AGENDA ITEM NO. 9.b

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION
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Kate McKenna, AICP
Executive Officer

DATE: February 22, 2010

TO: Chair and Members of the Formation Commission

FROM: Kate McKenna, AICP, Executive Officer

SUBJECT: PROPOSED BUDGET FOR FISCAL YEAR 2010-2011

SUMMARY OF RECOMMENDATIONS:

The Budget and Finance Committee recommends the following actions:

1. Review the Executive Officer's report;
2. Open and close the public hearing;
3. Adopt a proposed budget for Fiscal Year 2010-2011 (Exhibit A);
4. Direct the Executive Officer to distribute the adopted proposed budget to the County, cities and independent special districts for review and comments; and
5. Direct the Executive Officer to schedule a public hearing on March 29, 2010 to consider adoption of a final budget for Fiscal Year 2010-2011, including a determination that he Commission can accomplish its work with a budget that is less than the previous year.

EXECUTIVE OFFICER'S REPORT:

Introduction

The attached zero-based budget proposal (Exhibit A) was prepared under the direction of the LAFCO Budget and Finance Committee at a meeting on January 20. The Committee consists of Commissioner Ralph Rubio (Chair), Commissioner Tom Perkins, and LAFCO Chair Simón Salinas. The proposed total budget is $696,096. This is a 6 percent reduction from the FY 2009-2010 budget. The FY 2009-2010 budget was a 12 percent reduction from the FY 2008-2009 budget. These reductions demonstrate the Committee's emphasis on cutting costs, maintaining core LAFCO services and responsibilities, and reducing the contributions from local agencies.

Expenses

No salary or benefit changes are proposed for the three filled positions. For the second year in a row, no cost-of-living adjustments will be funded. For the second year, no funding is provided for an eligible merit increase for the Administrative Secretary (Confidential) position. Also for a second year, some benefits will be underfunded or not funded. No funding is proposed for a vacant Analyst position.

No funding is proposed for in-house professional services or temporary clerical assistance. The Executive Officer negotiated a rollback in office rental space costs to 2001 levels. Costs for general legal and accounting services reflect the significant cuts negotiated in 2009 contracts. Costs of other services and supplies also undergo regular review and competitive bidding processes. Partial funding is proposed for travel/training, at half the levels of two years ago. Minor increases are proposed for production supplies and public notices for a major LAFCO-initiated study of service reviews and Sphere of Influence updates.

No funding is proposed for Litigation Settlement costs. Partial funding is proposed for 3 reserves that were depleted for litigation defense in prior years. Even still, the Cash Reserve for Litigation, the line item General Contingency Reserve, and the Restricted Cash for Accrued Leave Liability will continue to be significantly underfunded.

Revenue

Proposed total (net) revenue is $696,096. The primary revenue source is annual contributions from the County, cities and independent special districts. By law, each of the 3 groups must pay one-third of the total cost of LAFCO operations. The proposed one-third cost share is $227,699 for Fiscal Year 2010-2011. This is 4 percent lower than each group's share in Fiscal Year 2009-2010 ($237,499). Please see Exhibit B for cost allocation estimates for individual cities and districts. Minor revenue sources are project fees and interest earnings.

Coordination with Annual Work Program and Findings for a Reduced Budget

By law, the budget cannot be less than the previous fiscal year unless the Commission determines that it can still accomplish its work. A proposed work program for Fiscal Year 2010-2011 has been prepared (see separate agenda item, February 22, 2010). The Commission will be able to make the necessary findings for a reduced budget. Language will be included in the resolution for the final budget. The Commission also made this finding for the current year adopted budget.

Public Hearing Schedule and Review by Local Agencies

The law requires adoption of a proposed budget by May 1, followed by transmittal of the adopted proposed budget to affected parties for review and comment, prior to adoption of a final budget by June 15. The final budget must also be transmitted to affected parties, including the County Auditor Controller. The County Auditor Controller will

determine the actual cost share for each local agency, and issue invoices on or about July 1. Collection of local agency contributions will be in accordance with a 2009 Commission policy.

Courtesy cost allocation estimates were sent to the County, cities, and districts after the Budget and Finance Committee meeting on January 20. These notices are attached as Exhibit C. The notices also provide information about the Commission's public hearing schedule.

Notice of the February 22 hearing on the proposed budget was advertised in local newspapers. Electronic copies of this report and the agenda were sent to the County, cities and districts on February 18. Following adoption, the proposed budget will be transmitted by March 1 to affected agencies for review and comment, including any changes that may be made by the Commission on February 22.

Any comments received will be forwarded to the Commission for consideration at a public hearing on March 29. At that time, the Commission will consider the adoption of a final budget. Notice of the March 29 hearing will be provided to affected parties and advertised in local newspapers. Following adoption, the final budget will be transmitted to all affected parties.

