dell, who has been asking for delay, then the implication is clear that that administration could have contributed to delay. It is best to be clear, if there's a conflict, no participation at all.

THE MOTION WAS MADE by Commissioner Zanzi, and seconded by Commissioner Duffy, to keep the for-compensation third-party conflict of interest language in the modified Staffing Services Agreement.

THE MOTION PASSED BY A VOTE OF 7-0-0.

THE MOTION WAS MADE by Commissioner McKenny, and seconded by Commissioner Duffy, to approve the extension of LAFCo's Staffing Services Agreement with Planwest Partners and PMC Consultants for a period of two years.

THE MOTION PASSED BY A VOTE OF 7-0-0.

PUBLIC HEARINGS

A. Town of Scotia LLC. Community Services District Formation

THE MOTION WAS MADE by Commissioner Duffy, and seconded by Commissioner McKenny, to open the hearing and receive public comment on the Town of Scotia CSD Formation, but, as a result of a public noticing error, continue the public hearing to the

September 15, 2010 meeting, and move the item up on the agenda, allowing those currently present from the public an opportunity to speak.

THE MOTION PASSED BY A VOTE OF 7-0-0.

Planwest Partners Staff recused themselves for public hearing item 6A, Town of Scotia LLC. Community Services District Formation.

Merle Anderson, PMC Consultants, apologized for the public noticing mix-up and explained that the noticing requirements in the current LAFCo Procedures Manual do not reflect the current 21-day noticing requirement to registered voters in the affected project area. Mr. Anderson added that he does not feel the delay should impact the timeline of the project because there are still issues regarding the financial viability and merit of the project that need to be resolved and recommended that the Commission continue the item to the September 15, 2010 meeting. PMC staff will be providing a supplemented staff report at that meeting.

Marty McClelland opened the item for public comment and suggested continuing the Town of Scotia CSD Formation public hearing to the September 15, 2010 meeting. Commissioner McClelland added that correspondence has been received regarding mediation between the Town of Scotia LLC and the City of Rio Dell and a 30-day extension request has been received by LAFCo from the City. He added that it is hope that the Town of Scotia and the City can resolve their differences without mediation. The 30-day extension request will be met as a result of the continuance of this item to September.

Clif Clendenen asked how potential mediation may overlay with the dual presentation given at Waimea Theatre on April 21, 2010, which was intended to provide a side-by-side comparison of the two projects.

Marty McClelland responded that the City and the Town of Scotia now have an opportunity to resume discussions and projects comparison. He added that the public now has all of the materials necessary to make an informed decision and additional 30-days to provide PMC with written comments.

Kevin McKenny asked for clarification regarding the Scotia CSD Formation Staff Report. In the documentation provided from Town of Scotia, regarding streets, one table illustrated that the Town of Scotia was planning to own and maintain some of the streets, with the County assuming responsibility of the others, while in the narrative, the County was identified to be assuming responsibility of all streets. In addition, when new street infrastructure is proposed, a one inch overlay was mentioned. He asked if in order for LAFCo to rule on this matter, the County should be in agreement in regards to the streets.

Clif Clendenen responded that the streets and roadways currently maintained by the County will continue be so, while those in and out of the County system will not change.

Jeff Guttero advised the Commission that he would speak to staff regarding any potential inaccuracies in the LAFCo Procedural Manual.

Jeff Pauli asked for clarification regarding the Town of Scotia LLC and the City of Rio Dell's projects comparison request and what information is still needed by PMC so the Commission can make an informed decision and take action, if so desired, at the September 15, 2010 meeting.

Marty McClelland responded that if materials are omitted, such materials should be requested and if available, will be provided by staff at the September hearing.

Merle Anderson asked if PMC should provide the side-by-side projects comparison or if the Town of Scotia and City of Rio Dell would each provide their own projects comparison.

Clif Clendenen responded that the Town of Scotia and the City of Rio Dell should each provide their own project information which would then be assembled by staff in a format that the Commission could use for comparison purposes.

