

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

Vince DiMaggio (<i>Chair</i>)	<i>Public Member</i>	Dennis Donohue	<i>City Member</i>
Bruce Delgado (<i>Vice Chair</i>)	<i>City 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>
Don Champion, Ph.D.	<i>Special District Member</i>	Steve Snodgrass	<i>Special District Member, Alternate</i>
Sherwood Darington	<i>Public Member, Alternate</i>	Graig R. Stephens	<i>Special District Member</i>

AGENDA
LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

Monday, June 27, 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. PLEDGE OF ALLEGIANCE** **ACTION**
- 3. ROLL CALL**
- 4. 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).

5. CLOSED SESSION

ACTION

- 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.

Reconvene in open session and report any actions taken.

6. MINUTES

ACTION

- a. Adopt Draft Minutes of May 23, 2011 Regular LAFCO Meeting.
- b. Accept Draft Notes from Budget and Finance Committee Meeting of June 20, 2011.

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. CONSENT ITEMS

ACTION

- a. Approve the Register of Checks Paid in May 2011.
- b. Accept List of Anticipated Future Agenda Items.
- c. Receive Report on Activities of the California Association of Local Agency Formation Commissions.
- d. Approve One-Year Extension to Executive Officer's Employment Agreement.
- e. Consider Draft Financial Statements for Period Ending April 30, 2011.
- f. Consider Resolution for Tax Deferred Reporting of CalPERS Member Contributions, Pursuant to Federal Tax Reporting Requirements.
- g. Consider Amendment No. 2 to Fiscal Year 2010-2011 Budget, to Transfer Funds from Line Item 6100 (Employee Benefits) to Line Item 7242 (Outside Professional Services – Accounting and Financial Services), with no Net Change to Overall Budget.

9. NEW BUSINESS

ACTION

- a. Consider Changes to the Litigation Reserve Policy, and Authorize Year-End Journal Entry Transfers from Account No. 3850 (Unreserved Fund Balance) to Account No. 7290 (Litigation Reserve) and Account No. 7295 (Contingency Reserve).
- b. Discuss Options for Distribution of LAFCO Meeting Materials to Commission.

10. EXECUTIVE OFFICER ANNOUNCEMENTS

INFORMATION

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

- a. Association of Monterey Bay Area Governments

11. COMMISSIONER ANNOUNCEMENTS

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

12. ADJOURNMENT TO THE NEXT MEETING

Regular LAFCO Meeting – Monday, August 22, 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.

**AGENDA
ITEM
NO. 4.a**

LAFCO *of Monterey County*

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KATE McKENNA, AICP
Executive Officer

DATE: June 27, 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 Chair Vince DiMaggio 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

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

Oath of Office

Commissioner Maria Orozco

Do you, Maria Orozco, solemnly swear that you will support and defend the Constitution of the United States and the Constitution of the State of California against all enemies, foreign and domestic; that you will bear true faith and allegiance to the Constitution of the United States and the Constitution of the State of California; that you take this obligation freely, without any mental reservation or purpose of evasion; and that you will well and faithfully discharge the duties upon which you are about to enter?

KATE McKENNA, AICP
Executive Officer

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MINUTES
LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

Adopted on _____

Regular Meeting
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 was called to order by Chair Champion at 4:03 p.m. in the Monterey County Board of Supervisors Chambers.

ROLL CALL

Members Present

Commissioner Calcagno, (County Member)
Commissioner Champion, (Special District Member)
Commissioner Darington, Alternate (Public Member)
Commissioner Delgado, (City Member)
Commissioner DiMaggio, Chair (Public Member)
Commissioner Salinas, (County Member)
Commissioner Snodgrass, Alternate (Special District Member)
Commissioner Stephens, (Special District Member)

Members Not Present

Commissioner Armenta (Presence Not Required)
Commissioner Donohue

Staff Present

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

3. SELECTION OF CHAIR AND CHAIR PRO TEMPORE

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

Executive Officer McKenna provided a report.

There were no public comments for this item.

Commission Action

Upon motion by Commissioner Calcagno, seconded by Commissioner Salinas, Commissioner Vince DiMaggio was appointed as Chair and Commissioner Bruce Delgado was appointed as Chair Pro Tempore. The motion unanimously passed.

4. PLEDGE OF ALLEGIANCE

Chair DiMaggio led the Pledge of Allegiance.

5. SPECIAL BUSINESS

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

Chair DiMaggio stated that Alternate Commissioner, Mayor Orozco, was unable to attend the Commission meeting today. This item was continued to the next Regular LAFCO Commission meeting of June 27, 2011.

6. MINUTES

- a. Adopt Draft Minutes of April 25, 2011 Regular LAFCO Meeting.

There were no public comments for this item.

Commission Action

Upon motion by Commissioner Calcagno, seconded by Commissioner Stephens, the Minutes were unanimously adopted.

- 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).

There were no public comments for this item.

Commission Action

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

7. PUBLIC COMMENTS

Mr. Bill Carrothers addressed the objectives of LAFCO.