ALTERNATIVE ACTIONS:

The Commission may modify the recommended budget and schedule or provide other direction to the Executive Officer.

Respectfully Submitted,

Kate McKenna

Kate McKenna, AICP
LAFCO Executive Officer

Attachments:

Exhibit A – Draft Proposed Budget for FY 2010-2011
Exhibit B – Cost Allocation Estimates for Individual Cities and Special Districts (Information Only)
Exhibit C – Courtesy Notices

cc: County, Cities and District Managers
County Auditor-Controller's Office

EXHIBIT A

Draft Proposed Budget for FY 2010-2011

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
PROPOSED BUDGET WORKSHEET
FISCAL YEAR 2010 - 2011

	Adopted Budget for Fiscal Year 2009-10	Estimated Actual Year End Expenditures for Fiscal Year 2009-10	Proposed Budget Fiscal Year 2010-11
6000 EMPLOYEE SALARIES			
Proposal is to extend current freeze on salaries for all positions (Executive Officer, Senior Analyst, Administrative Secretary). No cost-of-living adjustments. No merit step increase for eligible Administrative Secretary position. No funding for a vacant Analyst position.	$ 308,946.00	$ 308,946.00	$ 308,946.00
6100 EMPLOYEE BENEFITS			
Proposal is to extend current freeze on benefits, and continue to underfund or not fund certain benefits.	$ 152,500.00	$ 152,500.00	$ 148,700.00
6010 - Accrued Leave Reserve: Commission policy is to fund the liability for payout of leave time. Proposal is to fund a portion of the liability. The reserve wil continue to be significantly underfunded in FY 2010-2011.	$ 5,000.00	$ 5,000.00	$ 8,000.00
XXXX - Post-Retirement Healthcare Obligation Reserve: Proposed Commission policy (February 2010) is to fund the liability for required employer contribution to retiree healthcare medical benefit premiums, and to establish a cash reserve for this purpose. This liability is $100 per month toward the CALPERS health benefits of any retiree who elects to receive and pay for this benefit. See January 2010 report for liability calculations. Together with pre-funding started in FY 2009-2010, the proposed budget will signficantly fund this new reserve.	$ 1,500.00	$ 1,500.00	$ 2,300.00
TOTAL SALARIES & BENEFITS (see Note 1)	**$ 467,946.00**	**$ 467,946.00**	**$ 467,946.00**

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
PROPOSED BUDGET WORKSHEET
FISCAL YEAR 2010 - 2011

		Adopted Budget for Fiscal Year 2009-10	Estimated Actual Year End Expenditures for Fiscal Year 2009-10	Proposed Budget Fiscal Year 2010-11
	SERVICES & SUPPLIES			
2001	**Litigation Settlement Agreement Costs** None anticipated in FY 2010-11.	$ 85,600.00	$ 85,262.00	$ -
7000	**Postage and Shipping** Includes postage for general correspondence and meeting mail outs, express mail, and certified mail. Also includes LAFCO election mailings to independent special districts, and mailings required for budget distribution.	$ 5,000.00	$ 4,000.00	$ 5,000.00
7010	**Books & Periodicals** Includes newspaper subscriptions, publications and codes on LAFCO law, CEQA employment law and other publications necessary to keep current on laws and trends.	$ 1,000.00	$ 1,000.00	$ 1,000.00
7030	**Copy Machine Charges** Includes copier machine lease.	$ 5,000.00	$ 5,000.00	$ 5,000.00
7040	**Outside Printers** Includes copying of large volume publications, maps and other occasional needs.	$ 1,000.00	$ 300.00	$ 1,000.00
7060	**Office Supplies** Includes annual consumable goods for office operations and work production. Anticipated increase in production costs reflects the multi-year effort now underway to prepare service reviews and Sphere of Influence updates for all cities and districts.	$ 5,000.00	$ 5,000.00	$ 7,000.00
7070	**Office Equipment & Furnishings** Includes office furniture such as small tables and miscellaneous items. Not funded.	$ -	$ -	$ -
7080	**Computer Hardware and Peripherals** Provides for ongoing replacement of out-of-warranty computers and equipment.	$ 2,000.00	$ 2,000.00	$ 2,000.00

