

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

Don Champion, Ph.D. (<i>Chair</i>)	<i>Special District Member</i>	Dennis Donohue	<i>City Member</i>
Vince DiMaggio (<i>Vice Chair</i>)	<i>Public Member</i>	Maria Orozco	<i>City Member, Alternate</i>
Fernando Armenta	<i>County Member, Alternate</i>		<i>(Pending Oath of Office)</i>
Louis R. Calcagno	<i>County Member</i>	Simón Salinas	<i>County Member</i>
Sherwood Darington	<i>Public Member, Alternate</i>	Steve Snodgrass	<i>Special District Member, Alternate</i>
Bruce Delgado	<i>City Member</i>	Graig R. Stephens	<i>Special District Member</i>

AGENDA

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

Monday, May 23, 2011
4:00 p.m.

Board of Supervisors Chambers
Monterey County Government Center
168 West Alisal Street, First Floor
Salinas, California

The Local Agency Formation Commission welcomes you to its meetings. If you want to submit documents at this meeting, please bring 15 copies for distribution. The meeting will be broadcast live on Comcast Cable TV Channel 28 and webcast live at www.monterey.lafco.ca.gov. TV rebroadcasts are shown every Monday at 4:00 p.m. Agendas and reports are available on our website at least 72 hours before each meeting.

1. CALL TO ORDER

2. ROLL CALL

ACTION

3. SELECTION OF CHAIR AND CHAIR PRO TEMPORE

ACTION

- a. Select the Chair and Chair Pro Tempore for a One-Year Period Ending in May 2012.

4. PLEDGE OF ALLEGIANCE

5. SPECIAL BUSINESS

ACTION

- a. Administer Oath of Office for City Member (Alternate) Commissioner Maria Orozco for the Remainder of a Term Ending May 2012. (Administered by Chair).

6. MINUTES

ACTION

- a. Adopt Draft Minutes of April 25, 2011 Regular LAFCO Meeting.
- b. Accept Draft Notes of May 2, 2011 Conducting Authority Proceedings for a Proposal by the Pebble Beach Community Services District to Activate Latent Powers to Convert Existing Overhead Electric and Communications Facilities to Underground Locations (LAFCO File No. 11-02).

7. PUBLIC COMMENTS

Anyone may address the Commission briefly concerning items not already on the agenda. Please fill out a Speaker Request Form available on the rostrum.

8. COMMISSIONER ANNOUNCEMENTS

INFORMATION

Commissioners may ask a question for clarification, make a brief announcement or report on their activities.

9. CONSENT ITEMS

ACTION

- a. Approve the Register of Checks Paid in April 2011.
- b. Accept List of Anticipated Future Agenda Items.
- c. Receive Report on Activities of the California Association of Local Agency Formation Commissions.
- d. Consider Amendment #1 to Fiscal Year 2010-2011 Budget, to Transfer Funds from Line Item 7240 (General Legal Services) to Line Item 7080 (Computer Hardware), with no Net Change to Overall Budget.

10. NEW BUSINESS

- a. Consider Business Items of the California Association of Local Agency Formation Commission.

- i. Consider Nominations for CALAFCO Board of Directors.

**INFORMATION/
ACTION**

- ii. Consider CALAFCO Achievement Award Nominations. **ACTION**
- iii. Authorize Attendance at 2011 Annual Conference. **ACTION**
- iv. Appoint Voting Delegates to 2011 Annual Conference. **ACTION**
- v. Receive Report on 2012 Annual Conference in Monterey. **INFORMATION**

11. PUBLIC HEARING ACTION

- a. Consideration of Final Work Program for Fiscal Year 2011-2012.
- b. Consideration of Final Budget for Fiscal Year 2011-2012.

12. EXECUTIVE OFFICER ANNOUNCEMENTS INFORMATION

The Executive Officer may provide a report on activities of the Commission and Staff, including:

- a. California Forward - Policy Proposals and Regional Stakeholder Meetings.

13. CLOSED SESSION

- a. Pursuant to Government Code Section 54956.9 (a), the Commission will meet in closed session to discuss with its general counsel one matter of significant exposure to litigation.
- b. Public Employee Performance Evaluation pursuant to Gov. Code section 54957.
Position: LAFCO Executive Officer.

14. ADJOURNMENT TO THE NEXT MEETING

Regular LAFCO Meeting – Monday, June 27, 2011 at 4:00 p.m.

Alternative Formats: If requested, the agenda will be made available in alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 USC 12132) and the federal rules and regulations adopted in implementation thereof.

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KATE McKENNA, AICP
Executive Officer

DATE: May 23, 2011
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **SELECTION OF CHAIR AND CHAIR PRO TEMPORE**

SUMMARY OF RECOMMENDATION:

It is recommended that the Commission select the Chair and Chair Pro Tempore for a one-year period ending in May 2012.

EXECUTIVE OFFICER'S REPORT:

LAFCO *Rules and Regulations for the Orderly and Fair Conduct of Hearings* provide that the Commission shall annually, by majority vote, select from its regular members one to serve as Chair and one to serve as Chair Pro Tempore of the Commission until the following May. Any Chair or Chair Pro Tempore selected under the provision of this section shall continue to act as Chair or Chair Pro Tempore until the selection of their successors.

The Rules and Regulations provide that the Commission shall rotate the positions of Chair and Chair Pro Tempore from among Commissioners according to the following schedule:

	<u>Chair</u>	<u>Chair Pro Tempore</u>
2010-11	Special District Member	Public Member
→ 2011-12	Public Member	City Member
2012-13	City Member	County Member
2013-14	County Member	Special District Member

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachment: Section 10 of the "Rules and Regulations for the Orderly and Fair Conduct of Hearings" relating to the "Chair and Chair Pro Tempore."

THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

RESOLUTION NO. 08-02

**RULES AND REGULATIONS FOR THE ORDERLY AND FAIR
CONDUCT OF HEARINGS OF THE LOCAL AGENCY FORMATION COMMISSION
OF MONTEREY COUNTY**

...

Section 10. CHAIR AND CHAIR PRO TEMPORE. At its first meeting in the month of May, the Commission shall by majority vote, select from its regular members one to serve as Chair and one to serve as Chair Pro Tempore of the Commission until the following May. Any Chair or Chair Pro Tempore selected under the provisions of this section shall continue to act as Chair or Chair Pro Tempore until the selection of their successors.

- a. Beginning in May 2008, the positions of Chair and Chair Pro Tempore will be rotated among Commissioners according to the following schedule, and then repeated:

	<u>Chair</u>	<u>Chair Pro Tempore</u>
Year 1	City Member	County Member
Year 2	County Member	Special District Member
Year 3	Special District Member	Public Member
Year 4	Public Member	City Member

...

**AGENDA
ITEM
NO. 5.a**

LAFCO of Monterey County

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KATE McKENNA, AICP
Executive Officer

DATE: May 23, 2011
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **OATH OF OFFICE FOR CITY MEMBER (ALTERNATE)**

SUMMARY OF RECOMMENDATION:

It is recommended that the Commission Chair administer the oath of office to Commissioner Maria Orozco.

EXECUTIVE OFFICER'S REPORT:

On May 6, the City Selection Committee selected Maria Orozco, Mayor of Gonzales, to fill the Alternate seat that was vacated by Matt Gourley in February. Commissioner Orozco will serve for the remainder of the existing term of office that ends on the first Monday in May 2012.

Article 20, Section 3 of the California Constitution and Government Code Section 1360 requires the taking of an oath upon entering office or being re-appointed to office.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

KATE McKENNA, AICP
Executive Officer

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MINUTES
LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

Adopted on _____

Regular Meeting
Monday, April 25, 2011
4:00 p.m.

Board of Supervisors Chambers
Monterey County Government Center
168 West Alisal Street, First Floor
Salinas, California

The Local Agency Formation Commission was called to order by Chair Champion at 4:04 p.m. in the Monterey County Board of Supervisors Chambers. Commissioner DiMaggio led the Pledge of Allegiance.

ROLL CALL

Members Present

Commissioner Champion, Chair (Special District Member)
Commissioner Calcagno, (County Member)
Commissioner Delgado, (City Member)
Commissioner DiMaggio, (Public Member)
Commissioner Donohue, (City Member)
Commissioner Salinas, (County Member)
Commissioner Snodgrass, Alternate (Special District Member; seated after receiving Oath of Office)
Commissioner Stephens, (Special District Member)

Members Not Present

Commissioner Armenta (Presence Not Required)
Commissioner Darington (Presence Not Required)

Staff Present

Kate McKenna, AICP, Executive Officer
Thomas A. McCue, AICP, Senior Analyst
Leslie J. Girard, LAFCO General Counsel
Donna A. Christoffersen, Interim LAFCO Clerk

4. SPECIAL BUSINESS

- a. Administer Oath of Office for Re-Appointment of City Member Commissioner Dennis Donohue for a Term Ending May 2015. (Administered by Commissioner Salinas).

This item was moved to later in the meeting.

- b. Adopt a Resolution Declaring the 2011 Selection Results of the Independent Special District Selection Committee.

Chair Champion asked Executive Officer McKenna to provide a report on the 2011 Selection Results.

There were no public comments for this item.

Commission Action

Upon motion by Commissioner Salinas, and second by Commissioner Stephens, the motion unanimously passed to adopt the Resolution.

Chair Champion introduced and welcomed new LAFCO Commissioner, Mr. Steve Snodgrass to the Commission, and administered the Oath of Office.

5. MINUTES

- a. Adopt Draft Minutes of March 28, 2011 Regular LAFCO Meeting.

There were no public comments for this item.

Commission Action

Upon motion by Commissioner Stephens, seconded by Commissioner Delgado, the Minutes were unanimously approved.

- b. Accept Draft Meeting Notes of March 30, 2011 LAFCO Sphere of Influence and Annexation Policy Committee Meeting.

There were no public comments for this item.

Commission Action

Upon motion by Commissioner DiMaggio, and seconded by Commissioner Stephens, the Notes were unanimously accepted.

6. PUBLIC COMMENTS

Mr. Bill Carrothers announced the availability of a Real Estate Agent Guide for homes in the City of Salinas.

7. COMMISSIONER ANNOUNCEMENTS

There were no Commissioner announcements.

8. CONSENT ITEMS

- a. Approve the Register of Checks Paid in March 2011.
- b. Accept List of Anticipated Future Agenda Items.
- c. Receive Report on Activities of the California Association of Local Agency Formation Commissions.

There were no public comments for these items.

Commission Action

Upon motion by Commissioner Salinas, and seconded by Commissioner Stephens, the consent items were unanimously approved.