Mr. John Huerta, Jr., Mayor, City of Greenfield offered his congratulations to Vince DiMaggio on his appointment to the Chair of the Commission. Mayor Huerta addressed the Memorandum of Agreement for the Greenfield Sphere of Influence

8. COMMISSIONER ANNOUNCEMENTS

Commissioner Delgado recognized the accomplishments of the CSUMB Golf Team.

9. CONSENT ITEMS

- 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.

Public Comments

Mayor Huerta asked to move the City of Greenfield to item #1 on the Anticipated Future Agenda Items list.

Commission Action

Upon motion by Commissioner Delgado, seconded by Commissioner Calcagno, the consent items were unanimously approved and the City of Greenfield's Memorandum of Agreement was moved to first priority on the list of anticipated agenda items.

10. NEW BUSINESS

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

i. Consider Nominations for CALAFCO Board of Directors.

Executive Officer McKenna provided a report.

There were no public comments for this item.

Commission Action

The Commission took no action.

ii. Consider CALAFCO Achievement Award Nominations.

Executive Officer McKenna provided a report.

There were no public comments for this item.

Commission Action

Chair DiMaggio suggested that Commissioner Calcagno be nominated for the Outstanding Commissioner Award. He also recommended that three recent policies be nominated for Most Effective Commission Award or Project of the Year Award.

Upon motion by Chair DiMaggio, seconded by Commissioner Salinas, the motion was unanimously approved.

iii. Authorize Attendance at 2011 Annual Conference.

Commissioners Salinas, Snodgrass, Stephens and Delgado expressed interest in attending the 2011 CALAFCO Annual Conference.

There were no public comments for this item.

Commission Action

Upon motion by Commissioner Calcagno, seconded by Commission Salinas, the attendance of Commissioners Salinas, Stephens, Snodgrass, and Delgado at the 2011 CALAFCO Conference was unanimously approved.

- iv. Appoint Voting Delegates to 2011 Annual Conference.

Executive Officer McKenna provided a report.

There were no public comments for this item.

Commission Action

Upon motion by Chair DiMaggio, seconded by Commissioner Salinas, it was unanimously agreed that any one of the Commissioners attending the Conference may act as a Voting Delegate, with additional authority granted to Executive Officer McKenna as a backup Voting Delegate.

- v. Receive Report on 2012 Annual Conference in Monterey.

Executive Officer McKenna provided a report.

There were no public comments for this item.

Commission Action

There was no Commission action for this item.

11. PUBLIC HEARING

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

Executive Officer McKenna provided a report.

There were no public comments for this item.

Commission Action

Upon motion by Commissioner Delgado, seconded by Commissioner Stephens, the resolution approving the Final Work Program for FY 2011-2012 was unanimously adopted.

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

Executive Officer McKenna provided a report.

There were no public comments for this item.

Commission Action

Upon motion by Commissioner Delgado, seconded by Commissioner Stephens, the Final Budget for FY 2011-2012 was unanimously adopted.

12. EXECUTIVE OFFICER ANNOUNCEMENTS

The Executive Officer provided an informational report on activities of the Commission and Staff, including:

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

Executive Officer McKenna reported that she attended a California Forward roundtable meeting on May 19 in San Jose to represent the interests of the Commission and CALAFCO.

There were no public comments for this item.

Commissioner Comments

The Commission provided direction to General Counsel Girard to, in consultation with Executive Officer McKenna, review and report back on the powers and authorities of AMBAG and to determine what would be involved in dissolving the organization and reallocating its mandates or authorities.

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.

Commissioner DiMaggio reconvened the meeting from closed session and stated that no reportable action was taken.

- b. Public Employee Performance Evaluation pursuant to Gov. Code section 54957.
Position: LAFCO Executive Officer.

Commissioner DiMaggio reconvened meeting from closed session and stated that no reportable action was taken.

ADJOURNMENT TO THE NEXT MEETING

Chair DiMaggio adjourned the meeting at 5:14 pm to the next Regular LAFCO Meeting - Monday, June 27, 2011 at 4:00 p.m.

DRAFT

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KATE MCKENNA, AICP
Executive Officer

**NOTES
BUDGET AND FINANCE COMMITTEE MEETING**

Monday, June 20 2011, 2:00 p.m.

**LAFCO Office
132 W. Gabilan Street, Suite 102
Salinas, California 93901**

1. CALL TO ORDER

The Budget and Finance Committee of the Local Agency Formation Commission of Monterey County was called to order by Commissioner Salinas at 2:00 p.m.

2. ROLL CALL

Members Present

Commissioner Bruce Delgado
Commissioner Simón Salinas, Chair
Commissioner Graig Stephens

Staff Present

Kate McKenna, Executive Officer
Mike Briley, Managing Partner, Hayashi & Wayland
Donna Christoffersen, Interim Clerk

3. Public Comment

There were no public comments.

4. Consider Draft Financial Statements for Period Ending April 30, 2011

Executive Officer presented a report. The financial position of LAFCO is as anticipated, with total expenses under budget and total income slightly higher than budget.

Ms. McKenna introduced Mr. Mike Briley, Managing Partner, Hayashi & Wayland, who presented a detailed overview of the statements.

Committee members discussed the item with Executive Officer McKenna and Mr. Briley.