Kevin McKenny added that the Town of Scotia recently updated some information, which the Commission has been provided. Also, the staff report has some discussion regarding the difference between Scotia CSD formation vs. annexation to the City. Those differences should be provided in a table format and discussed by staff.

Marty McClelland added that he does not believe the proposed County property tax assumptions to be valid and the County should be addressed on this matter. In addition, a reserve for existing utilities and equipment replacement should be discussed, to be transferred to the District if created. This would not be a capital improvement program, but anything in reserves that should be available to the District as if they had been accumulating reserves for infrastructure replacement.

Jill Duffy stated that in regards to the City of Rio Dell's request for mediation, she is not aware of LAFCo having the authority to compel two parties to come together and appoint a mediator and that this is an issue best left to the Town of Scotia and the City of Rio Dell.

Jeff Farley concurred with Commissioner Duffy and added that he hopes to see that both the Town of Scotia and the City of Rio Dell have submitted their comparisons prior to the next meeting to ensure that the Commission has all facts necessary to take action if desired.

Merle Anderson added that one of the challenges is that both projects comparisons are based on assumptions, such as cost estimates and which resources that will be obtained upon CSD formation or annexation, and these assumptions may differ greatly. When staff prepares a table of projects comparisons, it will be reflective of these assumptions.

Marty McClelland requested PMC staff to meet with the project proponents for further clarification if need be of the costs and benefits of each proposal. The matter is scheduled for the September 15, 2010 meeting.

Jeff Farley added with regards to Scotia streets ownership and maintenance, there's a difference in the aspects of how the work and development is actually going to occur, such that the people actually have something once it's finished. When comparing a City that's already formed vs. formation of a new CSD, it needs to be noted whether the new CSD will be formed after subdivision or prior to. If formed prior to, the CSD would have some inspection of the facilities being constructed.

B. Garberville Sanitary District (GSD) Water Services Extension Application

George Williamson stated that the California Department of Public Health (DPH) has completed their CEQA review process and a Notice of Determination (NOD) and Mitigated Negative Declaration (MND) has been filed. For the purposes of LAFCo's discretionary review, the physical effects of the line must be considered. Staff is using the DPH CEQA document for this purpose. In addition, staff commented on the Draft Initial Study and participated in discussions with GSD, DPH, and the County to address both LAFCo's and the County's

comments and proposed changes to the project description. LACO and Associates, the firm providing environmental services to the applicant, has revised the project description and a summary of the changes has been provided on page 4 of the GSD Water Services Extension Staff Report. These changes were a result of requests by both County and LAFCo staff to address the project's potential growth-inducing aspects. Staff is in agreement that these matters were addressed, which has allowed us to make findings. Mr. Williamson identified the current GSD boundary and SOI, the Kimtu Meadows Subdivision, the GSD's actual current service area, which differs from the District's current boundary, and the draft SOI planning area currently under study. Staff has met with GSD staff, which has been extremely helpful in sharing draft information regarding the District's plans and potential future service boundaries. Mr. Williamson added that these are only draft boundaries, but do show the District's intent to eventually serve these areas. Staff intends to continue working with the District to bring this item back to the Commission before the end of the year. Approval of this project would result in an out-of-area water service extension, per State Government Code Section 56133, for documented health and safety reasons. To ensure that this line does not create growth pressures, three conditions were proposed and are included in the Resolution. First, GSD shall provide documentation to LAFCo that the District has adopted policies prohibiting further connections to the water line. Second, any future connections must first be approved by LAFCo. Third, GSD shall notify LAFCo once service has been established and provide a description ensuring that what has been applied for is what is actually built and put into service. Subsequent to this project, the District's Draft MSR will be brought back to the Commission and all specific matters regarding development potential, such as in the Community Park area, in which there is a General Plan petition on file with the County, will be addressed in the proper context, which is through the MSR and County General Plan Update processes, that together will accurately portray the area's growth potential.

