

EXECUTIVE OFFICER'S REPORT:

Introduction

On March 14, the Budget and Finance Committee met to consider a proposed work program and budget for Fiscal Year 2011-2012. The Committee consists of Commissioners Simón Salinas (Chair), Bruce Delgado, and Graig Stephens. The Committee recommends adoption of the attached proposed work program. The work program identifies essential services performed by LAFCO to accomplish the Commission's legislative purposes and stated priorities.

Overview of Proposed Work Program

The work program is organized by six functions: application processing, special studies, government and community relations, Commission and Committee support, and administrative and human resource management. The emphasis is on the cost-efficient delivery of core services in a responsive, professional, and legally defensible manner.

The current volume of applications for boundary changes and formations continues to be low due to the economy. However, several dozen local agencies are preparing for growth and other boundary or service changes, and are involving LAFCO in early discussions. While most of these future applications are in preliminary stages of preparation and the timing is undefined, some will be submitted to LAFCO in Fiscal Year 2011-2012.

The annual workload is also affected by the impacts of unprecedented and permanent fiscal stress on local agencies. Local interest in consolidations, mergers, dissolutions, and other formal boundary changes is high. Local interest in sharing of services and facilities is also high. LAFCO is increasingly called upon as a resource to help find creative solutions for the efficient delivery of public services. The potential alignment of more services from the State to local agencies will provide additional opportunities to carefully look at service delivery.

Staff is also engaged in LAFCO-initiated studies that have value to our local and regional agencies. Most important of these studies is the multiple-year, State-mandated program to update all Municipal Service Reviews and Spheres of Influence for the cities and districts of Monterey County.

Application Processing Functions

The critical review of applications and proposals is a core LAFCO responsibility. Although staff has many discussions with potential applicants, most applicants are deferring the submittal of formal applications for Sphere of Influence updates, annexations, and other boundary changes. This trend is expected to continue until the local economy improves and construction activity increases. Likewise, the current high level of interest in consolidations, mergers, dissolutions, and other formal boundary reorganizations is mostly in discussion stages at this time, but some

of that interest may turn into formal applications in Fiscal Year 2011-2012. A partial list of potential formal applications is attached to the proposed work program as Table 1.

Of special interest is a State law that requires LAFCO to provide for the orderly dissolution of the Fort Ord Reuse Authority by June 30, 2014. Preliminary discussions have been held with FORA staff to begin coordinating the steps required for this process. Our intention is to have a work program for dissolution in place by 2012.

A priority is to provide the Commission with legally defensible recommendations and alternatives, and alerts to litigation risks, liabilities, and alternatives associated with potential actions. Also, fast-track status will continue to be given to applications with economic development, public health and safety, or other urgent needs.

Special Studies Initiated by LAFCO

In-house staff will continue to work on Commission-initiated special studies. Most significant is the progress that will be made to carry out State-mandated Municipal Service Reviews and Sphere of Influence updates. Required every five years for all cities and special districts, this work is designed in phases to be done over several years. Service and boundary reviews of our cities were completed in January 2011. Reviews of fire protection and emergency medical service providers will be completed by Fall 2011. Reviews of water, wastewater, solid waste, park and recreation, and cemetery districts, along with dependent County Service Areas, will be started in Fiscal Year 2011-2012, with some of that work extending into the following fiscal year. Other special studies will be undertaken as needed, including ongoing work to review and update LAFCO's policies, maps, procedures, and flowcharts.

Government and Community Relations

LAFCO staff will continue to actively participate in planning and environmental processes of local agencies. Staff will also continue to participate in regional activities in which LAFCO has statutory responsibilities, such as the development of a sustainable communities strategy by the Association of Monterey Bay Area Governments (pursuant to SB 375 - Global Warming Emission Reductions). Work on this strategy started in April 2011. Our goals are to encourage cooperation and to promote knowledge of LAFCO laws, policies, procedures, and issues.

LAFCO of Monterey County will continue a tradition of providing assistance and being represented at a statewide level. With the support of the Commission, the Executive Officer is serving a two-year term as a staff officer of the California Association of Local Agency Formation Commissions (CALAFCO). This is a volunteer position that includes coordination of professional development courses for LAFCO staff and Commissioners throughout California. The term expires in December 2011. LAFCO of Monterey County is also hosting the annual CALAFCO Conference in Monterey in October 2012. The Commission will participate in hosting duties in Fiscal Year 2011-2012 in preparation for the conference.

Commission and Committee Functions

Support of the Commission's work is an ongoing priority. This includes the preparation of clear and complete Commission and Committee meeting packets, public notices, meeting minutes, and Commission policies and procedures. It also includes orientations for new Commissioners, regular meetings between the Executive Officer and the Commission Chair and Vice Chair, monitoring State legislation and CALAFCO legislative activities, and informing the Commission of changes in the law.