Upon motion by Commissioner Stephens, and seconded by Commissioner Delgado, the Draft Financial Statements for the Period Ending April 30, 2011 were unanimously recommended for acceptance by the full Commission.

5. Receive Profit/Loss Budget vs. Actuals Worksheet Dated June 24, 2011

Executive Officer McKenna presented a report.

Committee members discussed the item with Executive Officer McKenna and Mr. Briley, including a possible change to reflect that the budgeted expenses for Account No. 7290 (Litigation Reserve) and Account No. 7295 (Contingency Reserve) have already been made, as reflected in the April 30, 2011 Balance Sheet.

Upon motion of Chair Salinas, seconded by Commissioner Stephens, the Committee unanimously received the Profit/Loss Budget vs. Actuals worksheet dated June 24, 2011.

6. Discuss the Three-Year Financial Forecast

Executive Officer McKenna explained that this item was continued from a discussion that began on March 14, 2011, at which time the forecast was initially presented to the Committee.

Committee members discussed the forecast and uses with Executive Officer McKenna and Mr. Briley.

The Committee directed Executive Officer McKenna to update the three-year forecast on an annual basis for internal review, and authorized the Executive Officer to present any necessary budget amendment to pay for the initial costs of preparing the forecast, by means of a line item transfer of funds into Account No. 7242 (Accounting and Financial Services) and with no change in overall budgeted expenditures.

7. Review of Budget Reserves

Executive Officer McKenna explained that this item was continued from a discussion that began on March 14, 2011 as part of the annual budget preparation process.

Committee members reviewed the current policies and funding status of the Litigation Reserve (Account No. 7290) and the Contingency Reserve (Account No. 7295). The Committee also reviewed the estimated year-end available funds in the Unreserved Fund (Account No. 3850). After significant discussion regarding policy and funding options, the Committee reached agreement on recommendations to be forwarded to the full Commission.

Upon motion of Commissioner Stephens, and seconded by Commissioner Delgado, the Committee unanimously recommended a change in the adopted policy for the Litigation Reserve to increase the target funding goal from \$120,000 to \$300,000, and the authorization of year-end journal entries to: (1) transfer \$110,000 from the Unreserved Fund to the Contingency Reserve; (2) reduce the balance of the Unreserved Fund to \$100,000, and (3) transfer the balance of the Unreserved Fund to the Litigation Reserve.

8. Consider a Resolution to Confirm the Tax Deferred Status of CalPERS Member Contributions, Pursuant to Federal Tax Reporting Requirements

Executive Officer McKenna presented a report.

Committee members discussed the item with Executive Officer McKenna and Mr. Briley.

Upon motion by Chair Salinas, and seconded by Commissioner Stephens, the Resolution was unanimously recommended for adoption by the full Commission.

9. OTHER BUSINESS

10. ADJOURNMENT

Chair Salinas adjourned the meeting at 4:00 p.m. to the next Budget and Finance Committee Meeting, to be held in September, 2011.

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KATE McKENNA, AICP
Executive Officer

DATE: June 27, 2011
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **LAFCO CHECK REGISTER – MAY 2011**

SUMMARY OF RECOMMENDATION:

It is recommended that the Commission approve this check register.

EXECUTIVE OFFICER'S REPORT:

Attached is a list of LAFCO checks written in May 2011.