Jill Duffy stated that several organizations have policies in place requiring that if a water or wastewater line runs within a certain distance from a property, the CSD is mandated to connect the property to those services. If the GSD has such policies, a change in the District's ordinances would be required to ensure that this line would not result in future growth inducing impacts.

George Williamson stated that the GSD has no such policy in place and Chairman McClelland and Mark Bryant, GSD District Manager, concurred.

Jeff Pauli asked if because the County General Plan Update is not yet complete and the County has not yet determined where potential growth may occur, could the County's future findings override the Commission's decision.

George Williamson responded that the LAFCo action is complete and should stand on its own. If the County should decide to propose development in the SOI area, then by the Commission's own policies, any change in the District's boundary or SOI would first require the Commission's approval, which would be considered in light of the General Plan Update. A full description and analysis of the proposed boundary change, including growth potential, would be presented in the form of an MSR, which would include a District Boundary and SOI Land-Use Map, providing the Commission with all the tools necessary to make an informed decision.

Marty McClelland stated that he recalled that the County accepted the petition for the project and required an Environmental Impact Report (EIR). Mr. McClelland asked if the project would be evaluated as part of the overall General Plan Update and it was determined that it would be.

Kenneth Zanzi stated during the May meeting, the Commission discussed the extension of services outside of a City's boundary, under Government Code 56133, due to a documented health and safety issue. As per the Commission's own policy, an application for an extension of services outside of a City's boundary, even when to respond to a present health and safety issue, should be accompanied by an application for annexation or evidence of implied intent of future annexation. Mr. Zanzi asked if the same policy applies to District's and if the Kimtu application should include evidence of implied intent to annex.

George Williamson responded that because there is a General Plan Update process underway that will look more closely at land use in the area and because staff is currently working actively with the District on the GSD MSR update, than in this particular case, because it's a health and safety matter, staff is relying on the District's current Draft SOI Boundary Map, which includes Kimtu, as implied intent.

Mike Nelson, LACO Associates Planning Director, presented the Kimtu project location map, identifying the proposed water line and the location of the original two "T's" in the line, one intended for future connection to supply emergency fire flow and the other intended to connect to the future District water treatment plant. Both T's were removed from the project description to eliminate concerns regarding their potential growth inducing effects. Mr. Nelson concurred with staff's recommendations and conditions of project approval, as presented in the Kimtu Project Staff Report, and supported adoption of the resolution as proposed. Mr. Nelson added in regards to the overall project purpose, the Kimtu water system serves 20 residences, currently withdrawing from the Eel River, that have been on a boil water notice for several years based on the quality of their intake and treatment system. The proposed project would give residents a connection to a safe secure water source provided by GSD. By ensuring that the project is "shovel ready" through completion of the CEQA documentation preliminary design phase and because the project supports consolidation and is the result of a well documented health and safety risk, it is more likely to be selected for very competitive grant funding. A preliminary engineering report, prepared by Spencer Engineering, identified the problem and all available options and alternatives to alleviate the problem. The Report identified the CDPH's preference for consolidation. It is a state policy of CDPH to try and consolidate and/or reduce the number of small mutual and independent water companies, ensuring a greater regulatory compliance and sufficient availability of funding and resources. GSD currently meets their water quality and quantity standards and are also concurrently pursuing water system reliability improvements. This project would consolidate the intakes of GSD and Kimtu, of which, the existing Kimtu intake is not properly documented/permitted through the state, and would allocate a portion of the GSD's water right to bring in the existing development at Kimtu. CDPH sees this as especially advantageous because they can retire an existing non-conforming water right, abandoning the existing intake in place. This project would replace existing Kimtu transect lines within the project area that are prone to failure, difficult to repair, and have resulted in past service outages for several days, and would replace existing hydrants within the subdivision. Looking at the available alternatives, the main alternative considered was rehabilitating the existing system and intake. However, no documented water right for the current source exists and this alternative would not meet the states consolidation goal. As a result, the project may not secure the necessary permits and funding. Land based wells were considered, but because of the proximity to the river, would still likely be considered a withdrawal from the river, would not meet the consolidation goals, and would be unable to secure the necessary permits and funding. A smaller line with an onsite storage tank was also considered, but was determined unfeasible in terms of GSD's increased and long-term operation costs. A CEQA document was circulated last