	Adopted Budget for Fiscal Year 2009-10	Estimated Actual Year End Expenditures for Fiscal Year 2009-10	Proposed Budget Fiscal Year 2010-11
7085 **Computer Support Services (Fixed Costs)** Under contract with the County of Monterey, this line item provides device support (computer and network printers). Services also include micro systems support, web site housing, email, internet and network access. Costs are fixed.	$ 6,000.00	$ 6,000.00	$ 6,000.00
7090 **Computer Support Services (Variable Costs)** Under contract with County of Monterey or other vendor, this line item provides GIS support and development services for LAFCO's mapping and information functions, and enables LAFCO to be part of the County centralized GIS system. Also includes miscellaneous support services. Anticipated cost reflects the multi-year work effort to update Sphere maps for all local agencies. Charges are	$ 8,000.00	$ 5,000.00	$ 8,000.00
7100 **Computer Software** Includes software updates and licenses. Purposes are to extend the life and compatibility of existing computers. Carryover funds ($2,500) from FY 2008-2009 were encumbered in FY 2009-2010 for software. No funding is proposed for FY 2010-2011.	$ -	$ -	$ -
7105 **Meeting Broadcast Services** This account funds the live cable TV and web feed coverage of LAFCO meetings and weekly TV re-broadcasts, under contract with the County of Monterey. Costs are variable depending on number and length of meetings.	$ 4,000.00	$ 4,000.00	$ 4,000.00
7110 **Property and General Liability Insurance** Errors & Omissions Insurance is obtained from a vendor (currently the Special Districts Risk Management Authority).	$ 6,000.00	$ 6,000.00	$ 6,000.00

	Adopted Budget for Fiscal Year 2009-10	Estimated Actual Year End Expenditures for Fiscal Year 2009-10	Proposed Budget Fiscal Year 2010-11
7120 Office Maintenance Services Includes general office cleaning, including blinds, cabinets and underneath furniture. (Basic janitorial service to empty trash and sweep floors is included in office lease.)	$ 400.00	$ 400.00	$ 400.00
7130 Other Equipment Maintenance Includes maintenance agreements for small office equipment.	$ 250.00	$ 250.00	$ 250.00
7140 Travel Extends the current reductions and partial funding for employee, counsel and Commissioner (one member) travel for meetings, 2010 CALAFCO conference and 2010 staff workshop. Includes some transportation, hotel and meals.	$ 5,000.00	$ 5,000.00	$ 5,000.00
7150 Training, Conferences and Workshops Extends the current reductions and partial funding for employee, counsel and Commissioner (one member) training and annual CALAFCO conference and workshop fees, and technical training on CEQA, financing, etc.	$ 2,500.00	$ 2,500.00	$ 2,500.00
7160 Vehicle Mileage Reimbursement for use of personal vehicles, at the government rate.	$ 1,000.00	$ 1,000.00	$ 1,000.00
7170 Rental of Building Reduced cost reflects the anticipated terms of a new lease agreement, effective July 2010. Includes utilities.	$ 30,000.00	$ 30,000.00	$ 25,500.00
7200 Telephone Communications Includes telephone, cell and fax charges, and system maintenance and repairs.	$ 6,000.00	$ 6,000.00	$ 6,000.00

	Adopted Budget for Fiscal Year 2009-10	Estimated Actual Year End Expenditures for Fiscal Year 2009-10	Proposed Budget Fiscal Year 2010-11
7230 **Temporary Help Services (Clerical)** Includes temporary clerical services during high workload periods or staff absences. Not funded.	$ -	$ 103.00	$ -
7240 **Outside Professional Services**	$ 71,500.00	$ 71,500.00	$ 71,500.00
This line item includes: (a) General Counsel and Special Legal Counsel Services (Not Litigation). General Counsel costs are capped per a contract with County Counsel's Office and are significantly less than pre-2009 levels. Special Legal Counsel costs are variable, depending on need.	25,000	25,000	25,000
(b) Accounting and Financial Services (fixed rate contract with Hayashi and Wayland is significantly less than pre-2009 cost).	36,000	36,000	36,000
(c) Human resources services (variable rate contract with Fenton and Keller)	500	500	500
(d) Annual audit (RFP process underway; vendor to be determined)	10,000	10,000	10,000
(e) Temporary In-House Professional Services (during staff absences, vacancies or high workload periods). Not funded.	0	0	0
(f) Pass-Through Costs that are Reimbursed by Project Applicants: Current LAFCO practice is to discourage these types of transactions.	0	0	0
7250 **Miscellaneous Office Expenses** Minor expenses for office operations, Commission meetings and recording fees for LAFCO-initiated activities.	$ 1,000.00	$ 1,000.00	$ 1,000.00
7260 **Legal Notices** Expenses for actions requiring public notices, such as annexations and Sphere of Influence updates. Increase reflects the multi-year effort underway to prepare service reviews and Sphere updates for all cities and districts.	$ 6,300.00	$ 3,000.00	$ 6,000.00
7270 **Recruitment Advertising** To fill any vacant and funded position. None are anticipated.	$ -	$ -	$ -