Administrative and Human Resources Management

These tasks will continue to emphasize systems in place for productivity and employment law compliance.

Financial Management

Annual work program tasks will continue to emphasize current systems for cost controls and transparency in financial, accounting, and audit systems, and procedures. In addition, the Executive Officer is developing a three-year Financial Forecast to anticipate and manage costs and revenues. This new financial tool was presented for discussion with the Budget and Finance Committee in March 2011, and will be implemented in Fiscal Year 2011-2012.

FISCAL IMPACT

The proposed work program has been prepared in coordination with the proposed budget for Fiscal Year 2011-2012 (see related Agenda Item No. 10.b). The budget will fund core LAFCO services. Application processing, special studies, government and community relations, and commission and committee support will be done with existing in-house staff resources. If the volume of boundary change applications is higher than expected, this will affect staff's ability to fulfill other responsibilities. Contract assistance is required for general and special counsel services, computer technology support, human resources services, and accounting and financial systems services. Similar to the previous fiscal year, no funding is proposed for in-house professional or clerical staff assistance.

The proposed budget is less than the current year budget. In order to adopt a reduced budget, State law requires that the Commission must be able to make a finding that LAFCO can still accomplish its work program. That finding was made for the current year adopted budget and can be made again. Language will be included in the resolution to adopt the final budget for Fiscal Year 2011-2012 which is scheduled for May 23.

ALTERNATIVES

In lieu of the recommended work program, the Commission may add, delete, or modify the tasks.

Respectfully Submitted,

A handwritten signature in black ink that reads "Kate McKenna". The signature is written in a cursive style with a horizontal line extending from the end of the name.

Kate McKenna, AICP
Executive Officer

Attachment:

- Proposed Fiscal Year 2011-2012 Work Program

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

PROPOSED WORK PROGRAM FISCAL YEAR 2011-2012

April 25, 2011

1. APPLICATION PROCESSING FUNCTIONS		
TASK	STATUS	COMMENTS
<p>Process applications for boundary changes in a responsive, professional and efficient manner.</p> <p>(A partial list of potential boundary change proposals that have been discussed with local government agencies is attached to this Work Program. Does not include active, current proposals. See Table 1.)</p>	ONGOING	Priority fast-tracking is given to applications for economic development, public health and safety, or other urgent needs.
<p>Provide Commission with legally defensible recommendations and alternatives, and alert to litigation risks, liabilities and alternatives associated with potential actions.</p>	ONGOING	No active litigation.

2. SPECIAL STUDIES		
TASK	STATUS	COMMENTS
<p>Initiate and/or Complete Municipal Service Reviews and Sphere of Influence Updates for:</p> <ul style="list-style-type: none"> • Phase One: Fire Services and Emergency Medical Services; • Phase Two: Water, Wastewater, and Solid Waste Districts; • Phase Three: Dependent County Service Areas (Streets, Highways, Drainage, Landscaping, etc.), and • Phase Four: Recreation & Park Services and Cemetery Services. 	<p>Complete Phase One by Fall 2011. Begin Phase Two in July and Complete in early 2012. Begin Phase Three in early 2012 and complete in mid-2012. Begin Phase Four in mid-2012 and complete in late 2012.</p>	<p>Phase One (Cities) was competed in January 2011.</p>
<p>As needed, update the LAFCO map inventory and publish maps on the LAFCO web site.</p>	ONGOING	
<p>As needed, develop and update local policies, procedures, applications, and flowcharts for Spheres of Influence, annexations, reorganizations, and the creation of cities and districts.</p>	ONGOING	

3. GOVERNMENT AND COMMUNITY RELATIONS		
TASK	STATUS	COMMENTS
Initiate informal meetings to discuss budget and policy issues with Cities, Special Districts, and County, as appropriate.	ONGOING	
Attend meetings of the Special Districts Association and the Special Districts General Managers' Group (quarterly).	ONGOING	
Attend meetings as requested by the City Managers Group and City Mayors Association.	ONGOING	
Attend meetings as requested by the County of Monterey.	ONGOING	
Provide early notice to County, Cities, and Special Districts of issues that may affect them, and opportunities to participate in the LAFCO process.	ONGOING	
Post public information on the LAFCO website and review website layout, graphics, and content for ease of public use.	ONGOING	
Encourage and provide early LAFCO participation in Sphere of Influence updates, General Plan updates, city-county-district dialogues, and environmental review activities that affect government boundaries & services.	ONGOING	
Participate in regional activities for which LAFCO has indirect or direct responsibilities, such as ensuring the consideration of Spheres of Influence in the development of the AMBAG Sustainable Communities Strategy, as required by State law.	IN PROGRESS	
Participate in community educational opportunities to promote understanding and dialogue with various sectors of the Monterey County economy.	ONGOING	
Work with the Fort Ord Reuse Authority (FORA) in the analysis of dissolution alternatives for presentation to the FORA Board and the Formation Commission, consistent with the 2014 "sunset" requirements of the FORA Act.	IN PROGRESS	Initial meeting has been held with FORA to discuss steps and timing.
Represent the interests of Monterey LAFCO in statewide issues by providing Staff Officer assistance to California Association of Local Agency Formation Commissions (CALAFCO) through December 2011.	IN PROGRESS	
Develop and implement plans to host Annual CALAFCO Conference in Monterey on October 2 - 5, 2012.	IN PROGRESS	Monterey LAFCO will work cooperatively with CALAFCO staff, a Host Committee, and a Program Committee which will include staff from other LAFCOs.