Respectfully Submitted,

Kate McKenna, AICP
Executive Officer

Attachment

**LAFCO
LOCAL AGENCY FORMATION COMMISSION
WARRANT REGISTER
FOR MAY 2011**

DATE	CK#	NAME	DESCRIPTION	CHECK AMOUNT	DEPOSIT AMOUNT	ACCOUNT BALANCE
Beginning Balance 5/1/2011						\$ 124,488.83
05/10/2011	EFT	CalPERS Health	May 2011 Health Insurance EFT#10228309056	2,203.24		122,285.59
05/11/2011	3701	APEX	Commissioner Engraved Plate	41.33		122,244.26
05/11/2011	3702	AT&T	Telephone Service from 3/12/11-4/11/11	146.34		122,097.92
05/11/2011	3703	AT&T Mobility	Telephone Expense 3/22/11-4/21/11	181.84		121,916.08
05/11/2011	3704	County of Monterey, Information Technology	Computer Support Services through 3/11/11	606.00		121,310.08
05/11/2011	3705	County of Monterey,RMA-Dept Public Works	Express Mail Charges Sept. 2010-Jan. 2011	320.05		120,990.03
05/11/2011	3706	Hayashi & Wayland, LLP	Accounting Services	5,671.00		115,319.03
05/11/2011	3707	King City Rustler	1 Year Subscription	42.50		115,276.53
05/11/2011	3708	Office of County Counsel - Co of Monterey	Legal Services through March 2011	1,123.13		114,153.40
05/11/2011	3709	Peninsula Messenger Service	Delivery of Agenda Packet	75.00		114,078.40
05/11/2011	3710	Principal Life	May 2011 Benefits:LTD,ADD,STD,Life	298.43		113,779.97
05/11/2011	3711	Spherion	Temp Help:Christoffersen, Donna 4/3/11-4/17/11	3,825.00		109,954.97
05/11/2011	3712	Staples Advantage	Office Supplies	822.37		109,132.60
05/11/2011	3713	The Monterey County Herald	Legal Notices 3/1/11-3/31/11	272.06		108,860.54
05/11/2011	3714	Tri-County Business Systems	Copy Machine Rental/Usage	356.78		108,503.76
05/11/2011	3715	Rabobank Visa Card	Calafco Travel Expenses	1,337.44		107,166.32
05/11/2011	3716	Rabobank Visa Card	APA Bookstore	111.54		107,054.78
05/11/2011	DEP		Miscellaneous Income-Med Legal Stipend		15.00	107,069.78
05/12/2011		QuickBooks Payroll Service	For payroll period ending 5/6/11 paid 5/13/11	6,480.24		100,589.54
05/12/2011	DEP		CalPers 457 Loan Repayment		50.19	100,639.73
05/13/2011	3699	Kathryn M. McKenna	For payroll period ending 5/6/11 paid 5/13/11	0.00		100,639.73
05/13/2011	3700	Thomas A. McCue	For payroll period ending 5/6/11 paid 5/13/11	0.00		100,639.73
05/13/2011	EFT	CalPERS 457 Program	CalPers 457 Deferred Compensation Contribution	1,574.98		99,064.75
05/13/2011	EFT	Ing-CalPers 457 Deferred Comp Program	CalPers 457 Loan Repayment	50.19		99,014.56
05/13/2011	EFT	CalPERS Retirement	CalPers Retirement Contribution	1,631.05		97,383.51
05/13/2011	EFT	EDD	State Payroll Tax Deposit	826.23		96,557.28
05/13/2011	EFT	EFTPS	Federal Payroll Tax Deposit	2,086.88		94,470.40
05/13/2011	TFR		County Funds Transfer		150,000.00	244,470.40
05/24/2011	DEP		Deposit-CV Athletic Club, 457 Loan Repayment		553.87	245,024.27
05/25/2011	3719	Bruce Lindsey	Monthly Rent	2,127.66		242,896.61
05/25/2011	EFT	Ing-CalPers 457 Deferred Comp Program	CalPers 457 Loan Repayment	50.19		242,846.42
05/25/2011	3720	Alhambra	Water Dispenser Rental	31.13		242,815.29

**LAFCO
LOCAL AGENCY FORMATION COMMISSION
WARRANT REGISTER
FOR MAY 2011**

DATE	CK#	NAME	DESCRIPTION	CHECK AMOUNT	DEPOSIT AMOUNT	ACCOUNT BALANCE
05/25/2011	3721	AT&T	Telephone Service from 4/12/11-5/11/11	145.04		242,670.25
05/25/2011	3722	Cash	Replenish Petty Cash	76.45		242,593.80
05/25/2011	3723	County of Monterey, Information Technology	Computer Support Services through 4/22/11	606.00		241,987.80
05/25/2011	3724	Hayashi & Wayland, LLP	Accounting Services	3,000.00		238,987.80
05/25/2011	3725	Principal Life	June 2011 Benefits:LTD,ADD,STD,Life	120.71		238,867.09
05/25/2011	3726	Spherion	Temp Help:Christoffersen, Donna 4/18/11-5/15/11	4,800.00		234,067.09
05/25/2011	3727	Staples Advantage	Office Supplies	116.10		233,950.99
05/25/2011	3729	The Monterey County Herald	Legal Notices 4/1/11-4/30/11	722.73		233,228.26
05/25/2011	3730	Tri-County Business Systems	Copy Machine Usage 6/11/11-7/10/11	287.80		232,940.46
05/25/2011	3731	United Group Insurance Trust	June 2011 Dental \$408.55;Vision\$53.54	462.09		232,478.37
05/25/2011	3732	Office of County Counsel - Co of Monterey	Legal Services through April 2011	906.29		231,572.08
05/25/2011	3728	Staples Advantage	VOID:printer error			231,572.08
05/26/2011		QuickBooks Payroll Service	For payroll period ending 5/20/11 paid 5/27/11	6,010.59		225,561.49
05/27/2011	3717	Kathryn M. McKenna	For payroll period ending 5/20/11 paid 5/27/11	0.00		225,561.49
05/27/2011	3718	Thomas A. McCue	For payroll period ending 5/20/11 paid 5/27/11	0.00		225,561.49
05/27/2011	EFT	CalPERS 457 Program	457 Deferred Compensation Contribution	1,574.98		223,986.51
05/27/2011	EFT	CalPERS Retirement	CalPers Retirement Contribution	1,631.05		222,355.46
05/27/2011	EFT	EDD	State Payroll Tax Deposit	736.55		221,618.91
05/27/2011	EFT	EFTPS	Federal Payroll Tax Deposit	1,850.12		219,768.79
05/27/2011	EFT	CalPERS Health	June 2011 Health Insurance EFT#10332470056	2,206.13		217,562.66
				57,545.23	150,619.06	
Ending Balance 5/31/2011						\$ 217,562.66

**AGENDA
ITEM
NO. 8.b**

LAFCO *of Monterey County*

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KATE McKENNA, AICP
Executive Officer

DATE: June 27, 2011
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: ANTICIPATED FUTURE AGENDA ITEMS

SUMMARY OF RECOMMENDATION:

This report is for information only; no action is required at this time.