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
PROPOSED BUDGET WORKSHEET
FISCAL YEAR 2010 - 2011

	Adopted Budget for Fiscal Year 2009-10	Estimated Actual Year End Expenditures for Fiscal Year 2009-10	Proposed Budget Fiscal Year 2010-11
7280 **LAFCO Memberships** CALAFCO Membership ($3500) and California Special Districts Association dues ($500). CSDA membership is required in order to get the Authority's E & O Insurance.	$ 4,000.00	$ 4,000.00	$ 4,000.00
7290 **Litigation Reserve** Commission policy is to build a litigation defense reserve, with a 3-year goal of reaching and maintaining $120,000. Reserve levels were depeleted by litigation defense in prior years. Proposal is to begin to rebuild the reserve. This reserve will continue to be significantly underfunded in FY 2010-11.	$ 10,000.00	$ 10,000.00	$ 30,000.00
XXXX **Records Storage & Security** Initiate a system to archive older records in disk format, and to ensure security of all records. Not funded.	$ -	$ -	$ -
7295 **Contingency Reserve** Commission policy is to build a strategic operating reserve, with goal of 25 percent of total budget, at 5 percent per year. This reserve was depleted to fund litigation defense. Proposal is to begin to build this reserve. The reserve will continue to be significantly undefunded in FY 2010-2011.	$ 5,000.00	$ 5,000.00	$ 30,000.00
SUBTOTAL SERVICES AND SUPPLIES (see Note 1)	**$ 271,550.00**	**$ 263,315.00**	**$ 228,150.00**
LESS PASS-THROUGH CHARGES	**$ -**	**$ -**	**$ -**
TOTAL SERVICES AND SUPPLIES (NET) (see Note 1)	**$ 271,550.00**	**$ 263,315.00**	**$ 228,150.00**
TOTAL SALARIES & BENEFITS (see Note 1)	**$ 467,946.00**	**$ 467,946.00**	**$ 467,946.00**
NET TOTAL FOR BUDGET UNIT (see Note 1)	**$ 739,496.00**	**$ 731,261.00**	**$ 696,096.00**
	Recommended Budget for FY 2009-2010	Estimated Actual Year End Expenses FY 2008-2009	Recommended Budget for FY 2009-2010

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
PROPOSED BUDGET WORKSHEET
FISCAL YEAR 2010 - 2011

		Adopted Budget for Fiscal Year 2009-10	Estimated Actual Year End Expenditures for Fiscal Year 2009-10	Proposed Budget Fiscal Year 2010-11
6000	Employee Salaries	$ 308,946.00	$ 308,946.00	$ 308,946.00
6100	Employee Benefits	$ 152,500.00	$ 152,500.00	$ 148,700.00
	6010-Accrued Leave Reserve	$ 5,000.00	$ 5,000.00	$ 8,000.00
	XXX-Post-Retirement Healthcare Obligation Reserve (Tentative)	$ 1,500.00	$ 1,500.00	$ 2,300.00
2001	Litigation Settlement Agreement Costs (July 2008)	$ 85,600.00	$ 85,262.00	$ -
7000	Postage and Shipping	$ 5,000.00	$ 4,000.00	$ 5,000.00
7010	Books and Periodicals	$ 1,000.00	$ 1,000.00	$ 1,000.00
7030	Copy Machine Charges	$ 5,000.00	$ 5,000.00	$ 5,000.00
7040	Outside Printers	$ 1,000.00	$ 300.00	$ 1,000.00
7060	Office Supplies	$ 5,000.00	$ 5,000.00	$ 7,000.00
7070	Office Equipment and Furnishings	$ -	$ -	$ -
7080	Computer/Hardware/Peripherals	$ 2,000.00	$ 2,000.00	$ 2,000.00
7085	Computer Support Services (Fixed Costs)	$ 6,000.00	$ 6,000.00	$ 6,000.00
7090	Computer Support Services (Variable Costs)	$ 8,000.00	$ 5,000.00	$ 8,000.00
7100	Computer Software	$ -	$ -	$ -
7105	Meeting Broadcast Services	$ 4,000.00	$ 4,000.00	$ 4,000.00
7110	Property and General Liability Insurance	$ 6,000.00	$ 6,000.00	$ 6,000.00
7120	Office Maintenance Services	$ 400.00	$ 400.00	$ 400.00
7130	Other Equipment Maintenance	$ 250.00	$ 250.00	$ 250.00
7140	Travel	$ 5,000.00	$ 5,000.00	$ 5,000.00
7150	Training, Conferences and Workshops	$ 2,500.00	$ 2,500.00	$ 2,500.00
7160	Vehicle Mileage	$ 1,000.00	$ 1,000.00	$ 1,000.00
7170	Rental of Buildings	$ 30,000.00	$ 30,000.00	$ 25,500.00
7200	Telephone Communications	$ 6,000.00	$ 6,000.00	$ 6,000.00
7230	Temporary Help Services (Clerical)	$ -	$ 103.00	$ -
7240	Outside Professional Services - Total for Line Items (a) - (f) Below	$ 71,500.00	$ 71,500.00	$ 71,500.00
	(a) General Counsel and Special Counsel	$ 25,000.00	$ 25,000.00	$ 25,000.00
	(b) Accounting and Financial Services	$ 36,000.00	$ 36,000.00	$ 36,000.00
	(c) Human Resources	$ 500.00	$ 500.00	$ 500.00
	(d) Annual Audit	$ 10,000.00	$ 10,000.00	$ 10,000.00
	(e) Temporary In-House Professional Services	$ -	$ -	$ -
	(f) Pass-Through Charges for Project Related Work (09-10 item is not reimbursab	$ -	$ -	$ -
7250	Miscellaneous Office Expenses	$ 1,000.00	$ 1,000.00	$ 1,000.00
7260	Legal Notices	$ 6,300.00	$ 3,000.00	$ 6,000.00
7270	Recruitment Advertising	$ -	$ -	$ -
7280	LAFCO Memberships	$ 4,000.00	$ 4,000.00	$ 4,000.00
7290	Litigation Reserve	$ 10,000.00	$ 10,000.00	$ 30,000.00
XXXX	Records Storage and Security	$ -	$ -	$ -
7295	Contingency Reserve	$ 5,000.00	$ 5,000.00	$ 30,000.00
	SUB TOTAL EXPENDITURES (see Note 1)	$ 739,496.00	$ 731,261.00	$ 696,096.00
	LESS PASS-THROUGH CHARGES (Line Item "(f)" above)	-	$ -	-
	TOTAL EXPENDITURES (NET) (see Note 1)	$ 739,496.00	$ 731,261.00	$ 696,096.00