9. OLD BUSINESS

Consider Resolution to Adopt Miscellaneous Revisions to Policies and Procedures Relating to Spheres of Influence and Changes of Organization and Reorganization, Including a Finding that the Revisions are not a Project for Purposes of the California Environmental Quality Act (*Recommended by the Sphere of Influence and Annexation Policy Committee on March 30, 2011*).

Executive Officer McKenna presented the report. In addition to recommendations in the report, she recommends one additional change in language (from "may" to "shall") on page 19.

Commissioner DiMaggio thanked all the cities and other representatives for attending the Policy Committee meeting on March 30, and provided comments on the background of this agenda item.

Chair Champion then opened the item for Public Comments.

Public Comments

Tom Truskowski, Community Development Director for City of Gonzales, referenced his correspondence of April 15, 2011 to Chair Champion. He recommends no changes to the current policy regarding the Preliminary Sphere of Influence Reviews.

Brent Slama, Interim City Manager and Community Development Director, City of Greenfield, spoke in agreement with the comments by the City of Gonzales. He recommends no changes to the Preliminary Sphere Review policy.

Amy White, Director of Landwatch, addressed the Commission.

John Huerta, Mayor, City of Greenfield, commented in support of the Housing and Jobs policy.

There were no other public comments.

Commissioners Comments

Various Commissioners offered comments and asked questions. LAFCO General Counsel Girard and Executive Officer McKenna responded to the questions.

Chair Champion then requested a roll call vote.

Commission Action

Upon motion by Commissioner Calcagno, seconded by Commissioner Salinas, the recommended Revisions to Policies and Procedure for Spheres of Influence and Changes of Organization and Reorganization Resolution were approved as recommended by staff, including a change from "may" to "shall" on page 19, by the following roll call vote:

AYES: Commissioner Champion, Calcagno, Delgado and DiMaggio
NOES: Commissioner Donohue, Salinas, and Stephens
ABSTAIN: None

10. PUBLIC HEARING

a. Consider Draft Proposed Work Program for Fiscal Year 2011 – 2012.

Executive Officer McKenna provided a report.

There were no public comments for this item.

Commissioner Comments

Commissioner Delgado asked for clarification about the Fort Ord Reuse Authority item.

Commission Action

Upon motion by Commissioner Salinas, seconded by Commissioner Stephens, the Draft Proposed Work Program for Fiscal Year 2011-2012 was unanimously approved per staff recommendations.

- b. Consider Draft Proposed Budget for Fiscal Year 2011 – 2012.

There were no public comments for this item.

Commissioner Comments

There were no Commissioner comments for this item.

Commission Action

Upon motion of Commissioner Calcagno, seconded by Commissioner Delgado, the Draft Proposed Budget for Fiscal Year 2011 – 2012 was unanimously approved per staff recommendations.

11. EXECUTIVE OFFICER ANNOUNCEMENTS

The Executive Officer provided no announcements at this time.

4. SPECIAL BUSINESS (Carried Over)

- a. Administer Oath of Office for Re-Appointment of City Member Commissioner Dennis Donohue for a Term Ending May 2015.

Commissioner Salinas administered the Oath of Office to Commissioner Dennis Donohue for an additional term ending May 2015.

12. CLOSED SESSION

Pursuant to Government Code Section 54956.9 (a), the Commission met in closed session to discuss with its General Counsel one matter of significant exposure to litigation. General Counsel Girard reported out of the closed session that there was no action to report.

13. ADJOURNMENT TO THE NEXT MEETING

Chair Champion adjourned the meeting at 5:32 p.m. to the next Regular LAFCO Meeting – Monday, May 23, 2011 at 4:00 p.m.

DRAFT

KATE McKENNA, AICP
Executive Officer

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MEETING NOTES
LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
Conducting Authority Proceedings, As Authorized by the Commission
Accepted on May 23, 2011

Monday, May 2, 2011
1:00 p.m.

Local Agency Formation Commission Conference Room
132 W. Gabilan Street, Second Floor
Salinas, California

The Local Agency Formation Commission Special Meeting was called to order by Executive Officer Kate McKenna, who was empowered by the Commission to conduct these proceedings.

ATTENDANCE: Executive Officer Kate McKenna, AICP
Senior Analyst Thomas A. McCue, AICP

- 1. CALL TO ORDER**
- 2. PLEDGE OF ALLEGIANCE**
- 3. PUBLIC COMMENTS**

There was no public comment.

4. PROTEST PROCEEDINGS (LAFCO File No. 11-02)

Conduct Protest Proceedings (“Conducting Authority Proceedings”) for a Proposal by the Pebble Beach Community Services District to Activate Latent Powers to Convert Existing Overhead Electric and Communications Facilities to Underground Locations.

Executive Officer McKenna opened the Conducting Authority Proceedings. There were no members of the public present and no protests registered. Executive Officer McKenna closed the Proceedings and ordered the Change of Organization.

5. ADJOURNMENT TO THE NEXT MEETING

The meeting was adjourned at 1:05 p.m.

LAFCO
LOCAL AGENCY FORMATION COMMISSION
WARRANT REGISTER
FOR APRIL 2011

DATE	CK#	NAME	DESCRIPTION	CHECK AMOUNT	DEPOSIT AMOUNT	ACCOUNT BALANCE
Beginning Balance 4/1/2011						\$ 162,822.74
04/01/2011	3671	Kathryn M. McKenna	For Payroll Period Ending 3/25/11 Paid 4/1/11	0.00		162,822.74
04/01/2011	3672	Thomas A. McCue	For Payroll Period Ending 3/25/11 Paid 4/1/11	0.00		162,822.74
04/01/2011	EFT	CalPERS Retirement	CalPERS Retirement Contribution	1,631.05		161,191.69
04/01/2011	EFT	EDD	State Payroll Tax Deposit	666.92		160,524.77
04/01/2011	EFT	EFTPS	Federal Payroll Tax Deposit	1,921.12		158,603.65
04/13/2011			CalPERS 457 Loan Repayment		50.19	158,653.84
04/13/2011	3685	Cash	Replenish Petty Cash	91.52		158,562.32
04/13/2011	3686	Alhambra	Water Dispenser Rental	23.77		158,538.55
04/13/2011	3687	AT&T Mobility	Telephone Expense 2/22/11-3/21/11	179.98		158,358.57
04/13/2011	3688	CALAFCO	2011 Calafco Staff Workshop 4/6-4/8/11	875.00		157,483.57
04/13/2011	3689	Office of County Counsel - Co of Monterey	Legal Services through February 2011	2,910.80		154,572.77
04/13/2011	3691	Rabobank Visa Card	Supplies	85.23		154,487.54
04/13/2011	3691	Spherion	Temp Help:Christoffersen, Donna 3/14/11-3/27/11	2,400.00		152,087.54
04/13/2011	3692	Tri-County Business Systems	Copy Machine Usage 2/11-3/10	19.56		152,067.98
04/13/2011	3693	Staples Advantage	Office Supplies	104.70		151,963.28
04/14/2011			For Payroll Period Ending 4/8/11 Paid 4/15/11	6,480.24		145,483.04
04/15/2011	3683	QuickBooks Payroll Service	For Payroll Period Ending 4/8/11 Paid 4/15/11	0.00		145,483.04
04/15/2011	3684	Kathryn M. McKenna	For Payroll Period Ending 4/8/11 Paid 4/15/11	0.00		145,483.04
04/15/2011	3684	Thomas A. McCue	For Payroll Period Ending 4/8/11 Paid 4/15/11	0.00		145,483.04
04/15/2011	3563	CalPERS 457 Program	457 Deferred Compensation Contribution	1,574.98		143,908.06
04/15/2011	EFT	CalPERS Retirement	CalPERS Retirement Contribution	1,631.05		142,277.01
04/15/2011	EFT	EDD	State Payroll Tax Deposit	826.24		141,450.77
04/15/2011	EFT	EFTPS	Federal Payroll Tax Deposit	2,086.86		139,363.91
04/15/2011	EFT	Ing-CalPERS 457 Deferred Comp Program	CalPERS 457 Loan Repayment	50.19		139,313.72
04/15/2011	EFT	EDD	State Payroll Tax Deposit	616.00		138,697.72
04/22/2011	3696	Bruce Lindsey	Monthly Rent	2,127.66		136,570.06
04/22/2011	EFT	CalPERS 457 Program	457 Deferred Compensation Contribution	1,574.98		134,995.08
04/22/2011	EFT	Ing-CalPERS 457 Deferred Comp Program	CalPERS 457 Loan Repayment	50.19		134,944.89
04/22/2011	3697	SDRMA	Additional General & Liability Coverage	115.85		134,829.04
04/22/2011	3698	United Group Insurance Trust	May 2011 Insurance: Dental \$408.55; Vision \$53.54	462.09		134,366.95
04/26/2011			457 CalPERS Loan Repayment		50.19	134,417.14
04/28/2011			For Payroll Period Ending 4/22/11 Paid 4/29/11	6,010.59		128,406.55
04/29/2011	3694	QuickBooks Payroll Service	For Payroll Period Ending 4/22/11 Paid 4/29/11	0.00		128,406.55
04/29/2011	3695	Kathryn M. McKenna	For Payroll Period Ending 4/22/11 Paid 4/29/11	0.00		128,406.55
04/29/2011	EFT	CalPERS Retirement	CalPERS Retirement Contribution	1,331.05		127,075.50
04/29/2011	EFT	EDD	State Payroll Tax Deposit	736.55		126,338.95
04/29/2011	EFT	EFTPS	Federal Payroll Tax Deposit	1,850.12		124,488.83
				38,434.29	100.38	

Ending Balance 4/30/2011

\$ 124,488.83

5. Aromas Water District – Sphere of Influence Amendment and Annexation of Oak Ridge / Via del Sol Area.
6. Carmel Highlands Fire Protection District – Sphere of Influence Amendment and Annexation of Area Parcels.
7. Cypress Fire Protection District – Sphere of Influence Amendment and Annexation of Area Parcels.
8. Marina Coast Water District – Sphere of Influence Amendment and Annexation of Ord Community.
9. Pajaro / Sunny Mesa Community Services District – Out-of-Area Service Agreements for the former ALCO Water Systems.
10. South Monterey County Fire Protection District – Sphere of Influence Amendment and Annexation.

Respectfully Submitted,

A handwritten signature in black ink that reads "Kate McKenna". The signature is written in a cursive, flowing style.