EXECUTIVE OFFICER'S REPORT:

Following is a partial list of items that the Commission may consider in coming months:

Within 3 Months:

1. Pajaro County Sanitation District – Sphere of Influence Amendment and Annexation of Alvaro Gonzales Parcel on Salinas Road.
2. Municipal Service Reviews and Sphere of Influence Updates for Fire Protection and Emergency Medical Service Providers.

Within Six to Twelve Months:

1. City of Greenfield – Proposed Solution for the Impasse regarding the Sphere of Influence Memorandum of Agreement.
2. City of Gonzales – Comprehensive Sphere of Influence Amendment.
3. City of Soledad – Sphere of Influence Amendment and Annexation of Miravale IIB Subdivision.
4. City of Soledad – Out-of-Area Service Agreement to Provide Sewer Services to Camphora Housing Development.

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,

Kate McKenna, AICP
Executive Officer

2011 CALAFCO Annual Conference

Last month, the Commission authorized up to four Commissioners to attend the annual conference. After reviewing their calendars, three Commissioners confirmed their availability to attend the conference in Napa from August 31 to September 2. They are Commissioners Delgado, Salinas and Snodgrass. Senior Analyst McCue, General Counsel Girard and I will also attend the conference. We have forwarded the names of our Voting Delegates to CALAFCO, and are preparing to submit achievement award nominations as authorized last month by the Commission, in consultation with Chair DiMaggio.

Respectfully Submitted,

Kate McKenna, AICP
Executive Officer

Attachment: CALAFCO Legislative Committee Report, June 24, 2011

BOARD OF DIRECTORS MEETING STAFF REPORT
24 June 2011

Agenda Item No. 4
Legislative Committee Report and Recommendations

Prepared By: William Chiat, Executive Director and Legislative Committee Chair
Date: 24 June 2011

RECOMMENDATION

1. Receive and file.
2. Consider removing CALAFCO objections on SB 244 (Wolk) – Disadvantaged Unincorporated Communities.

DISCUSSION

Early June marked the beginning of the second phase of the 2011 legislative session. By 3 June most bills were required to pass out of their house of origin. The next round of policy committee hearings began the week of 13 June. As a result 12 of the bills CALAFCO was tracking died in their house of origin. Most significant to LAFCo of the dead bills are AB 785 (Mendoza) – Financial Conflicts of Interest, and SB 31 (Correa) – Commission Regulation of Local Lobbyists.

Through the “gut and amend process” several bills were amended which affect LAFCo and we have added them to the CALAFCO tracking system. Most notable are AB 119 (Committee on Budget) – LAFCo State Mandates, and SB 878 (DeSaulnier) – Bay Area Sustainable Communities Strategy. After discussions with the League of Cities and CSDA we have also added AB 506 (Wieckowski) – Local Agency Bankruptcy to our tracking.

With those changes, CALAFCO is currently tracking 29 bills this legislative session, with four as our top priorities. The attached Legislative Update (Attachment 4a) highlights the current status of all 29 bills, including our priority items. The status of several key bills is discussed in more depth below. A number of hearings are scheduled for the week of 20 June and staff will update the Board on those outcomes at your meeting.

The CALAFCO Legislative Committee met on 20 May 2011 in San Diego. The minutes of the meeting are included in attachment 4b. Several key items were discussed, including the protest provision update project, additional amendments to the CKH Omnibus bill, and dissemination of the approved 56133 extension of services language to member LAFCos. The Committee reviewed the status of **AB 244 (Wolk) – Disadvantaged Communities** and directed staff to continue to work with sponsors on the language to minimize the impacts on LAFCo. The Committee agreed with continued support of the amended bills **AB 912 (Gordon) – District Dissolution** and **AB 54 (Solario) – Mutual Water Companies**. The Committee adopted an “oppose” position on **SB 46 (Correa) – Compensation Disclosure** because of the extensive reporting requirements which duplicates much of what LAFCos are already doing. The Committee adopted a “support” position on **SB 436 (Kehoe) – Non-Profit Acquisition of Mitigation Lands** as it adds another tool for LAFCo to use in conditioning mitigation lands for annexation.

CALAFCO has recently sent or is prepared to send a number of support and oppose letters. They are attached to this report.

Update on Priority Legislation

AB 54 (Solario) – Mutual Water Companies. CALAFCO staff worked with several mutual water company associations that were in opposition to the bill. We crafted language that addressed their concerns and still requires the mutuals to respond to LAFCo information requests. The language is identical to the language in the Public Utilities Commission Executive Order to private utilities. We believe their opposition to the bill has been removed.

AB 912 (Gordon) – District Dissolution. CALAFCO staff worked with the author and CSDA to address our concerns and the concerns of other stakeholders. We believe the bill is now consistent with LAFCo law and procedures. CSDA has removed their concerns. It is scheduled to be heard in Senate Governance & Finance on 22 June.

AB 1430 (Assembly Local Government Committee) – Cortese-Knox-Hertzberg Omnibus Bill. We have worked with Assembly staff and Legislative Counsel to address all of the concerns raised regarding our proposed extensive changes to the CKH definitions sections. The bill is expected to be amended this week and is scheduled to be heard by Senate Governance & Finance on 29 June. We are hopeful it will be a consent item.