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
PROPOSED BUDGET WORKSHEET
FISCAL YEAR 2010 - 2011

	Adopted Budget for Fiscal Year 2009-10	Estimated Actual Year End Expenditures for Fiscal Year 2009-10	Proposed Budget Fiscal Year 2010-11
REVENUES:	Adopted Anticipated Budget Revenues for Fiscal Year 2009-10	Estimated Actual Year End Revenues Fiscal Year 2009-10	Proposed Budget Revenues for Fiscal Year 2010-11
Fees:			
a. Project Fees (see Note 2)	$ 20,000	$ 15,000	$ 10,000
b. Pass-through Fees	$ -	$ -	$ -
County Contribution	$ 237,499	$ 237,499	$ 227,699
City Contributions	$ 237,499	$ 237,499	$ 227,699
Independent Special District Contributions	$ 237,499	$ 237,499	$ 227,699
Voluntary Contributions from Other Agencies	$ -	$ -	$ -
Contingency Reserve	$ -	$ -	$ -
Unreserved Fund Balance (see Note 3)	$ -	$ -	$ -
Interest	$ 7,000	$ 7,000	$ 3,000
SUB TOTAL REVENUES	$ 739,496	$ 734,497	$ 696,096
LESS PASS-THROUGH FEES (Line Item 7240 (f))	$ -	$ -	$ -
TOTAL REVENUE (NET) (see Note 1)	$ 739,496	$ 734,497	$ 696,096

NOTE 1 Pursuant to Government Code 56381 (a), the proposed and final budget for FY 2009-10 shall be equal to the budget adopted for FY 2008-09, unless the Commission finds that reduced staffing or program costs will nevertheless allow the Commission to fulfill the purpose and programs of the Cortese-Knox-Hertzberg Act. The Commission would need to make such findings as part of resolutions to adopt the proposed and final budgets.

NOTE 2 Commission policy is to show anticipated project fees as revenue in the year in which the fees are collected.

NOTE 3 Current Commission policy is to maintain the Unreserved Fund Balance.