4. COMMISSION AND COMMITTEE FUNCTIONS		
TASK	STATUS	COMMENTS
Provide support to ten regularly-scheduled Commission meetings, special meetings as needed, and Committee meetings, including the provision of public notices, agenda packets, web meeting broadcasts, and minutes.	ONGOING	
Hold monthly agenda review sessions with Chair and Vice-Chair.	ONGOING	
Conduct new Commissioner orientations, as needed.	ONGOING	
Continue to participate in the CALAFCO legislative process to ensure that local interests are coordinated with policies and activities of the statewide organization. Continue to monitor state legislation. Continue to provide feedback to legislators and CALAFCO as needed. Continue to update local policies and procedures for consistency with approved legislation.	ONGOING	
Provide Commission with regular update of laws, policies, and procedures.	ONGOING	

5. ADMINISTRATIVE AND HUMAN RESOURCES MANAGEMENT		
TASK	STATUS	COMMENTS
Maintain the LAFCO project tracking system.	ONGOING	
Maintain the staff time keeping, cost tracking, and invoicing systems for applications.	ONGOING	
Review LAFCO Human Resources Policies and Procedures.	IN PROGRESS	
Identify and support staff training needs and opportunities, including professional certification, technical training, and ethics/harassment compliance.	ONGOING	

6. FINANCIAL MANAGEMENT		
TASK	STATUS	COMMENTS
Review and update the project fee schedule and hourly staffing rates, as needed.	ONGOING	
Continue to review existing financial policies and procedures, and prepare new financial policies and procedures as necessary.	ONGOING	
Continue to coordinate with County Auditor on the process of obtaining annual local agency contributions to LAFCO.	ONGOING	
Complete audit for Fiscal Year 2010-2011.	Start August 2011. Complete by December 2011.	
Conduct periodic review of Benefits, Services and Supplies with the goal of continuing to minimize costs.	ONGOING	
Use a three-year financial forecast as a tool to project upcoming needs and to provide the resources to meet these needs.	Developed for initial review in March 2011.	Continue development and implement as a planning exercise in FY 2011-2012.

Table:1 Partial List of Potential Local Agency Applications

LOCAL AGENCY	POTENTIAL APPLICATION
Aromas County Water District	Oak Ridge / Via del Sol Sphere of Influence Amendment and Annexation
Carmel Highlands Fire Protection District	Comprehensive Sphere Amendment and Annexation
Carmel Valley County Sanitation District	Dissolution
Castroville Community Services District	Sphere Amendment (County Redevelopment Area)
Cities of Del Rey Oaks, Monterey, and Seaside	Minor Adjustments to Spheres of Influence and City Boundaries
City of Gonzales	Comprehensive Sphere Amendment
City of Greenfield	Sundance Annexation (Northwest of City)
	Villages Annexation (West of City)
City of King City	Comprehensive Sphere of Influence Amendment
City of Salinas	Fresh Express Sphere Amendment and Annexation
City of Soledad	Comprehensive Sphere of Influence Amendment
	Miravale IIB Sphere Amendment and Annexation
	Miravale III Sphere Amendment and Annexation
	Out-of-Area Service Agreement to Provide Sewer Service to Camphora Farm Labor Housing Development
	US 101 / Front Street Interchange Sphere of Influence Amendment & Annexation
Cypress Fire Protection District	Comprehensive Sphere Amendment and Annexation
Marina Coast Water District	220-Acre Armstrong Ranch Annexation (to facilitate water supply infrastructure)
	Sphere of Influence Amendment and Annexation for the Ord Community
Mission Soledad Fire Protection District	Sphere of Influence Amendment and Annexation
Pajaro County Sanitation District	Alvaro Gonzales Sphere Amendment and Annexation
	Merger with Pajaro/Sunny Mesa Community Services District (under discussion with County)
Pajaro/Sunny Mesa Community Services District	Various Sphere of Influence Amendments, Annexations, and/or Out-of Area Service Agreements
South Monterey County Fire Protection District	Sphere of Influence Amendment and Annexation
Potential Water District Reorganization	Proposed citizens' petition/application for the formation of a County Water District and Dissolution of the Monterey Peninsula Water Management District