SB 244 (Wolk) – Disadvantaged Unincorporated Communities. Staff has participated in a number of meetings with the sponsor, author and other stakeholders. Our goal has been to minimize the impact to LAFCo as much as possible. In discussions with the consultants to both the Assembly Local Government and the Assembly Housing committees it appears the bill is anticipated to pass both committees. The bill was amended on 14 June and included much of our proposed language. The term “adjacent” has been replaced with “contiguous” throughout the bill. LAFCos no longer “shall” assess various alternatives for improving efficiencies, but rather “may” conduct such studies. The cumbersome language in the sphere updates requiring LAFCo to give “attention” has been improved, although it still requires LAFCo to consider the sewer, water and structural fire protection needs or deficiencies of disadvantaged unincorporated communities within or contiguous to the agency’s sphere of influence.

The sponsors did not adopt our proposed language for their new subsection (8) in §56375 which prohibits LAFCo from approving an annexation of undeveloped land contiguous to an unincorporated disadvantaged community to a city unless an application has also been filed to annex the disadvantaged community. They were open, however, to our concerns and invited us to propose some language. After consulting with a number of legislative committee members we submitted the following language proposal on 16 June:

(8) Except for those changes of organization or reorganization authorized under 56375.3, A a commission shall not approve an annexation of territory greater than 10 acres, or as determined by commission policy, to a city ~~of any territory~~ where there exists a disadvantaged ~~unincorporated~~ unincorporated ~~inhabited~~ community that is contiguous to the area of proposed annexation unless ~~the annexation application includes an separate~~ application to annex the disadvantaged unincorporated ~~inhabited territory~~ community to the subject city has been filed with the executive officer.

This would exempt any island annexations and allows LAFCo the flexibility to establish higher or lower acreage limits. It also does not prohibit LAFCo from denying an annexation application based on its review. Further it separates the two applications so that if one is denied, withdrawn, or fails in a protest or election it does not affect the other application.

As of this writing I believe the sponsors and author are supportive of our proposed amendments to (8). The bill is scheduled to be heard at Assembly Local Government on 22 June and will likely be heard in Assembly Housing a week or two later. Assembly Local Government Committee does not accept amendments at their hearing, so if the sponsors agree to our language it will be amended before the bill is heard in Housing.

Our goal has been to reduce as much as possible the impact to workload and unfunded costs to LAFCo. To that end the sponsors have been flexible with our requests and it appears will adopt all of our proposed language. The bill is significantly improved from the LAFCo perspective from what was introduced this winter. The sponsors feel they have given a lot in order to address the objections from CALAFCO and the other stakeholders. Nonetheless should this legislation become law it will still add an unfunded mandate to LAFCos, and a number of our members – as well as CALAFCO Legislative Policy – oppose adding any unfunded responsibilities or mandates to LAFCo.

The sponsors have worked with us to address our concerns. Our current position on the bill is “watch with concerns and objections.” With the exception of the unfunded mandate, should our remaining amendment be accepted all of our requested changes have been made.

RECOMMENDATION: Should our remaining amendment be made, consider revising our position to “Remove Our Objections.” In addition to removing our objections, staff recommends that the letter also continue to express our concerns regarding the impact of any unfunded mandate when the agencies which fund LAFCo are so severely impacted in the current economic climate.

AB 119 (Committee on Budget) – LAFCo Mandate. This budget trailer bill includes provisions that remove the requirement for a special district to file written statements regarding functions and services with a LAFCo whenever the commission adopts, amends or updates a sphere of influence. Instead allows the LAFCo to require such written statements. A recent decision by the State Mandates Commission determined this was a state mandate. The Legislative Analyst released a report in late May recommending this mandate be removed, which this bill does. Since LAFCo has authority to request this information, it is not anticipated to have any actual change in process. The bill passed the Legislature as part of the budget on 15 June. Because the Governor vetoed the two main budget bills it is unclear whether this bill will be signed, vetoed or withdrawn by the Legislature.

AB 307 (Nestande) – Indian Tribes as a Public Agency for Joint Power Agreements. This bill would allow any federally recognized Indian tribe to be considered a public agency that may enter into a joint powers agreement. The bill is supported by a broad range of Indian tribes. CALAFCO has been tracking the bill, but had not taken a position. There has been no opposition to the legislation. Very recently one of the executive officers raised a concern that by entering into a JPA with a city or district, a tribe could circumvent that LAFCo process and municipal services extended to it with no LAFCo review. For example a tribe could build a casino and then enter into a JPA with a city or district for water or sewer and have it expended without LAFCo review. Counsel is currently studying this possibility and examining other options for LAFCo in such situations. Unfortunately as of this writing the bill has passed the Assembly (66-14) and is on the Third Reading on the Senate. It passed the policy committees unanimously. Unless the Governor vetoes it, this will likely become law.