Kate McKenna, AICP
Executive Officer

Out of Agency Service Extensions

CALAFCO is considering legislation that would allow individual LAFCOs more discretion in approving the provision of governmental services outside of a local agency's boundaries and Sphere of Influence. After the item is circulated to member LAFCOs for comment, I will discuss it with the Commission.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachment:

1. CALAFCO Quarterly, May 2011.

News from the Board of Directors

CALAFCO QUARTERLY

Attachment 1

May 2011



About the Quarterly

The CALAFCO Board of Directors met in Oakland on 29 April 2011. As one of its actions, the Board adopted a 2011-2013 Strategic Plan. Among the strategies was improving communications on Board activities with LAFCo commissioners and staff in each region. This quarterly sheet is one of the new tools. Following each Board meeting the "Quarterly" will highlight Board actions and activities.

No Increase to 2011-12 Association Dues; Conference Registration Fees

The Board elected to not increase CALAFCO dues for the third year in a row. Because of the continuing financial challenges facing all LAFCos and local agencies, the Board adopted a no-increase dues schedule for next year. The 2011-12 dues will be maintained at the 2008-09 levels.

The Board also highlighted the 2011 conference registration rates for members remain the same as previous years. CALAFCO has not raised conference registration rates since 2006. The Board's goal is to encourage more commissioners to attend.

Legislative Actions

CALAFCO has taken a support position on several bills, including **AB 54** (Solario) which would require mutual water companies to respond to LAFCo requests for MSR information and to provide LAFCo with maps of their service areas. CALAFCO is the sponsor of **AB 1430** (Assembly Local Government Committee) which makes a major update of the definitions sections of Cortese-Knox-Hertzberg as well as a number nonsubstantial technical changes to the Act. CALAFCO also supports **AB 1265** (Nielsen) which provides a bridging option to maintain the Williamson Act contracts.

The Board deliberated on **SB 244** (Wolk) which adds significant unfunded reporting requirements to LAFCos as well as cities and counties with respect to unincorporated disadvantaged communities. As currently amended the bill creates several additional areas LAFCo must study in MSRs and SOI updates such as disadvantaged communities *adjacent* to spheres and examining alternate service provision options in all SOI updates. CALAFCO has proposed several amendments which would significantly reduce the requirements and is working with the author on our ideas. Currently the bill has a "watch" position; however the Board has authorized a "strongly opposed" if there is no movement on the CALAFCO proposals.

CALAFCO is currently tracking 39 bills that may affect members. A legislative report – updated daily – is available in the member's section of the website.

Out of Agency Service Extensions

For a years the Legislative Committee and the Board have discussed the need for some type of modification

to GC §56133. After nearly a year of work crafting language which addresses the varied interests within CALAFCO, the Legislative Committee made a recommendation to the Board which would give LAFCo additional permissive authority to extend services outside boundaries and spheres in certain specific situations. The Board unanimously adopted the Committee's recommendation at its April meeting and directed the Committee to circulate the language to all member LAFCos. The language will be distributed following the Committee's next meeting on 20 May.

Changes to CALAFCO Elections Process

The 2010 elections marked the first Board elections under the Association's new regional system. The Board reviewed the process and comments from members and adopted several changes that will be implemented at the elections this fall in Napa. The changes were designed to create a more fair and inclusive process.

- ◆ An option will be available for those member LAFCos who are unable to attend to vote in advance of the annual meeting
- ◆ Board members will be elected by a majority of those voting, rather than the current plurality
- ◆ In the event a majority is not met the first round of voting, a process is established for runoff voting and a "lot" drawing in the event of a tie.

2011-2013 Strategic Plan Updates

The Board adopted a strategic plan for the next two years. The emphasis of the plan is continued members services and advocacy of LAFCos role in orderly growth, preservation of agricultural and open space lands and efficient municipal services. Highlights include an upgrade of the website along with a continued commitment to educational activities such as the conference, CALAFCO U and the staff workshop. The adopted plan is available on the CALAFCO website in the members section.

2011 Staff Workshop and CALAFCO U

Sunny Ventura provided a welcome venue for the 2011 Staff Workshop. Many members arrived the day before to attend a CALAFCO U session on California Planning and Land Use Law. Organized by Deputy CALAFCO Executive Officer Kate McKenna, and moderated by Associate Bruce Baracco, a panel of planning professionals and attorneys provided a welcome overview of the land use process and statutes.

The Staff Workshop was attended by over 90 participants, and included a variety of interesting and informative sessions for LAFCo professionals. This year, the workshop included a series of sessions designed by and for the CALAFCO Clerks.

Thanks to Ventura LAFCo Staff and Commission for their hospitality!

ensure proper use of the devices. One of our Commissioners already uses an iPad to conduct City business, and the County IT Department is studying the purchase of iPads for County officials. Some Commissioners may elect to continue to receive agenda packets in paper format. Other Commissioners may elect to download electronic agenda packets onto their own laptops and bring their laptops to LAFCO meetings. All of these factors will affect the actual number of iPad devices that LAFCO would purchase during the next year. I anticipate that the transition to electronic agenda packet delivery will be a gradual process.

Fiscal Impact

Funds are available for the proposed line item transfer in the current year budget. The transfer of funds will not change the overall budgeted expenditures. The funds will be encumbered for use in the next fiscal year. Per Commission policy, equipment over \$500 will be capitalized as assets and depreciated over time. The Budget and Finance Committee considered this proposal on March 14 and recommends approval of the line item transfer.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

cc: Mr. Mike Briley, Hayashi & Wayland

Attachment

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
 PROPOSED BUDGET AMENDMENT NO. 1
 FISCAL YEAR 2010 - 2011
 MARCH 14, 2011

	Adopted Budget Fiscal Year 2010-11	Proposed Changes	Proposed Budget Amendment No. 1 for Fiscal Year 2011-12
6000 Employee Salaries	\$ 308,946.00		\$ 308,946.00
6100 Employee Benefits	\$ 148,700.00		\$ 142,347.00
2220-Accrued Leave Reserve	\$ 8,000.00		\$ 12,000.00
2230-Post-Retirement Healthcare Obligation Reserve	\$ 2,300.00		\$ 2,245.00
2001 Litigation Settlement Agreement Costs	\$ -		\$ -
7000 Postage and Shipping	\$ 5,000.00		\$ 4,500.00
7010 Books and Periodicals	\$ 1,000.00		\$ 1,000.00
7030 Copy Machine Charges	\$ 5,000.00		\$ 4,500.00
7040 Outside Printers	\$ 1,000.00		\$ 1,000.00
7060 Office Supplies	\$ 7,000.00		\$ 5,000.00
7070 Office Equipment and Furnishings	\$ -		\$ -
7080 Computer/Hardware/Peripherals	\$ 2,000.00	\$ 8,000.00	\$ 10,000.00
7085 Computer Support Services (Fixed Costs)	\$ 6,000.00		\$ 6,000.00
7090 Computer Support Services (Variable Costs)	\$ 8,000.00		\$ 5,000.00
7100 Computer Software	\$ -		\$ -
7105 Meeting Broadcast Services	\$ 4,000.00		\$ 3,000.00
7110 Property and General Liability Insurance	\$ 6,000.00		\$ 5,500.00
7120 Office Maintenance Services	\$ 400.00		\$ 400.00
7130 Other Equipment Maintenance	\$ 250.00		\$ -
7140 Travel	\$ 5,000.00		\$ 4,500.00
7145 CALAFCO Travel Expenses	\$ -		\$ 1,000.00
7150 Training, Conferences and Workshops	\$ 2,500.00		\$ 3,000.00
7160 Vehicle Mileage	\$ 1,000.00		\$ 1,000.00
7170 Rental of Buildings	\$ 25,500.00		\$ 24,500.00
7200 Telephone Communications	\$ 6,000.00		\$ 4,500.00
7230 Temporary Help Services (Clerical)	\$ -		\$ -
7240 Outside Professional Services - Total for Line Items 7242 - 7249	\$ 71,500.00		\$ 60,000.00
7242 Accounting and Financial Services	\$ 36,000.00		\$ 36,000.00
7245 General Counsel and Special Counsel	\$ 25,000.00	\$ (8,000.00)	\$ 17,000.00
7247 Human Resources	\$ 500.00		\$ 500.00
7248 Annual Audit	\$ 10,000.00		\$ 12,500.00
7249 Temporary In-House Professional Services	\$ -		\$ -
7250 Miscellaneous Office Expenses	\$ 1,000.00		\$ 600.00
7260 Legal Notices	\$ 6,000.00		\$ 5,000.00
7261 Pass-Through Expenses	\$ -		\$ -
7270 Recruitment Advertising	\$ -		\$ -
7280 LAFCO Memberships	\$ 4,000.00		\$ 4,000.00
7290 Litigation Reserve	\$ 30,000.00		\$ 30,000.00
XXXX Records Storage and Security	\$ -		\$ -
7295 Contingency Reserve	\$ 30,000.00		\$ 20,000.00
SUB TOTAL EXPENDITURES (see Note 1)	\$ 696,096.00	\$ -	\$ 696,096.00
LESS PASS-THROUGH EXPENSES (Acct. 7261)	\$ -	\$ -	\$ -
TOTAL EXPENDITURES (NET) (see Note 1)	\$ 696,096.00	\$ -	\$ 696,096.00

1. Board of Directors Election

In 2010, CALAFCO members elected a 16-member Board of Directors based on a new regional representation system. Each of the four CALAFCO regions is represented by four Board Members – one county, one city, one district, and one public. LAFCO of Monterey County is part of the 15-county Coastal Region.

This year, two of the four Coastal Region seats will be up for election – the City Member and the Public Member. While the original term of office for these two Board Members was one year, to allow a staggering of terms, the upcoming term is two years. Completing one-year terms are Juliana Inman (Napa LAFCO/City Member) and Susan Vicklund-Wilson (Santa Clara LAFCO/Public Member). Commissioner Inman was first elected to the Board in 2010; Napa LAFCO is the host of this year's Annual Convention. Commissioner Vicklund-Wilson has served CALAFCO for many years and is currently Chair of the CALAFCO Board. Both Board Members are expected to seek re-election.

RECOMMENDATION: The Commission may nominate a City or Public Member Commissioner to run for election to the CALAFCO Board of Directors. *(Information or Action Item)*

2. Achievement Award Nominations

CALAFCO is seeking nominations for 2011 achievement awards. The categories are listed below and described in Attachment 2:

- Outstanding CALAFCO Member;
- Distinguished Service Award;
- Most Effective Commission;
- Outstanding Commissioner;
- Outstanding LAFCO Professional;
- Outstanding LAFCO Clerk;
- Project of the Year;
- Government Leadership Award;
- Legislator of the Year, and
- Mike Gotch Courage and Innovation in Local Government Award.