EXHIBIT B

Cost Allocation Estimates for Individual Cities and Special Districts (Information Only)

Monterey County Cities
LAFCO Preliminary Cost Allocation Estimates for FY 2010-11

Using 2008-09 City Revenue Totals

		All Funds *Including General* **2008-09**		2010-11 PROJECTED AMOUNT TO BE BILLED
1	Greenfield	$14,408,339	4.1%	$ 9,298.18
2	King City	$10,314,038	2.9%	$ 6,655.99
3	Monterey	$76,074,984	21.6%	$ 49,093.69
4	Pacific Grove	$18,926,273	5.4%	$ 12,213.75
5	Sand City	$9,240,059	2.6%	$ 5,962.91
6	Salinas	$119,288,560	33.8%	$ 76,980.84
7	Gonzales	$9,985,857	2.8%	$ 6,444.20
8	Del Rey Oaks	$2,500,000	0.7%	$ 1,613.33
9	Carmel	$14,641,353	4.1%	$ 9,448.55
10	Marina	$25,229,716	7.2%	$ 16,281.57
11	Soledad	$13,968,303	4.0%	$ 9,014.21
12	Seaside	$38,262,097	10.8%	$ 24,691.79
	Total	$352,839,579	100.0%	$ 227,699.00

Note: This is for preliminary estimates only, using out-of-date city revenue information. Current financial information is not yet available. The actual 2010-11 cost will be determined by the County Auditor Controller based on the final adopted 2010-11 LAFCO budget and 2009-10 financial statements to be provided by Cities.

Last Updated: February 1, 2010

Monterery County Independent Special Districts
LAFCO Cost Allocation Formula: DRAFT Proportionate Percentages For FY 2010-11

Data Source: March 2008 State Controller's Special Districts Annual Report Using Fiscal Year 2005-06 Revenue. 2004-05 Revenue Data is used for King City Cemetery District.

Note: Pursuant to January 15, 2008 Direction of the Independent Special Districts Cost Allocation Committee, Administrative practice is to update the revenue data every five years. The next update is Scheduled for Fiscal Year 2013-14.

	Excluded Revenue	Non-Enterprise	Percent	Cost	Enterprise	Percent	Cost	Total LAFCO Cost	Percent
AIRPORTS									
Monterey Airport District	*4,485,281*				$6,772,269	6.01%	$13,688	**$13,688**	**6.01%**
CEMETERIES									
Castroville Cemetery	*359*	133,522	0.12%	270				**270**	**0.12%**
Cholame Cemetery District	*0*	10	0.00%	0				**0**	**0.00%**
Gonzales Cemetery District	*166*	69,872	0.06%	141				**141**	**0.06%**
Greenfield Cemetery District	*191*	63,870	0.06%	129				**129**	**0.06%**
King City Cemetery District	*0*	177,377	0.16%	359				**359**	**0.16%**
San Ardo Cemetery District	*26*	9,941	0.01%	20				**20**	**0.01%**
San Lucas Cemetery District	*55*	13,506	0.01%	27				**27**	**0.01%**
Soledad Cemetery District	*614*	102,172	0.09%	207				**207**	**0.09%**
COMMUNITY SERVICES DISTRICTS									
Castroville CSD	*29,319*				1,020,668	0.91%	2,063	**2,063**	**0.91%**
Pajaro/Sunny Mesa CSD	*53*	68,064	0.06%	138	769,498	0.68%	1,555	**1,693**	**0.74%**
Pebble Beach CSD	*51,156*	7,055,881	6.26%	14,261	2,968,974	2.64%	6,001	**20,262**	**8.90%**
Santa Lucia CSD	*0*	2,384,645	2.12%	4,820	1,853,720	1.65%	3,747	**8,566**	**3.76%**
Spreckels CSD	*147*	102,329	0.09%	207				**207**	**0.09%**
FIRE DISTRICTS									
Aromas Tri-County FPD	*9,058*	1,177,946	1.05%	2,381				**2,381**	**1.05%**
Cachagua FPD	*65,604*	69,400	0.06%	140				**140**	**0.06%**
Carmel Highlands FPD	*9,673*	1,846,740	1.64%	3,733				**3,733**	**1.64%**
Carmel Valley FPD	*424,293*	3,522,483	3.13%	7,119				**7,119**	**3.13%**
Cypress FPD	*18,185*	3,635,523	3.23%	7,348				**7,348**	**3.23%**
Gonzales Rural FPD	*30,659*	91,247	0.08%	184				**184**	**0.08%**
Greenfield FPD	*30,523*	504,044	0.45%	1,019				**1,019**	**0.45%**
Mission-Soledad FPD	*554*	160,968	0.14%	325				**325**	**0.14%**
North County FPD	*397,123*	4,971,927	4.41%	10,049				**10,049**	**4.41%**
Salinas Rural FPD	*425,354*	5,627,929	5.00%	11,375				**11,375**	**5.00%**
South Monterey County FPD	*979*	345,748	0.31%	699				**699**	**0.31%**
HARBOR DISTRICTS									
Moss Landing Harbor District	*4,317*				2,500,387	2.22%	5,054	**5,054**	**2.22%**
HEALTH CARE DISTRICTS									
Salinas Valley Memorial Healthcare System		See end of worksheet for adjustment of disproportionate impact above 25%							
Soledad Community Health Care					34,800	0.03%	70	**70**	**0.03%**