September in which numerous comments were received with the over-arching concern being around growth inducement. Revisions to the Initial Study were made. The NOD was filed on July 16th, which closed the CEQA process. Regarding the concerns addressed in the CEQA document, the 8-inch diameter pipe size was chosen because it is the smallest diameter line possible to supply residents with domestic water supply and to meet fire flow needs; the Project Description was revised to clarify that no additional connections to the line are planned for, or are authorized, by the funding agency; and the pre-positioned T's in the line were removed. The GSD passed a resolution last year clarifying that it is not the GSD's intent to allow future connections to the line. Both the County and LAFCo can adopt a policy prohibiting future development or connections along the line. Mr. Nelson concluded that LACO believes the conditions, as proposed in the Staff Report, adequately cover the growth potential concerns.

Bob McPherson asked if the 8 inch line would be adequate for the proposed water treatment project or if the line would be need to be replaced at a future date and asked how removing the T connection at the bridge prohibited future growth.

Mike Nelson responded that the line would suffice, but an additional 10 inch raw water line, paralleling the 8 inch treated water line from the river to the Plant, would be necessary. In addition, there are numerous residences across the bridge near the airport, in addition to another small mutual water company, that could possibly benefit from connecting to the line at the pre-positioned T connection. The GSD is approaching its limitation on existing water rights and although the District has enough water to serve Kimtu, to serve the development across the bridge would far exceed that right.

Jill Duffy asked if an above ground storage tank was considered as an alternative. She added that due to the long length of the line, water lying in the line may have a low chlorine residual, requiring an increase in chlorination and disinfection that could be problematic for other water customers.

Mike Nelson responded that there is not a sufficient location or enough space, with only 20 lots, to accommodate a large storage tank. The GSD has an existing 250,000 gallon storage tank and plans to expand this storage capacity. An additional chlorine booster and injector will be installed at the end of the line to ensure proper chlorination.

Jeff Pauli asked if the proposed treatment plant would include plans to provide a water tank near the former proposed location of the T connection. Mr. Pauli added that it seems unwise not to include the T connection for fire purposes if there's appropriate language in place that clearly identifies that the purpose of connection is for fire purposes only.

Mike Nelson responded that the new tanks would be located on top of the hill using a gravity feed system and that while he agreed that it may have been more efficient to include the T connection as part of this project, the potential growth inducing concerns were such that it was necessary to remove the connections from the project description.

John LaBoyteaux, Redway resident, stated that he's a long-time resident, with a farm located in Redcrest. He added that the Big Flat is the single largest contiguous area of prime farmland on the South Fork of the Eel River. Mr. LaBoyteaux approached the map, identifying two GSD out of district service connections, serving the Goldeen and Southern Humboldt Community Park properties. He stated that it's his belief, according to discussions with Mr. Williamson, that under the proposed agreement, the GSD would not be able to increase the service through those connections. Mr. LaBoyteaux stated he would like to know what the current capacity is. The