Chair Champion and Vice Chair DiMaggio recommend nominating Commissioner Calcagno for Outstanding Commissioner. They also recommend nominating three major policies - Preservation of Open-Space and Agricultural Lands, Preliminary Sphere of Influence Reviews, and Housing and Jobs – for the Most Effective Commission or Project of the Year. The Commission may consider other nominations, as well.

RECOMMENDATION: Authorize award nominations for Commissioner Calcagno and the recently adopted LAFCO policies, subject to review by the Chair. *(Action Item)*

4. Attendance at Annual Conference

The 2011 CALAFCO Annual Conference is scheduled for August 31 through September 2 in Napa. Partial funding is available for attendance by one Commissioner, the Executive Officer, Senior Analyst, and LAFCO Counsel.

RECOMMENDATION: Designate attendees. *(Action Item)*

5. Voting Delegate

Each LAFCO designates a person to cast that Commission's votes at regional election caucuses at the Annual Conference.

RECOMMENDATION: Choose a voting delegate and an alternate delegate. *(Action Item)*

6. 2012 Annual Conference in Monterey

The Commission and staff will begin preparing this summer to host the CALAFCO 2012 Annual Conference in Monterey. The Annual Conference is planned for October 2 through 5, 2012 at the Hyatt Regency Monterey Resort. One of the first steps will be to announce the 2012 conference in the Napa program.

RECOMMENDATION: Receive information; no action is needed at this time. *(Information Item)*

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments:

1. CALAFCO 2011 Conference Report and Preliminary Conference Schedule.
2. Achievement Award Categories.

Attachment 1



BOARD OF DIRECTORS MEETING STAFF REPORT

29 April 2011

Agenda Item No. 10 CALAFCO 2011 Conference Report

Prepared By: June Savala, Deputy Executive Officer

Date: 29 April 2011

RECOMMENDATION

1. Receive and file report. Provide input to the program committee.

DISCUSSION

The conference planning is well underway. This year's conference will be held August 31 – September 2, 2011 at the Silverado Resort in beautiful Napa Valley. Guests who choose to arrive a day early can enjoy one of two 18-hole PGA championship golf courses, a 16,000 sq ft spa, or an assortment of activities offered at the resort.

The Program Planning Committee has made great progress in identifying topics that will produce a quality educational program that is focused and connects to the central conference theme of "Exploring New Boundaries." The program consists of three General Sessions, a Legislative Session, and eight concurrent sessions. LAFCo 201 will be offered with a concentration on ethics and LAFCo. There will be a series of facilitated roundtable sessions for Commissioners, Staff, Legal Counsel and Associate members. In Keeping with past practices, LAFCo 101 will be offered as a pre-conference workshop for new commissioners and staff.

The pre-conference mobile workshop will offer attendees a glimpse of NAPA's RUL (rural urban limit), and continue with a tour of the Napa River-Napa Creek Flood Protection Project. The tour will also include physical stops at the River Ranch Public Farmworker Housing Center in St. Helena and Pete's Winery.

This year Andy Beckstoffer of Beckstoffer Vineyards will be our guest speaker at Thursday's luncheon. Mr. Beckstoffer will offer his perspective on the relationship between agricultural commerce and sustainable urban growth.

And lastly, immediately following the annual board meeting there will be an instant polling session using wireless technology to obtain instant feedback from conference attendees. We would ask if the Board has specific questions to include in the session.

TUESDAY, AUGUST 30, 2011

Enjoy of day of golfing on your choice of two 18-hole par-72 PGA championship golf courses.

WEDNESDAY, AUGUST 31, 2011

1:45 p.m. - 3:15 p.m. **GENERAL SESSION:**
Growth Trends in California: Pains, Challenges, Demographics
Moderator:
Panelists:

3:15 - 3:30 p.m. Break

3:30 - 5:00 p.m. **ROUNDTABLE BREAKOUT SESSIONS**

Commissioners by Region
Central: Moderator: Steven Souza
Coastal: Moderator: Cathy Schlottmann
Northern: Moderator: Mary Jane Griego
Southern: Moderator: Andy Vanderlaan
Staff: Moderator:
Counsel: Moderator: Clark Alsop
Associates: Moderator: Bruce Baracco and Gary Thompson

5:30 - 7:00 p.m. **CALAFCO 5TH ANNUAL WINE & BEER COMPETITION and RECEPTION**
Redwood Grove Area

7:00 p.m. **DINNER ON YOUR OWN**

WEDNESDAY, AUGUST 31, 2011

7:30 a.m. Conference Registration (All Day)

8:00 a.m. - 1:15 p.m. **Mobile Workshop**

- Napa RUL (Rural Urban Limit)
- Napa River-Napa Creek Flood Protection Project
- River Ranch Public Farmworker Housing Center, St Helena
- Pete's Winery

10:30 a.m. - 12 p.m. **Pre-Conference Session: LAFCO 101**

- An informative session on LAFCo basics.
Presenter: David Church, Executive Officer, San Luis Obispo LAFCo

1:30 p.m. **Conference Opening - Welcoming Remarks**

THURSDAY, SEPTEMBER 1, 2011

7:30 - 8:45 a.m.

REGIONAL BREAKFAST AND BOARD ELECTIONS

Central: Moderator:
Coastal: Moderator:
Northern: Moderator:
Southern: Moderator:
Associates and others

8:45 - 10:15 a.m.

**CALAFCO Annual Business Meeting
Instant Polling**

10:15 - 10:30 a.m.

Break

10:30 A.M. - 12 p.m.

BREAKOUT SESSIONS

- Managing the Agricultural/Urban Interface. **Panelists:**
- The Stanislaus Experience: Three Fire Agencies' Regional Approach to Cooperative Solutions in Challenging Times. **Panelists:**
- Social Justice Criteria: Case Study, City of Tulare. **Panelists:** *Peter Banning, Julie Allen, Kim Uhllich*
- LAFCo 201: Ethics and LAFCo **Panelists:** *Mona Palacio, David Church*

THURSDAY, SEPTEMBER 1, 2011

Noon

LUNCHEON AND KEYNOTE SPEAKER

"Exploring the Big Picture: Relationship between Agricultural Commerce and Sustainable Urban Growth"
Speaker: *Andy Beckstoffer, Beckstoffer Vineyards*

1:30 - 3:00 p.m.

GENERAL SESSION:

Disincorporation/Consolidation of Cities (Exit Strategies)
Speaker: *John Knox*

3:15 - 4:45 p.m.

BREAKOUT SESSIONS:

- Dissolution/Consolidation/Insolvency Issues and Trends with Special Districts **Panelists:** *Kathy Rollins-McDonald, Martha Poyatos and John Knox*
- Recycled Water: Opportunities and Challenges in Growth Management **Panelists:**
- Making California Work Again: Restructuring State-Local Relationships **Presenters:** *California Forward*
- The Next Generation of MSRs: Improving Value by Increasing Collaboration **Panelists:** *Benjamin Legbandt and Joe Serrano*

6:30 p.m.

CALAFCO Reception

7:00 p.m.

DINNER AND AWARDS CEREMONY

FRIDAY, SEPTEMBER 2, 2011

- 7:30 – 9:00 a.m. CALAFCO Board of Directors Meeting & Breakfast
- 7:30 – 9:00 a.m. Networking Breakfast
Covered Patio
- 9:00 – 10:30 a.m. GENERAL SESSION:
Terms and Conditions; How Far Can We
Go vs. How Far Do You Want to Go?
Moderator: Sblend Sblendorio
Speaker: Michael Colantuono
- 10:30 – 10:45 a.m. Break
- 10:45 a.m. – Noon GENERAL SESSION:
Legislative Update
Speakers: Bill Chiat, Peter Detwiler and
Debbie Michaels
- 12:00 p.m. Conference adjourns

Attachment 2



2011 Achievement Award Nominations

CALAFCO ACHIEVEMENT AWARD CATEGORIES

CALAFCO recognizes excellence within the LAFCo community by presenting the *Achievement Awards* at the CALAFCO Annual Conference. Nominations are being accepted until 2 October 2009 in the following categories:

Outstanding CALAFCO Member	Recognizes a CALAFCO Board Member or staff person who has provided exemplary service during the past year.
Distinguished Service Award	Given to a member of the LAFCo community to recognize long-term service by an individual.
Most Effective Commission	Presented to an individual Commission to recognize innovation, streamlining, and/or initiative in implementing LAFCo programs; may also be presented to multiple Commissions for joint efforts.
Outstanding Commissioner	Presented to an individual Commissioner for extraordinary service to his or her Commission.
Outstanding LAFCo Professional	Recognizes an Executive Officer, Staff Analyst, or Legal Counsel for exemplary service during the past year.
Outstanding LAFCo Clerk	Presented to a LAFCo Clerk for service above and beyond the call of duty.
Project of the Year	Recognition for a project-specific program that involved complex staff analysis, community involvement, or an outstanding solution.
Government Leadership Award	Presented to a decision-making body at the city, county, special district, regional or state level which has furthered good government efforts in California.
Legislator of the Year	Presented to a member of the California State Senate or Assembly in recognition of leadership and valued contributions in support of LAFCo goals. Selected by CALAFCO Board.
Mike Gotch Courage and Innovation in Local Government Award	Presented to an individual who has taken extraordinary steps to improve and innovate local government. This award is named for Mike Gotch: former Assembly Member, LAFCo Executive Officer and CALAFCO Executive Director responsible for much of the foundations of LAFCo law and CALAFCO. He is remembered as a source of great inspiration for staff and legislators from throughout the state.

services, computer technology support, human resources services, and accounting and financial systems services. No funding is proposed for in-house professional or clerical staff assistance.

The draft final 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 fulfill the purposes and programs mandated by State law. That finding was made for the current year adopted budget. Language is in the resolution to adopt the final budget (Agenda Item 11.b).

ALTERNATIVE ACTIONS:

The Commission may add, delete, or modify the work program tasks, or provide other direction to the Executive Officer.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Kate McKenna", with a horizontal line extending to the right.

Kate McKenna, AICP
Executive Officer

Attachment:

1. Draft Resolution and Final Fiscal Year 2011-2012 Work Program

ATTACHMENT 1

THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

RESOLUTION NO. 11-xx

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION ADOPTING THE FINAL FISCAL YEAR 2011-2012 WORK PROGRAM

WHEREAS, these proceedings are taken in conformance with the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the Government Code; and

WHEREAS, the Budget and Finance Committee of the Local Agency Formation Commission of Monterey County considered a proposed budget and work program on March 14, 2011, and made its recommendations to the full Commission; and

WHEREAS, the Local Agency Formation Commission of Monterey County, considered these recommendations, conducted a public hearing, and adopted a proposed budget and work program on April 25, 2011; and

WHEREAS, the adopted proposed budget and work program were distributed to the Board of Supervisors, to each city, and to each independent special district for review and comment; and

WHEREAS, the adopted proposed budget and work program were duly noticed for public hearings, and

WHEREAS, the Commission has found that the final budget will maintain staffing and services at an adequate level to ensure that the Commission can fulfill the purposes and programs of the Cortese-Knox-Hertzberg Act as reflected in the final work program.