Monterery County Independent Special Districts
LAFCO Cost Allocation Formula: DRAFT Proportionate Percentages For FY 2010-11

MEMORIAL DISTRICTS									
Greenfield Memorial District	*531*	145,938	0.13%	295				**295**	**0.13%**
Spreckels Memorial District	*652*	188,125	0.17%	380				**380**	**0.17%**
MOSQUITO ABATEMENT DISTRICTS									
No. Salinas Valley Mosquito Abatemt.	*5,845*	1,227,303	1.09%	2,481				**2,481**	**1.09%**
RECREATION & PARK DISTRICTS									
Carmel Valley Recreation & Park	*0*	70,925	0.06%	143				**143**	**0.06%**
North County Public Recreation	*180,672*	475,752	0.42%	962				**962**	**0.42%**
Greenfield Recreation & Park	*663*	133,916	0.12%	271				**271**	**0.12%**
Monterey Peninsula Regional Park	*1,564,229*	3,390,441	3.01%	6,853				**6,853**	**3.01%**
Soledad-Mission Recreation & Park	*23,254*	332,128	0.29%	671				**671**	**0.29%**
RESOURCE CONSERVATION									
Monterey Co. Resource Conservation	*665,727*	21,554	0.02%	44				**44**	**0.02%**
SOLID WASTE DISPOSAL									
Monterey Regional Waste Mgt. District	*0*				17,319,711	15.37%	35,006	**35,006**	**15.37%**
WASTEWATER/SANITARY									
Carmel Area Wastewater District	*6,888*				5,805,747	5.15%	11,734	**11,734**	**5.15%**
WATER DISTRICTS									
Marina Coast Water District (County WD	*616,213*				7,111,844	6.31%	14,374	**14,374**	**6.31%**
San Ardo Water District (Calif. WD)	*0*				85,254	0.08%	172	**172**	**0.08%**
San Lucas County Water District	*554,288*				129,137	0.11%	261	**261**	**0.11%**
TOTALS:	9,602,651	$38,121,226	**33.84%**	$77,049	$46,372,009	**41.16%**	$93,725	**$170,774**	**75.00%**
Subtotal Operating Revenue:					$84,493,235	75.00%			
DISPROPORTIONATE IMPACT MITIGATION									
Salinas Valley Memorial Heathcare System - Allocation Based on Total Revenue					*295,445,507*	*77.76%*	*177,062*	***177,062***	***77.76%***
Salinas Valley Memorial Healthcare System - Adjusted at a fixed percentage of total special districts LAFCO cost:								**56,925**	**25.00%**
Total Cost								**$227,699**	**100.00%**

Exhibit C

Courtesy Notices

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION
P.O. Box 1369 132 W. Gabilan Street, Suite 102
Salinas, CA 93902 Salinas, CA 93901
Telephone (831) 754-5838 Fax (831) 754-5831
www.monterey.lafco.ca.gov

KATE McKENNA, AICP
Executive Officer

February 1, 2010

Mr. Lew Bauman, County Administrative Officer
County of Monterey
168 W. Gabilan St., 3rd Floor
Salinas, CA 93901

SUBJECT: LAFCO BUDGET FOR FISCAL YEAR 2010-2011
(1) Notice of Public Hearing
(2) Preliminary Cost Estimate for Annual Contribution to LAFCO

Dear Lew:

I am writing to provide information about the Commission's annual budget process.

First, enclosed please find a notice of a public hearing by the Local Agency Formation Commission to consider a proposed budget and work program for Fiscal Year 2010-2011. The hearing will be held on **Monday, February 22** at 4:00 p.m. in the Board of Supervisors Chambers in Salinas. The Commission will consider the recommendations of the LAFCO Budget and Finance Committee, headed by LAFCO Chair Simón Salinas. You will receive the Commission's agenda materials by February 17.

Second, this is a courtesy notice to inform you of the preliminary cost estimate for the annual contribution of the County to the expenses of LAFCO in Fiscal Year 2010-2011. The County's estimated share of the expenses is $227,699. An accurate calculation will be made after the final LAFCO budget is adopted. Even though this estimate is approximate only, the Budget and Finance Committee requested that you receive it as early as possible during the County's budget preparation process.

The proposed decrease in cost demonstrates that LAFCO is working hard to cut costs and maintain essential services. Proposed overall expenditures for Fiscal Year 2010-2011 are 6 percent less than the current year budget, and 18 percent less than last year's budget. Proposed total annual contributions from all local agencies are 4 percent less than the current year and 14 percent less than last year.