ATTACHMENTS

- 4a. Current CALAFCO Legislation Update
- 4b. Legislative Committee Minutes – 20 May 2011 Meeting
- 4c. CALAFCO Support Letter – AB 912 (Gordon) – District Dissolutions

- 4d. CALAFCO Support Letter – AB 1430 (Assembly Local Government Committee) – Cortese-Knox-Hertzberg Omnibus Bill
- 4e. CALAFCO Support Letter – SB 436 (Kehoe) – Mitigation Lands
- 4f. CALAFCO Oppose Letter – SB 46 (Correa) – Compensation Disclosure
- 4g. CALAFCO Support Letter – AB 1265 (Nielsen) – Williamson Act

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: June 27, 2011
TO: Chair and Member of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **EXTENSION OF EMPLOYMENT AGREEMENT**

SUMMARY OF RECOMMENDATION:

The Executive Officer Evaluation Committee recommends that the Commission approve a one-year extension of the Executive Officer's employment agreement to June 30, 2012.

EXECUTIVE OFFICER'S REPORT:

Last month, the Commission conducted its annual review of the performance of the Executive Officer. The performance received an overall exceptional rating. As a follow up, LAFCO Chair DiMaggio entered into negotiations to renew the Executive Officer's employment agreement. The current agreement will expire on June 30, 2011. A draft negotiated amendment was referred to Commissioner Delgado in his capacity as Vice Chair. Together, the Chair and Vice Chair comprise the Executive Officer Evaluation Committee.

All parties are in agreement that it is appropriate to recommend a one-year extension to the expiration term of the current agreement, and a rollover of all other existing terms and provisions. The attached amendment will change the expiration date of the agreement to June 30, 2012. All other terms and provisions will stay the same.

Respectfully Submitted,

Kate McKenna, AICP
Executive Officer

Attachment: Amendment to Agreement

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

**AMENDMENT NO. 2
TO EMPLOYMENT AGREEMENT**

This Amendment No. 2 to Employment Agreement is made and entered into between the Local Agency Formation Commission of Monterey County, a state-mandated agency of the State of California (hereinafter "LAFCO") and Kathryn McKenna, an individual (hereinafter "Ms. McKenna").

WHEREAS, LAFCO and Ms. McKenna heretofore entered into an initial Employment Agreement executed in May, 2004 for the period June 1, 2004 through June 30, 2007 to provide Executive Officer services; and

WHEREAS, LAFCO and Ms. McKenna heretofore entered into a subsequent Employment Agreement executed on July 23, 2007 for the period July 1, 2007 through June 30, 2010, to provide Executive Officer services; and

WHEREAS, the term of the subsequent agreement was extended to June 30, 2011 by Amendment No. 1, as approved in February 2010; and

WHEREAS, LAFCO and Ms. McKenna desire to again extend the agreement end date;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein and in the Employment Agreement, the parties agree to amend Section 3 of the July 23, 2007 Employment Agreement as follows:

3. TERM OF AGREEMENT. This Agreement shall commence on July 1, 2007 (the "effective date") and unless earlier terminated or extended pursuant to the terms hereof, shall expire on June 30, 2012.

Subject to the foregoing amendment, all other terms and conditions of the Employment Agreement shall remain in full force and effect. If there is any conflict or inconsistency between provisions of this Amendment No. 2 and the Employment Agreement, the provisions of this Amendment No. 2 shall control in all respects.

IN WITNESS WHEREOF, LAFCO and Ms. McKenna have executed this Amendment as of the last date opposite the respective signatures below.

LAFCO of Monterey County

Kate McKenna, AICP

Approved as to Form, LAFCO General Counsel

By: _____

By: _____

Date: _____

Date: _____

Approved as to Content, LAFCO Chair

By: _____

Date: _____

**AGENDA
ITEM
NO. 8.e**

LAFCO of Monterey County

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

**Kate McKenna, AICP
Executive Officer**

DATE: June 27, 2011
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **DRAFT FINANCIAL STATEMENTS FOR APRIL 30, 2011**

SUMMARY OF RECOMMENDATION:

The Budget and Finance Committee recommends that the Commission accept the draft financial statements for April 30, 2011.

EXECUTIVE OFFICER'S REPORT:

At its quarterly meeting on June 20, the Budget and Finance Committee, consisting of Commissioners Salinas (Chair), Delgado and Stephens, discussed the April 30 financial statements with the Executive Officer and Mr. Mike Briley, Managing Partner, Hayashi & Wayland.

Overall revenue and expenditure levels are as anticipated for the 4th quarter. Actual expenses are under budget due to internal cost controls and benefits savings from the unpaid leave status of one employee. Income is slightly above budget.

Respectfully Submitted,

Kate McKenna, AICP
Executive Officer

Attachment: Draft Financial Statements, April 30, 2011

Local Agency Formation Commission
of Monterey County
Financial Statements
April 30, 2011

HAYASHI & WAYLAND
PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION
SUBJECT TO CHANGE

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

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ACCOUNTANTS' COMPILATION REPORT

To the Chair and Commissioners
Local Agency Formation Commission
LAFCO of Monterey County
Salinas, California

HAYASHI & WAYLAND
PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION
SUBJECT TO CHANGE

We have compiled the accompanying financial statements of the Local Agency Formation Commission of Monterey County (LAFCO) as of and for the ten months ended April 30, 2011. We have not audited or reviewed the financial statements included in the accompanying prescribed form and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements included in the form prescribed by LAFCO and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist LAFCO in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The financial statements included in the accompanying prescribed form are presented in accordance with the requirements of LAFCO, which differ from accounting principles generally accepted in the United States of America. Accordingly, these financial statements are not designed for those who are not informed about such differences.