NOW, THEREFORE, the Local Agency Formation Commission of Monterey County does HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

That the Commission adopts a final work program for Fiscal Year 2011-2012 (Exhibit A),
and

That the Executive Officer shall transmit the adopted final work program to the Monterey County Board of Supervisors, to each city, and to each independent special district.

UPON MOTION OF Commissioner _____, seconded by Commissioner _____, the foregoing resolution is adopted this 23rd day of May, 2011 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Chair
Local Agency Formation Commission of Monterey County

ATTEST: I certify that this resolution is a true and complete record of said Commission's actions.

Witness my hand this ___ day of May 2011

By: _____
Kate McKenna, AICP, Executive Officer

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

DRAFT FINAL WORK PROGRAM

FISCAL YEAR 2011-2012

May 23, 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 or anticipated litigation.
<p>Continue to work cooperatively with the City of Greenfield and the County of Monterey to complete the Memorandum of Agreement required by LAFCO's approval of the City's Updated Sphere of Influence. City and County are the lead agencies in discussions.</p>	ONGOING	Due to an impasse on the MOA, preliminary discussions are underway with City staff to reduce the size of the Sphere of Influence, while allowing for a city park expansion.

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.); • Phase Four: Recreation & Park Services and Cemetery Services; • Phase Five: Community Services Districts, and • Phase Six: Other Government Services – Airport Operations, Harbor & Port Services, Hospital/Health Care, Mosquito Abatement, and Resource Conservation. 	Fire Service and Emergency Medical Services Reviews are underway.	Municipal Service Reviews and Sphere of Influence Updates were completed for all cities in January 2011.
<p>As needed, update the LAFCO map inventory and publish maps on the LAFCO web site.</p>	ONGOING	

As needed, develop and update local policies, procedures, applications, and flowcharts for Spheres of Influence, annexations, reorganizations, and the creation of cities and districts.	ONGOING	
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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	FORA members are discussing options.
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	

<p>Develop and implement plans to host Annual CALAFCO Conference in Monterey on October 2 - 5, 2012.</p>	<p>IN PROGRESS</p>	<p>Monterey LAFCO will work cooperatively with CALAFCO staff, a Facilities Committee, and a Program Committee which will include staff from other LAFCOs.</p>
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4. COMMISSION AND COMMITTEE FUNCTIONS

TASK	STATUS	COMMENTS
<p>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.</p>	<p>ONGOING</p>	
<p>Hold monthly agenda review sessions with Chair and Vice-Chair.</p>	<p>ONGOING</p>	
<p>Conduct new Commissioner orientations, as needed.</p>	<p>ONGOING</p>	
<p>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.</p>	<p>ONGOING</p>	
<p>Provide Commission with regular updates of laws, policies, and procedures.</p>	<p>ONGOING</p>	

5. ADMINISTRATIVE AND HUMAN RESOURCES MANAGEMENT

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

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
City of Gonzales	Comprehensive Sphere Amendment
City of Greenfield	Possible Sphere of Influence Amendment
City of Soledad	Miravale IIB Sphere Amendment and Annexation
	Out-of-Area Service Agreement to Provide Sewer Service to Camphora Farm Labor Housing Development
Cypress Fire Protection District	Comprehensive Sphere Amendment and Annexation
Marina Coast Water District	Sphere of Influence Amendment and Annexation for the Ord Community
Pajaro County Sanitation District	Alvaro Gonzales Sphere Amendment and Annexation
Pajaro/Sunny Mesa Community Services District	Out-of Area Service Agreements for the Former ALCO Water Systems
South Monterey County Fire Protection District	Sphere of Influence Amendment and Annexation

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

DATE: May 23, 2011

TO: Chair and Members of the Formation Commission

FROM: Kate McKenna, AICP, Executive Officer

SUBJECT: **FINAL BUDGET FOR FISCAL YEAR 2011-2012**

SUMMARY OF RECOMMENDATIONS:

It is recommended that the Commission:

1. Receive the Executive Officer's report;
2. Open and close the public hearing;
3. Adopt a resolution and final budget for Fiscal Year 2011-2012 (Attachment 1), including a finding that LAFCO can accomplish its work with a budget that is less than the previous year, and
4. Direct the Executive Officer to distribute the adopted final budget to the Monterey County Board of Supervisors, cities, independent special districts, and County Auditor-Controller.

EXECUTIVE OFFICER'S REPORT:

Background

Government Code Section 56381(a) requires the Commission to adopt a final LAFCO budget no later than June 15, 2011. On April 25, the Commission adopted a proposed budget for Fiscal Year 2011-2012 for LAFCO, and directed that it be circulated for review and comment.

Discussion

The final budget for Fiscal Year 2011-2012 (Attachment 2) identifies expenditures totaling \$667,538. This is four percent less than the current fiscal year budget, and is on top of an 18 percent cut in costs made during the past two years. The reduced budget will still allow the Commission to carry out essential services as described in the Work Program (see related Agenda Item #11.a). A finding needs to be made to confirm that the level of funding is adequate. That funding is part of the attached Resolution.

Funding apportionment levels for the County of Monterey, cities as a group, and independent special districts as a group, are provided in the final budget. Final cost allocations for each city will be prepared after the County Auditor-Controller receives revenue information from all cities. Preliminary cost allocations for each district are listed in Attachment 2. The cost share allocation for the Monterey Peninsula Water Management District is currently under discussion and may affect the final allocations for all districts. Final cost allocations for each district and city will be invoiced by July 1.

Request for Comments

Notice of this hearing was advertised and posted. The draft final budget was distributed to local agencies for review and comment. No comments have been received to date. Following adoption, the final budget will be transmitted to all affected parties and the County Auditor-Controller.

ALTERNATIVE ACTIONS:

The Commission may modify the draft final budget or provide other direction to the Executive Officer.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachment:

1. Draft Resolution and Final Fiscal Year 2011-2012 Budget]
2. Special District Cost Share Allocations (Preliminary)

cc: County, Cities, and Independent Special Districts
County Auditor-Controller

ATTACHMENT 1

THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

RESOLUTION NO. 11-xx

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION ADOPTING THE FINAL FISCAL YEAR 2011-2012 BUDGET

WHEREAS, these proceedings are taken in conformance with the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the Government Code; and

WHEREAS, the Budget and Finance Committee of the Local Agency Formation Commission of Monterey County considered a proposed budget and work program on March 14, 2011, and made its recommendations to the full Commission; and

WHEREAS, the Local Agency Formation Commission of Monterey County, considered these recommendations, conducted a public hearing, and adopted a proposed budget and work program on April 25, 2011; and

WHEREAS, the adopted proposed budget was distributed to the Board of Supervisors, to each city and to each independent special district for review and comment; and

WHEREAS, the proposed and final budgets were duly noticed in accordance with the requirements of Cortese-Knox-Hertzberg Act of 2000, and

WHEREAS, the final budget includes a reduction in expenditure totals for Fiscal Year 2011-2012 in response to the regional economic downturn and a decrease in applicant-driven proposals for Sphere of Influence amendments, organizations, and reorganizations.

NOW, THEREFORE, the Local Agency Formation Commission of Monterey County does HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

That the Commission finds that the final budget will maintain staffing and services at an adequate level to ensure that the Commission can fulfill the purposes and programs of the Cortese-Knox-Hertzberg Act as reflected in the final work program; and

That the Commission adopts a final budget for Fiscal Year 2011-2012 (Exhibit A); and

That the Executive Officer shall transmit the adopted final budget to the Board of Supervisors, to each city, and to each independent special district, and

That the Executive Officer shall transmit the adopted final budget to the Auditor-Controller for apportionment of the net operating expenses pursuant to the requirements of Government Code Section 56381(b)(1).

UPON MOTION OF Commissioner _____, seconded by Commissioner _____, the foregoing resolution is adopted this 23rd day of May, 2011 by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

Chair
Local Agency Formation Commission of Monterey County

ATTEST: I certify that this resolution is a true and complete record of said Commission's actions.

Witness my hand this ____ day of May 2011

By: _____
Kate McKenna, AICP, Executive Officer

	Adopted Budget Fiscal Year 2010-11	Estimated Actual Year End Expenditures for Fiscal Year 2010-11	Adopted Proposed Budget for Fiscal Year 2011-12
6000 EMPLOYEE SALARIES			
Proposal is to continue cost controls by extending the current salary freeze that has been in effect since 2008 for the 3 funded positions (Executive Officer, Senior Analyst, Administrative Secretary). No COLAs since 2008. No merit increase for the one eligible position (Admin Secretary) since 2008. No funding for an Analyst position vacated in 2008.	\$ 308,946.00	\$ 305,000.00	\$ 308,946.00
6100 EMPLOYEE BENEFITS			
Proposal is to continue cost controls by extending the current benefits freeze that has been in effect since 2008, including no funding or underfunding of some benefits. Anticipated actual benefits cost for the current year is lower than the adopted budget, due to the unpaid medical leave of Admin Secretary and a reduction in benefits and payroll taxes tied to that salary.	\$ 148,700.00	\$ 116,050.00	\$ 142,347.00
2220 - Accrued Leave Reserve: Commission policy is to fund the liability for payout of leave time. A cash reserve has been established for this purpose. Proposal is to fund a portion of this liability. This reserve will continue to be underfunded in FY 2011-2012.	\$ 8,000.00	\$ 12,000.00	\$ 12,000.00
2230 - Post-Retirement Healthcare Obligation Reserve (GASB 45): Commission policy is to fund the liability for required employer contribution to retiree healthcare medical benefit premiums. A cash reserve has been established for this purpose. Proposal is to fund the annual cost for this liability (\$2,245). The liability is \$112 per month toward the CALPERS health benefits of any retiree who elects to receive and pay for this benefit. No retiree has elected to receive and pay for this benefit to date.	\$ 2,300.00	\$ 2,245.00	\$ 2,245.00
TOTAL SALARIES & BENEFITS (see Note 3)	\$ 467,946.00	\$ 435,295.00	\$ 465,538.00

Adopted Budget Fiscal Year 2010-11	Estimated Actual Year End Expenditures for Fiscal Year 2010-11	Adopted Proposed Budget for Fiscal Year 2011-12
\$ -	\$ -	\$ -
\$ 5,000.00	\$ 4,000.00	\$ 4,500.00
\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
\$ 5,000.00	\$ 4,000.00	\$ 4,500.00
\$ 1,000.00	\$ 750.00	\$ 1,000.00
\$ 7,000.00	\$ 5,000.00	\$ 5,000.00
\$ -	\$ -	\$ -
\$ 2,000.00	\$ 2,000.00	\$ 2,000.00

SERVICES & SUPPLIES

2001 Litigation Settlement Agreement Costs

No litigation settlement payouts are anticipated in FY 2011-12.