If the Commission acts on February 22 to adopt the proposed budget, the adopted proposed budget will be issued to local agencies by March 1 for review and comment. The Commission will hold a second hearing to consider comments and adopt a final budget. The tentative date for that hearing is March 29.

Thank you for your support of LAFCO services to our cities, special districts and the County of Monterey. Please contact me if you have any questions or comments at this time.

Sincerely,

Kate McKenna, AICP
Executive Officer

Enclosure (1)

cc: Rosie Pando, Al Freidrich, Jill Baucom, and Nerahoo Hemraj

LAFCO *of Monterey County*

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KATE McKENNA, AICP
Executive Officer

MEMORANDUM

TO: City Managers

FROM: Kate McKenna, AICP, Executive Officer

DATE: February 1, 2010

SUBJECT: LAFCO BUDGET FOR FISCAL YEAR 2010-2011

I am writing to provide information about the Commission's annual budget process.

Notice of Public Hearing

Enclosed please find a notice of a public hearing by the Local Agency Formation Commission to consider a proposed budget and work program for Fiscal Year 2010-2011. The hearing will be held on February 22 at 4:00 p.m. in the Board of Supervisors Chambers in Salinas. The Commission will consider the recommendations of the LAFCO Budget and Finance Committee. You will receive the Commission's agenda materials by February 17.

Preliminary Cost Estimates for Annual Contributions

This is also a courtesy notice to inform you of preliminary cost estimates for the annual contribution of cities to the expenses of LAFCO in Fiscal Year 2010-2011. These cost estimates, ***based on last year's financial information,*** are listed in the enclosed worksheet. Accurate calculations will be made after the final LAFCO budget is adopted and the County Auditor-Controller receives current financial information for all cities. Even though these estimates are approximate only, the Budget and Finance Committee requested that you receive them as early as possible during your budget preparation processes.

The proposed overall decrease in costs demonstrates that LAFCO is working hard to cut costs and maintain essential services. Proposed overall expenses for Fiscal Year 2010-2011 are 6 percent less than the current year budget, and 18 percent less than last year's budget. Proposed total annual contributions from all local agencies are 4 percent less than the current year and 14 percent less than last year.

Process and Schedule

If the Commission acts on February 22 to adopt the proposed budget, the adopted proposed budget will be issued to local agencies by March 1 for review and comment. The Commission will hold a second hearing to consider comments and adopt a final budget. The tentative date for that hearing is March 29.

Thank you for your support of LAFCO services to our cities, special districts and the County of Monterey. Please contact me if you have any questions or comments at this time.

Enclosures (2)

cc: Auditor-Controller's Office, County of Monterey

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION
P.O. Box 1369 132 W. Gabilan Street, Suite 102
Salinas, CA 93902 Salinas, CA 93901
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KATE McKENNA, AICP
Executive Officer

MEMORANDUM

TO: General Managers and Fire Chiefs, Independent Special Districts

FROM: Kate McKenna, AICP, Executive Officer

DATE: February 1, 2010

SUBJECT: LAFCO BUDGET FOR FISCAL YEAR 2010-2011

I am writing to provide information about the Commission's annual budget process.

Notice of Public Hearing

Enclosed please find a notice of a public hearing by the Local Agency Formation Commission of Monterey County to consider a proposed budget and work program for Fiscal Year 2010-2011. The hearing will be held on February 22 at 4:00 p.m. in the Board of Supervisors Chambers in Salinas. The Commission will consider the recommendations of the LAFCO Budget and Finance Committee. You will receive the Commission's agenda materials by February 17.

Preliminary Cost Estimates for Annual Contributions

This is also a courtesy notice to inform you of the preliminary cost estimates for the annual contributions of special districts to the expenses of LAFCO in Fiscal Year 2010-2011. Cost estimates are listed in the enclosed worksheet. An accurate calculation will be made after the final LAFCO budget is adopted. Even though these estimates are approximate only, the Budget and Finance Committee requested that you receive them as early as possible during your budget preparation processes.

The proposed overall decrease in costs demonstrates that LAFCO is working hard to cut costs and maintain essential services. Proposed expenses for Fiscal Year 2010-2011 are 6 percent less than the current year budget, and 18 percent less than last year's budget. Proposed total annual contributions from local agencies are 4 percent less than the current year and 14 percent less than last year.

Process and Schedule

If the Commission acts on February 22 to adopt the proposed budget, the adopted proposed budget will be issued to local agencies by March 1 for review and comment. The Commission will hold a second hearing to consider comments and adopt a final budget. The tentative date for that hearing is March 29.

Thank you for your support of LAFCO services to our cities, special districts and the County of Monterey. Please contact me if you have any questions or comments at this time.

Enclosures (2)

cc: Auditor-Controller's Office, County of Monterey