existing line is quite small and was only intended for a residential connection, although there has been reference to a commercial connection. This matter needs to be further investigated, should the existing connections create a precedent for further expansion or use. As Mr. Nelson described, the pipeline out to Kimtu has about 20 units of excess capacity, of which the DPH discussed in their EIR. One of the reasons that the DPH gave as to why the project would not be growth inducing, is based upon the rate at which the GSD can remove water from the river, at about 267 gallons per minute (gpm). However, he added, the rate at which the District can remove water from the river has no relevance to the available capacity of the proposed pipeline. Mr. LaBoyteaux stated that he would like to know the GSD's maximum daily allocation from the river, if the District has any other sources of water other than the river, such as a spring system, and what Garberville's average daily use is to determine how much surplus capacity exists in the entire system. Also, several years ago the Southern Humboldt Community Park applied to the Department of Fish and Game (DFG) for an agricultural well. The Park told the DFG they needed 40-50 gpm and then installed a very large under-river collection system, with the capacity of many hundreds gpm, in addition to an extended a pipeline. The Board of the Park has discussed the possibility of sharing water with the town of Garberville and/or for emergency water. Mr. LaBoyteaux asked if there's any way that the GSD could end up receiving additional water from the Park source beyond what they could get from their regular collection system. Lastly, the GSD intends to build a new water treatment plant in this area. In May, Mr. LaBoyteaux wrote a letter to the GSD regarding the Negative Declaration adopted for the project. He added that the letter, dated May 30th, was sent to LAFCo. The concerns addressed in the letter include that the proposed pipeline is a pressurized treated pipeline that is also the conveyance for the new treatment plant water into town and to the GSD system. The Kimtu and GSD projects are not functionally or economically separate. In fact, what is part of the Kimtu extension, being paid for by DPH, is also part of the water treatment plant project, and is how the GSD will deliver the new treated water into town. In the letter, Mr. LaBoyteaux argued that by separating the two projects, the DPH and the GSD are piece-mealing the environmental review process and the combined growth inducement impacts have not been addressed. The area between the actual location of the new treatment plant and the short pipeline that joins the remainder of the 8-inch pipeline is a source of immediate service to the locations on both sides of the line. The location of the entire treatment plant, as well as that short section of pipeline, have growth inducing impacts as great, or greater, than the Kimtu extension. Mr. LaBoyteaux feels it's inappropriate for the GSD to be considering expansion in this area when there are other areas that are much more suitable for development.

Donald Courtemanche, Garberville resident, stated that the GSD Board of Directors and Developers recently had a meeting and the public was not notified or invited. Mr. Courtemanche added that Kimtu water line is designed to deliver 2,160,000 gallons of water to Kimtu's 20 households in a 30-day cycle, equating to 3,600 gallons of water per day per household, not counting water for fire suppression. This much surface water being available on tap, will further facilitate depletion of the South Fork Eel River. In LACO's Initial Study for the proposed project, it is falsely stated that the County requires an 8-inch line for this project. An 8-inch line is only required for new development, which will be the ultimate result of installing the proposed line. The entire existing Kimtu subdivision runs on a 6-inch line. Mr. Courtemanche referenced a letter from the Department of Fish and Game (DFG) noting that the South Fork Eel River is was flowing at 13 cubic feet per second (cfs) in 2008, the lowest level recorded in 69 years. He added that the GSD's new in-stream pump upgrade is designed to extract the District's entire allotted amount of 425 acre feet per year. At present, the GSD uses 187 acre feet per year, but as the June

26, 2010 Redwood Times article states, there appears to be big plans in the works. If the Kimtu project is started prior to the completion of the General Plan Update process, than once the Update is complete, all the caveats and protections placed on the Kimtu project can easily be changed. If these lines are in place and the water is there, development will occur.

Kristin Vogel, Garberville resident, stated that she has read the mitigations in the Kimtu I.S. Mitigated Negative Declaration. She stated that she appreciates the efforts that have taken place to ensure that new development will not be induced as a result of the construction of the proposed Kimtu 8-inch pipeline, however, these efforts may not be enough to prevent determined Southern Humboldt developers. Ms. Vogel encourages that a restrictive easement be required, with a respected third party organization- such as the Natural Resources Conservation Service, to further protect the Kimtu pipeline from new development.