7000 Postage and Shipping

Includes postage for general correspondence and agenda packet delivery, express mail, and certified mail. Also includes LAFCO election mailings to independent special districts, and mailings required for budget distribution.

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.

7030 Copy Machine Charges

Includes copier machine lease.

7040 Outside Printers

Includes copying of large volume publications, maps and other occasional needs.

7060 Office Supplies

Includes annual consumable goods for office operations and work production.

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, equipment and devices.

	Adopted Budget Fiscal Year 2010-11	Estimated Actual Year End Expenditures for Fiscal Year 2010-11	Adopted Proposed Budget for Fiscal Year 2011-12
	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00
	\$ 8,000.00	\$ 5,000.00	\$ 5,000.00
	\$ -	\$ -	\$ -
	\$ 4,000.00	\$ 3,000.00	\$ 3,000.00
	\$ 6,000.00	\$ 5,500.00	\$ 5,500.00

7085 Computer Support Services (Fixed Costs)

Under contract with the County of Monterey, this line item provides device support (e.g. computer and network printers). Services also include web site housing, email, internet and network access. Costs are fixed.

7090 Computer Support Services (Variable Costs)

Under contract with the County of Monterey, this line item provides micro systems (software) support, mapping and GIS support for LAFCO data layers that are stored in the County's centralized GIS system. Charges are variable.

7100 Computer Software

Includes software updates and licenses. Purposes are to extend the life and compatibility of existing computers. Not funded.

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.

7110 Property and General Liability Insurance

Property and Errors & Omissions Insurance is obtained the Special Districts Risk Management Authority. Current and anticipated premiums reflect discounts.

	Adopted Budget Fiscal Year 2010-11	Estimated Actual Year End Expenditures for Fiscal Year 2010-11	Adopted Proposed Budget for Fiscal Year 2011-12
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
7130 Other Equipment Maintenance Includes maintenance agreements for small office equipment. Not funded.	\$ 250.00	\$ -	\$ -
7140 Travel Continues partial funding for employee, counsel and Commissioner (one member) travel for meetings, 2011 CALAFCO conference and 2011 staff workshop. Includes some transportation, hotel and meal costs.	\$ 5,000.00	\$ 4,500.00	\$ 4,500.00
7145 CALAFCO Travel Expenses Includes travel expenses for Executive Officer services to CALAFCO through December 2010. These expenses are offset by a \$2,000 annual stipend paid by CALAFCO to LAFCCO.	\$ -	\$ 1,500.00	\$ 1,000.00
7150 Training, Conferences and Workshops Continues partial funding for employee, counsel and Commissioner (one member) registration at annual CALAFCO conference and staff workshop. Proposal is to redistribute the total funding available for 7140 Travel and 7150 Training line items, with no change in the overall budgeted amount.	\$ 2,500.00	\$ 2,500.00	\$ 3,000.00
7160 Vehicle Mileage Reimbursement for use of personal vehicles, at the government rate.	\$ 1,000.00	\$ 500.00	\$ 1,000.00
7170 Rental of Building Current year rent is 15 percent lower than last year's rent. An additional \$100 per month rent reduction has been approved for FY 2011-12. Includes utilities.	\$ 25,500.00	\$ 25,530.00	\$ 24,500.00
7200 Telephone Communications Includes telephone, cell and fax charges, and system maintenance and repairs.	\$ 6,000.00	\$ 4,000.00	\$ 4,500.00

	Adopted Budget Fiscal Year 2010-11	Estimated Actual Year End Expenditures for Fiscal Year 2010-11	Adopted Proposed Budget for Fiscal Year 2011-12
	\$ -	\$ -	\$ -
	\$ 71,500.00	\$ 58,500.00	\$ 66,000.00
	36,000	36,000	36,000
	25,000	12,000	17,000
	500	500	500
	10,000	10,000	12,500
	\$ -	\$ -	\$ -
	\$ 1,000.00	\$ 600.00	\$ 600.00
	\$ 6,000.00	\$ 4,000.00	\$ 5,000.00
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -

- 7230 Temporary Help Services (Clerical)**
Includes temporary clerical services during high workload periods or staff absences. Not funded.
- 7240 Outside Professional Services**
This line item includes:
 7242: Accounting and Financial Services (fixed rate contract with Hayashi & Wayland)
 7245: General Counsel and Special Legal Counsel Services (Not Litigation). General Counsel costs are capped at \$12,000 per a contract with County Counsel's Office. Remainder (\$5,000) is for variable Special Legal Counsel costs, depending on need.
 7247: Human resources services (variable rate contract with Fenton and Keller)
 7248: Annual audit (fixed rate contract with Bianchi, Kasavan & Pope)
 7249: Temporary In-House Professional Services (during staff absences, vacancies or high workload periods). Not funded.
- 7250 Miscellaneous Office Expenses**
Minor expenses for office operations, Commission meetings and recording fees for LAFCO-initiated activities.
- 7260 Legal Notices**
Expenses for actions requiring public notices, such as annexations and Sphere of Influence updates. See annual work program for list of anticipated work items in FY 2011-12.
- 7261 Pass-Through Expenses**
Current LAFCO practice is to discourage pass-through costs that are reimbursed by project applicants.
- 7270 Recruitment Advertising**
To fill any vacant and funded position. None are anticipated.

	Adopted Budget Fiscal Year 2010-11	Estimated Actual Year End Expenditures for Fiscal Year 2010-11	Adopted Proposed Budget for Fiscal Year 2011-12
7280 LAFCO Memberships CALAFCO Membership (\$3500) and California Special Districts Association dues (\$500). CALAFCO membership provides access to legislative and educational activities. CSDA membership is required in order to get the Authority's Property and 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 was depleted by litigation defense in prior years. Now being rebuild, the reserve will continue to be underfunded in FY 2011-12.	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00
XXXX Records Storage & Security Initiate a system to archive older records in electronic 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 in prior years. Now being rebuilt, the reserve will continue to be significantly underfunded in FY 2011-2012.	\$ 30,000.00	\$ 30,000.00	\$ 20,000.00
SUBTOTAL SERVICES AND SUPPLIES (see Note 3)	\$ 228,150.00	\$ 201,880.00	\$ 202,000.00
LESS PASS-THROUGH EXPENSES (Account 7261)	\$ -	\$ -	\$ -
TOTAL SERVICES AND SUPPLIES (NET) (see Note 3)	\$ 228,150.00	\$ 201,880.00	\$ 202,000.00
TOTAL SALARIES & BENEFITS (see Note 3)	\$ 467,946.00	\$ 435,295.00	\$ 465,538.00
NET TOTAL FOR BUDGET UNIT (see Note 3)	\$ 696,096.00	\$ 637,175.00	\$ 667,538.00
	Adopted Budget for FY 2010-2011	Estimated Actual Year End Expenses FY 2010- 2011	Proposed Budget for FY 2011-2012

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
 FINAL BUDGET WORKSHEET
 FISCAL YEAR 2011 - 2012
 MAY 23, 2011

BIT A

	Adopted Budget Fiscal Year 2010-11	Estimated Actual Year End Expenditures for Fiscal Year 2010-11	Adopted Proposed Budget for Fiscal Year 2011-12
6000 Employee Salaries	\$ 308,946.00	\$ 305,000.00	\$ 308,946.00
6100 Employee Benefits	\$ 148,700.00	\$ 116,050.00	\$ 142,347.00
2220-Accrued Leave Reserve	\$ 8,000.00	\$ 12,000.00	\$ 12,000.00
2230-Post-Retirement Healthcare Obligation Reserve	\$ 2,300.00	\$ 2,245.00	\$ 2,245.00
2001 Litigation Settlement Agreement Costs	\$ -	\$ -	\$ -
7000 Postage and Shipping	\$ 5,000.00	\$ 4,000.00	\$ 4,500.00
7010 Books and Periodicals	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
7030 Copy Machine Charges	\$ 5,000.00	\$ 4,000.00	\$ 4,500.00
7040 Outside Printers	\$ 1,000.00	\$ 750.00	\$ 1,000.00
7060 Office Supplies	\$ 7,000.00	\$ 5,000.00	\$ 5,000.00
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	\$ 5,000.00
7100 Computer Software	\$ -	\$ -	\$ -
7105 Meeting Broadcast Services	\$ 4,000.00	\$ 3,000.00	\$ 3,000.00
7110 Property and General Liability Insurance	\$ 6,000.00	\$ 5,500.00	\$ 5,500.00
7120 Office Maintenance Services	\$ 400.00	\$ -	\$ 400.00
7130 Other Equipment Maintenance	\$ 250.00	\$ -	\$ -
7140 Travel	\$ 5,000.00	\$ 4,500.00	\$ 4,500.00
7145 CALAFCO Travel Expenses	\$ -	\$ 1,500.00	\$ 1,000.00
7150 Training, Conferences and Workshops	\$ 2,500.00	\$ 2,500.00	\$ 3,000.00
7160 Vehicle Mileage	\$ 1,000.00	\$ 500.00	\$ 1,000.00
7170 Rental of Buildings	\$ 25,530.00	\$ 25,530.00	\$ 24,500.00
7200 Telephone Communications	\$ 6,000.00	\$ 4,000.00	\$ 4,500.00
7230 Temporary Help Services (Clerical)	\$ -	\$ -	\$ -
7240 Outside Professional Services - Total for Line Items 7242 - 7249	\$ 71,500.00	\$ 58,500.00	\$ 66,000.00
7242 Accounting and Financial Services	\$ 36,000.00	\$ 36,000.00	\$ 36,000.00
7245 General Counsel and Special Counsel	\$ 25,000.00	\$ 12,000.00	\$ 17,000.00
7247 Human Resources	\$ 500.00	\$ 500.00	\$ 500.00
7248 Annual Audit	\$ 10,000.00	\$ 10,000.00	\$ 12,500.00
7249 Temporary In-House Professional Services	\$ -	\$ -	\$ -
7250 Miscellaneous Office Expenses	\$ 1,000.00	\$ 600.00	\$ 600.00
7260 Legal Notices	\$ 6,000.00	\$ 4,000.00	\$ 5,000.00
7261 Pass-Through Expenses	\$ -	\$ -	\$ -
7270 Recruitment Advertising	\$ -	\$ -	\$ -
7280 LAFCO Memberships	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00
7290 Litigation Reserve	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00
XXXX Records Storage and Security	\$ -	\$ -	\$ -
7295 Contingency Reserve	\$ 30,000.00	\$ 30,000.00	\$ 20,000.00
SUB TOTAL EXPENDITURES (see Note 1)	\$ 696,096.00	\$ 637,175.00	\$ 667,538.00
LESS PASS-THROUGH EXPENSES (Acct. 7261)	\$ -	\$ -	\$ -
TOTAL EXPENDITURES (NET) (see Note 1)	\$ 696,096.00	\$ 637,175.00	\$ 667,538.00

	Adopted Budget Fiscal Year 2010-11	Estimated Actual Year End Expenditures for Fiscal Year 2010-11	Adopted Proposed Budget for Fiscal Year 2011-12
REVENUES:			
Fees:			
4000 - Project Fees (see Note 1)	\$ 10,000	\$ 13,000	\$ 10,000
4001 - Pass-through Fees	-	-	-
4205 - County Contribution	\$ 227,699	\$ 227,699	\$ 218,346
4210 - City Contributions	\$ 227,699	\$ 227,699	\$ 218,346
4220 - Independent Special District Contributions	\$ 227,699	\$ 227,699	\$ 218,346
3810 - Contingency Reserve	-	-	-
3850 - Unreserved Fund Balance (see Note 2)	-	-	-
4250 - CALAFCO Reimbursement Income	\$ 3,000	\$ 3,000	\$ 1,000
4300 - Interest	-	-	-
SUB-TOTAL REVENUES	\$ 696,096	\$ 700,797	\$ 667,538
LESS PASS-THROUGH INCOME (Acct. 4001)	\$ -	\$ -	\$ -
TOTAL REVENUE (NET) (see Note 3)	\$ 696,096	\$ 700,797	\$ 667,538

NOTE 1 Commission policy is to show anticipated project fees as revenue in the year in which the fees are collected.

NOTE 2 Commission policy is to maintain the Unreserved Fund Balance.

NOTE 3 Pursuant to Government Code 56381 (a), the proposed and final budget for FY 2011-12 shall be equal to the budget adopted for FY 2010-11, 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.

ATTACHMENT 2
Monterey County Independent Special Districts
LAFCO Cost Allocation Formula: Proportionate Percentages
Preliminary Cost-Share Estimates for FY 2011 - 2012 (See Footnote *)

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: 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 Peninsula Airport District	4,486,281				\$8,772,269	6.01%	\$13,126	\$13,126	6.01%			
CEMETERIES												
Castroville Cemetery	359	133,522	0.12%	259				259	0.12%			
Cholame Cemetery District	0	10	0.00%	0				0	0.00%			
Gonzales Cemetery District	166	69,872	0.06%	135				135	0.06%			
Greenfield Cemetery District	191	63,870	0.06%	124				124	0.06%			
King City Cemetery District	0	177,377	0.16%	344				344	0.16%			
San Ardo Cemetery District	28	9,941	0.01%	19				19	0.01%			
San Lucas Cemetery District	55	13,506	0.01%	26				26	0.01%			
Soledad Cemetery District	614	102,172	0.09%	198				198	0.09%			
COMMUNITY SERVICES DISTRICTS												
Castroville CSD	29,319				1,020,668	0.91%	1,978	1,978	0.91%			
Pajaro/Sunny Mesa CSD	53	68,084	0.06%	132	769,498	0.68%	1,491	1,623	0.74%			
Pebble Beach CSD	51,156	7,055,881	6.26%	13,675	2,968,974	2.64%	5,754	19,430	8.90%			
Santa Lucia CSD	0	2,384,645	2.12%	4,622	1,853,720	1.65%	3,593	8,215	3.76%			
Speckels CSD	147	102,329	0.09%	198				198	0.09%			
Ocean View Plaza CSD												
FIRE DISTRICTS												
Aromas Tri-County FPD	9,058	1,177,946	1.05%	2,283				2,283	1.05%			
Cachagua FPD	65,604	69,400	0.06%	135				135	0.06%			
Carmel Highlands FPD	9,673	1,846,740	1.64%	3,579				3,579	1.64%			
Carmel Valley FPD	424,293	3,822,483	3.13%	6,827				6,827	3.13%			
Cypress FPD	18,185	3,635,523	3.23%	7,046				7,046	3.23%			
Gonzales Rural FPD	30,659	91,247	0.08%	177				177	0.08%			
Greenfield FPD	30,523	504,044	0.45%	977				977	0.45%			
Mission-Soledad FPD	554	160,968	0.14%	312				312	0.14%			
North County FPD	397,123	4,971,927	4.41%	9,636				9,636	4.41%			
Monterey County Regional FPD	425,354	5,627,929	5.00%	10,908				10,908	5.00%			
South Monterey County FPD	979	345,748	0.31%	670				670	0.31%			
HARBOR DISTRICTS												
Moss Landing Harbor District	4,317				2,600,387	2.22%	4,846	4,846	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%	67	67	0.03%			
MEMORIAL DISTRICTS												
Greenfield Memorial District	531	145,938	0.13%	283				283	0.13%			
Speckels Memorial District	652	188,125	0.17%	365				365	0.17%			
MOSQUITO ABATEMENT DISTRICTS												
No. Salinas Valley Mosquito Abatent.	5,845	1,227,303	1.09%	2,379				2,379	1.09%			
RECREATION & PARK DISTRICTS												
Carmel Valley Recreation & Park	0	70,925	0.06%	137				137	0.06%			
North County Park & Recreation District	180,672	475,752	0.42%	922				922	0.42%			
Greenfield Public Recreation District	663	133,916	0.12%	260				260	0.12%			
Monterey Peninsula Regional Park	1,564,229	3,390,441	3.01%	6,571				6,571	3.01%			
Soledad-Mission Recreation District	23,254	332,128	0.29%	644				644	0.29%			
RESOURCE CONSERVATION												
Resource Conservation Dist of Monterey	665,727	21,554	0.02%	42				42	0.02%			
SOLID WASTE DISPOSAL												
Monterey Regional Waste Mgt. District	0				17,319,711	15.37%	33,588	33,588	15.37%			
WASTEWATER/SANITARY												
Carmel Area Wastewater District	6,888				5,805,747	5.15%	11,252	11,252	5.15%			
WATER DISTRICTS												
Marina Coast Water District (County WD)	616,213				7,111,844	6.31%	13,784	13,784	6.31%			
Monterey Peninsula Water Mgmt. Dist.*	*	*	*	*	*	*	*	*	*			
San Ardo Water District (Calif. WD)	0				85,254	0.08%	165	165	0.08%			
San Lucas County Water District	554,288				129,137	0.11%	250	250	0.11%			
TOTALS:	9,602,651	\$38,121,226	33.84%	\$73,864	\$46,372,009	41.16%	\$69,875	\$163,760	75.00%			
Subtotal Operating Revenue:					\$84,493,235	75.00%						
DISPROPORTIONATE IMPACT MITIGATION												
Salinas Valley Memorial Hospital - Allocation Based on Total Revenue					295,445,507	77.76%	169,789	169,789	77.76%			
Salinas Valley Memorial Hospital - Adjusted at a fixed percentage of total special districts LAFCO cost:								54,587	25.00%			
Total Cost								\$218,346	100.00%			

*Monterey Peninsula Water Management District cost allocation is currently under discussion.

CALAFCO provided a comment letter to California Forward on March 30 (see Attachment 1). Some of the same concerns are noted by the California Special Districts Association (see Attachment 3). To date, the concerns have not been addressed.

Next Steps

California Forward is hosting roundtable meetings around the State to discuss their proposals. Chair Champion and Vice Chair DiMaggio have authorized me to attend a California Forward meeting on May 19 in San Jose. I will represent the interests of our Commission and CALAFCO, and report back to the full Commission on May 23.

Respectfully Submitted,



Kate McKenna, AICP
Executive Office

cc: Special Districts Association of Monterey County

Attachments:

1. Letter from William Chiat, CALAFCO Executive Director, to Sunne Wright McPeak, California Forward Leadership Council Member, March 30, 2011.
2. California Forward, "Smart Government: A Conceptual Framework," pages 33 and 34 including Principles and Draft Proposals 4 and 5, May 10, 2011.
3. California Special Districts Association, "Summary of California Forward Framework (5/10/11)"

ATTACHMENT 1

CALIFORNIA
ASSOCIATION OF
LOCAL AGENCY
FORMATION
COMMISSIONS



2011

Board of Directors

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Santa Clara LAFCo

Vice Chair

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WILLIAM S. CHIAT
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SR JONES
Executive Officer

CLARK ALSOP
Legal Counsel

KATE MCKENNA
Deputy Executive Officer

JUNE SAYALA
Deputy Executive Officer

LOU ANN TEXEIRA
Deputy Executive Officer

30 March 2012

Ms. Sunne Wright McPeak
California Forward Leadership Council Member
1107 9th Street, Suite 650
Sacramento, CA 95814

Dear Sunne:

Thank you for the opportunity to serve on the Stakeholder Roundtable. Today I received the agenda for the Thursday/Friday meeting along with the revised framework. Having not been consulted regarding the original or revised recommendations for Principal 5, I wanted to correct some inaccurate information and offer a suggestion or two prior to the meeting tomorrow.

The framework states that LAFCos are staffed by city and county representatives. This is inaccurate. LAFCo staff are independent of any local agencies and specifically report to their commission. The independence of staff was a key component in the major revision of LAFCo law (Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000). Commissioners are locally appointed and consist of elected officials from city councils, board of supervisors and, in many cases, special district boards. There is also a public member on every commission. In some instances it may be accurate to say that the commission could have a built-in political constraint since they are making decisions which might affect their jurisdiction.

We urge California Forward staff to look at the Municipal Service Reviews prepared by LAFCos for cities, special districts subject to LAFCo review, and county municipal services. You will find they already include substantial information, such as inventories of local agencies, sphere and service boundaries (LAFCos may actually have the most accurate maps), role of agencies in service deliveries and opportunities for efficiencies or reorganizations. Granted the level of detail varies from LAFCo to LAFCo – often depending on the financial resources available – however the foundation of information called for in Draft Proposal 5A exists in many parts of the state. LAFCos are limited in that they do not have oversight of school districts, college districts, transportation agencies, joint power authorities, or private service providers (such as investor-owned utilities or mutual water companies).