George Williamson stated, in response to Mr. LaBoyteaux's question, staff does not have the GSD data at hand, but that information is available in the materials that LACO and GSD provided as part of the project application. Mr. Williamson added that the critical component of the discussion is regarding the District boundary, which is the only area that an extension of services may occur, except in specific circumstances such as this, in which there is a health and safety issue present. However, the current issues being presented are within the District SOI. There are safe guards in place, both with the conditions placed on this application and in LAFCo's operation policies, which restrict the District from extending services beyond the District boundary. The fact that the Commission is proceeding with the MSR and SOI review, gives staff the opportunity to look at the SOI in greater detail, including taking a closer look at the SOI as it pertains to prime agricultural land.

Marty McClelland suggested that if approved by the Commission, the project should be conditioned on the prohibition of any connection, whether it's the existing out of service lines or the new line, so that the prohibition becomes legally enforceable, creating a policy specific to this particular organization and that particular location.

Jill Duffy concurred with Mr. McClelland and added that while the CSD has adopted a resolution for the proposed project, it is not nearly as binding as an ordinance. Ms. Duffy stated that a recently published media article noted that the GSD would limit water delivery until the completion of the County General Plan Update. Regardless of its accuracy, this statement has created angst amongst the Community. An adopted GSD ordinance in place, stipulating that the line serving Kimtu is a dedicated line, would further ensure no future connections along the line. Ms. Duffy added that the use of a restrictive easement should be further considered, which would restrict the use of that water line. However, an ordinance would likely give the parameters necessary to clearly establish that the line would be a dedicated line.

Clif Clendenen stated that in the letter written by Mike Zanolli, the GSD system's capacity was discussed as a limiting withdrawal factor. Commissioner Clendenen asked for clarification as to how the District's withdrawal rate relates to existing usage and/or pumping time.

Mark Bryant responded that during the hot weather period, the GSD was pumping over 200,000 gpd to provide services, which is approximately half of the District's water allocations. In reality, through communications with the DFG the GSD Board has identified water resource limitations and as such, is involved in water conservation efforts and is very conservative with that resource.

Kevin McKenny asked how the approval conditions for the Kimtu project would relate to the GSD's water treatment plant approval process and the connection of the plant to the new line, as

it relates to LAFCo. He then asked if the three areas already receiving water service from GSD, mentioned by Mr. LaBoyteaux, would be changed or would continue to exist as-is today. Lastly, Commissioner McKenny stated that he does not understand what affect the new General Plan Update will have on this project. The public should be well informed of what is occurring in regards to the Update and where future growth is planned for in the County. The concept should be transparent to the public, including the potential provision and locations of affordable and/or high density housing.

George Williamson responded that if the District wanted to connect to the line as part of the water treatment project, the connection would require the Commission's approval. This is primarily because when the GSD bought the water company, the new areas served were located slightly outside of the District's boundaries. As such, these areas will be investigated as part of the GSD's MSR and SOI review that is currently underway. The capacity issue and the water treatment facility will be looked at further when the MSR update is before LAFCo.

Mark Bryant stated that the adopted resolution specifies no *new* connections are to take place. The two existing residential services are inaccessible for repairs due to the elevation change. The optimum place to handle repairs would be through the new main, via service connections for the *existing* service laterals. In addition, the District will be addressing the SOI update and proposed SOI through a series of open public hearings. In regards to the provision of affordable housing, that area is not currently served by wastewater and this is also the location of the District's drinking water aquifer, therefore, it is not likely that the District Board will support high-density residential development in that area.

THE MOTION WAS MADE by Commissioner Clendenen, and seconded by Commissioner Farley, to APPROVE Resolution 10-06, the extension of GSD's water service to serve the Kimtu Meadows Subdivision, with the added condition that the GSD will adopt an ordinance dedicating the line to serve only existing Kimtu connections and prohibiting future connections to the line.

THE MOTION PASSED BY A VOTE OF 7-0-0.

7. FISCAL YEAR-END BUDGET REPORT FOR 2009-10

BY ORDER OF THE CHAIR, with the concurrence of the Commission, the End of Fiscal Year 2009-10 Budget Report was received and filed as presented by staff.

8. PUBLIC APPEARANCES

9. ADJOURNMENT: 11:07 a.m.