We continue to be concerned with the focus on Regional Councils of Governments. While recognizing the important role many regional councils play, they are not organized under any state law, membership consists only of the county and cities, and they are generally transportation-focused. LAFCos have been conducting service reviews for over a decade. It seems that the emphasis on Draft Proposal 5A should be on enhancement and better use of the existing service review resource rather than establishing a new process with Regional Councils to conduct this work.

With respect to Draft Proposal 5B, perhaps California Forward is not aware of the extensive amount of work that went into the deliberations and recommendations from

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Voice 916-442-6536
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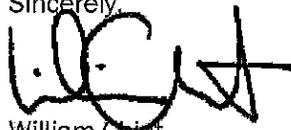
www.calafco.org

the Commission on Local Governance for the 21st Century. The Commission released a report – very similar to the cited New York report – entitled *Growth Within Bounds: Planning California Governance for the 21st Century*. This resulted in the substantial rewrite of Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. Before recommending the creation of yet another commission and report, it may be of greater value to revisit the findings in *Growth Within Bounds* and evaluate the recommendations and outcomes in terms of the goals of California Forward and today's circumstances. It may also be of value to review the earlier commission and report from 1960 which ultimately resulted in the creation of LAFCos: *Meeting Metropolitan Problems: Report of the Governor's Commission on Metropolitan Area Problems* (Governor Edmund Brown).

Finally, earlier this month voters approved the 482nd city in California, Jurupa Valley in Riverside County.

We hope you find these comments of value. Thanks again for the opportunity to participate.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Chiat', with a stylized flourish extending to the right.

William Chiat
Executive Director

PRINCIPLE 4

The new structure needs to provide regulatory, fiscal and other incentives to encourage cooperation among local governments in partnership with the private sector to efficiently and effectively meet regional needs. This strategic alliance should align public efforts with regional economic activity and match the scale of effort to the magnitude of regional challenges.

DRAFT PROPOSAL 4 – FOSTER REGIONAL COLLABORATION

The state's current regional system of voluntary Councils of Governments is institutionally inadequate to the task of fostering regional collaboration, because it only includes cities and counties. To encourage cooperation among local governments to efficiently and effectively meet regional challenges that cross city and county lines, regions should be authorized to extend their Joint Powers Authority to create more representative intergovernmental councils. These Regional Councils of Government – or, in areas where it is appropriate, other existing collaborative planning entities – should include all of the governmental entities in a region involved in achieving the Big Five Outcomes. This includes cities, counties, schools, community colleges, and special districts.

These councils should be designed locally under a uniform statewide set of statutory authorities that would give them the power to provide regulatory, fiscal, and other incentives to encourage cooperation among local government entities to meet regional needs. This should include a particular focus on developing a robust pipeline between the educational system and the workforce needs of the regional economy. Regional Councils of Government should also develop an annual reporting process to review city, county, school, community college, and special district strategies for achieving the Big Five Outcomes, and to encourage progress toward achievement of Indicators of Success.

This new statutory authority should include protections that give regions long-term flexibility throughout the period of implementation.

PRINCIPLE 5

Government should be organized in a way that most cost-effectively improves results. Local agencies need the incentives and the analysis to make organizational or functional consolidations to reduce costs and improve service.

NOTE: *The draft proposals below outline two potential – but quite different – approaches to consolidation. A local commission (the Local Agency Formation Commission, or LAFCo) tasked with examining the efficiency and effectiveness of local agencies already exists in each county. Rec. 5A proposes several ways these commissions might be refocused on consolidation. LAFCOs do have some built-in political constraints, however, since LAFCo commissioners also represent cities and counties.*

Rec. 5B examines another option, which would involve creating an independent commission to conduct these analyses statewide.

DRAFT PROPOSAL 5A – ENCOURAGE INTEGRATION AND CONSOLIDATION

LAFcos in each region – which are currently tasked with “encouraging the orderly formation and development of local agencies based upon local conditions and circumstances,” along with contributing “to the logical and reasonable development of local agencies in each county... [in an] efficient and accountable manner” – should establish a process with their Regional Councils of Government to present standardized data on the quantity, cost, and effectiveness of local governments in the region.

- This should take advantage of existing LAFco municipal service reviews, comprehensive studies designed to better inform regional bodies, local agencies, and the community about the provision of municipal services.
- LAFco reviews also should include regional analyses of the number of jurisdictions in each region, their boundaries, the role of each agency in the jurisdiction, these agencies’ goals and results, and identify any opportunities for consolidation.

DRAFT PROPOSAL 5B – ENCOURAGE INTEGRATION AND CONSOLIDATION

The governor and Legislature should jointly create a commission similar to the California Redistricting Commission or New York’s State Commission on Local Government, consisting of experts and local government stakeholders who would conduct a comprehensive review of California’s local government structure. This commission would hold public hearings and issue a report on the following:

- The number and types of local government jurisdictions, the basis for their creation, and the opportunities to restructure or consolidate.
- Opportunities to regionalize local government functions and services.
- The effectiveness of existing state laws and programs designed to assist local government efficiency, consolidation, and partnerships.

ATTACHMENT 3



**California Special
Districts Association**
Districts Stronger Together

Summary of California Forward Framework (5/10/11)

California Forward's framework, "Smart Government: Making California Work Again" is predicated on principles developed by the organization's Local Government Task Force, a group of current and former city and county officials. However, as outlined below, the framework proposes substantial impacts to the core services provided by special districts. The *CSDA NOTES* are added for clarification purposes and do not necessarily reflect the position of CSDA nor the intent of California Forward.

Draft Proposal 1: Statewide Performance Outcomes

- The state would prioritize outcomes including, increased employment, improved education, decreased poverty, decreased crime, and improved health (p.6).
- Special districts and other local governments would be required to develop a five-year strategy for achieving indicators of success for these outcomes in consultation with the state, and would present them to a regional Council of Governments (COG) (p.6).
 - *CSDA NOTE: As currently comprised, COGs rarely include representation of special districts; they consist of city and county representatives and mostly focus on transportation funding. This note applies to proposals 4 and 5 as well.*
- Progress made by special districts and other local governments toward achieving the "indicators" would be reviewed annually during the state budget process and quarterly at the state departmental level (p.7).

Draft Proposal 2: Revenue Realignment

- Would restructure the state's fiscal system by establishing a statutory and constitutional legal construct that changes the program authority, tax structure, and revenue authority for special districts and other local governments (p.8).
- Special districts and other local governments would be required to regularly publish agency report-cards detailing their funding allocation, how it was spent, and program outcomes.
 - *CSDA NOTE: The framework does not specify the extent to which this function is already accomplished for special districts and cities through municipal service reviews conducted by local agency formation commissions.*
- The sales tax would be broadened with a portion of the revenue transferred to counties for countywide services and education (p.9).
- Special districts and other local governments would be given the authority to enter into "revenue-sharing agreements" in an effort to clarify the links between service responsibility and resources; the state would use a portion of state appropriations to encourage these service integration efforts (p.10).
 - *CSDA NOTE: The framework does not specify that these agreements would require the approval of each participating local agency.*
- A portion of the annual growth in property tax revenues (a property tax increment) could be given to counties to use to encourage collaboration (p.11).
 - *CSDA NOTE: Presumably, this fund would be similar to the redevelopment property tax increment authority currently under review by the Governor and Legislature. Would those agencies delivering core local services spend local property tax dollars more efficiently and with more accountability than creating a new pot for special projects, allocated by a different layer of government?*
- A region-wide sales tax, a portion of the vehicle license fee, and a portion of the growth on state business taxes could be provided to local governments as a fiscal incentive to address regional infrastructure, environmental, and workforce issues (p.11).

- *CSDA NOTE: The framework does not specify who would control and allocate these revenues, nor whether special districts, which often operate in a regional manner and are able to cross the political boundaries of cities and counties, would be eligible for the funding.*

Draft Proposal 3: The State Role in Local Government

- The state would establish outcomes for state programs, incentivize collaboration among local programs, provide encouragement, serve as a convener of peer-to-peer technical assistance, quantify savings to the state, streamline regulations, act as an advocate on behalf of local governments before Congress, and focus the state budget on improved performance (p.13).
- Cities, counties, and schools would be allowed to retain local savings as a result of these efforts (p.13).
 - *CSDA NOTE: While many of the reporting and collaborating requirements appear to apply to special districts, the framework excludes special districts from retaining the savings that may result from these efforts. It is not clear if special districts should be excluded from the requirements or included in the retention of savings.*

Draft Proposal 4: Regional Collaboration

- Regions would be authorized to expand COGs to include all of the governmental entities in a region involved in achieving the “Big Five” outcomes, including special districts (p.15).
 - *CSDA NOTE: COGs are already authorized to include special districts and other local agencies, yet most choose not to. The framework does not specify if COGs would be required to include all interested local agencies as full and equal members.*
- COGs would be designed locally under a uniform statewide set of statutory authorities that would give them the power to provide regulatory, fiscal, and other incentives to encourage cooperation among local government entities to meet regional needs (p.15).
- Special districts and other local governments would be required to report to COGs, which would review their strategies for achieving statewide outcomes and incentivize their progress (p.15).
 - *CSDA NOTE: The framework does not specify the extent to which this function is already accomplished for special districts and cities through municipal service reviews conducted by local agency formation commissions.*
- COGs would encourage special districts and other local governments to connect with the educational system and workforce needs of the regional economy (p.15).

Draft Proposal 5: Encouraging Consolidation and Integration

- Would establish a process between Local Agency Formation Commissions (LAFCOs) and COGs to present standardized data on the quantity, cost, and effectiveness of local governments in the region (p.17).
 - *CSDA NOTE: As currently comprised, do COGs have the staff, representation, or expertise, as LAFCOs do, to effectively, accurately, and fairly perform these tasks?*
- LAFCO reviews would include regional analyses of the number of jurisdictions in each region, their boundaries, the role of each agency in the jurisdiction, these agencies’ goals and results, and identify any opportunities for consolidation (p.17).
 - *CSDA NOTE: LAFCOs currently perform many of these functions.*
- Would create a new statewide commission on consolidation to review California’s local government structure and identify opportunities to consolidate local agencies, regionalize services and amend state laws concerning these policies.
 - *CSDA NOTE: The State Legislature has appropriately established LAFCOs, rather than COGs or a statewide commission, as the proper body for reviewing local services. To what extent does this proposal respect local control and local preferences and approaches?*