We are not independent with respect to LAFCO.

May 26, 2011



LAFCO of Monterey County
Balance Sheets
April 30, 2011 and 2010

HAYASHI & WAYLAND
PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION
SUBJECT TO CHANGE

ASSETS			
	ACCT #	2011	2010
CURRENT ASSETS:			
Cash Held in Rabobank:			
Rabobank Operating	1000	\$ 33,048.60	\$ 170,081.80
Rabobank Operating: Designated Cash for Accrued Leave	1001	51,950.23	43,914.67
Rabobank Operating: Designated Cash for Contingency	1002	35,000.00	5,000.00
Rabobank Operating: Designated Cash for Post Retirement	1003	4,490.00	2,245.00
Total Cash Held in Rabobank		<u>124,488.83</u>	<u>221,241.47</u>
Cash Held in County Treasury:			
Unrestricted Cash County Treasury	1010	456,637.74	250,888.08
Designated Cash for Litigation Reserve	1012	69,985.81	39,985.81
Total Cash Held in County Treasury		<u>526,623.55</u>	<u>290,873.89</u>
Other Current Assets:			
Petty Cash	1100	100.00	100.00
Accounts Receivable - For Fiscal Yr Ending 6/10	1222	-	7,319.91
Accounts Receivable - For Fiscal Yr Ending 6/11	1223	6,342.61	-
Prepaid Insurance	1400	1,566.27	3,502.12
Prepaid Expenses	1405	2,127.66	2,502.66
Total Other Current Assets		<u>10,136.54</u>	<u>13,424.69</u>
Total Current Assets		<u>661,248.92</u>	<u>525,540.05</u>
PROPERTY AND EQUIPMENT:			
Equipment	1500	21,915.38	14,594.02
Accumulated Depreciation	1550	(15,928.00)	(12,380.00)
Total Property and Equipment		<u>5,987.38</u>	<u>2,214.02</u>
TOTAL ASSETS		<u>\$ 667,236.30</u>	<u>\$ 527,754.07</u>
LIABILITIES AND EQUITY			
	ACCT #	2011	2010
CURRENT LIABILITIES:			
Accounts Payable	2000	\$ 17,746.70	\$ 2,421.08
Payroll Liabilities	2200	112.00	168.00
Accrued Leave	2220	51,950.23	43,914.67
Post Retirement (GASB 45)	2230	4,490.00	2,245.00
Total Current Liabilities		<u>74,298.93</u>	<u>48,748.75</u>
Total Liabilities		<u>74,298.93</u>	<u>48,748.75</u>
EQUITY:			
Invested in Capital Assets	3700	5,987.38	2,214.02
Encumbered Funds	3710	5,395.00	7,862.50
Reserve for Litigation	3800	69,985.81	39,985.81
Reserve for Contingency	3810	35,000.00	5,000.00
Unreserved Fund	3850	268,547.03	169,702.47
Net Income (Loss)		208,022.15	254,240.52
Total Equity		<u>592,937.37</u>	<u>479,005.32</u>
TOTAL LIABILITIES AND EQUITY		<u>\$ 667,236.30</u>	<u>\$ 527,754.07</u>

LAFCO of Monterey County
Income and Expense Budget Performance - Summary
April 30, 2011

HAYASHI & WAYLAND
PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION
SUBJECT TO CHANGE

ACCT#	Incomes:	% of Budget					Adopted 10/11 Budget	Remaining Budget Balance	% of Remaining Budget Balance
		Apr 11	Apr 10	Apr 11 Spent	July 10-Apr 11	July 09-Apr 10			
4000	Fees:Project	\$ -	\$ 13,057.32	0.00%	\$ 12,775.00	\$ 17,741.13	\$ 10,000.00	\$ (2,775.00)	-27.75%
4205	County Contributions	-	-	0.00%	227,700.00	237,899.00	227,699.00	(1.00)	0.00%
4210	City Contributions	-	-	0.00%	227,698.99	237,899.00	227,699.00	0.01	0.00%
4220	District Contributions	-	-	0.00%	227,699.00	237,900.00	227,699.00	-	0.00%
4250	CaLafco Reimbursement Income	-	-	0.00%	1,000.00	-	0.00	(1,000.00)	0.00%
4300	Interest	708.50	1,081.69	23.62%	1,307.03	5,377.80	3,000.00	1,692.97	56.43%
	Total Income	708.50	14,139.01	0.10%	698,180.02	736,816.93	696,097.00	(2,083.02)	-0.30%
	Expense:								
VAR	Employee Salaries	33,899.40	35,267.72	10.97%	259,037.49	257,933.12	308,946.00	49,908.51	16.15%
VAR	Employee Benefits	11,844.22	14,407.51	7.45%	114,658.51	117,049.93	159,000.00	44,341.49	27.89%
7000	Postage and Shipping	418.42	326.67	8.37%	2,279.09	3,197.17	5,000.00	2,720.91	54.42%
7010	Books and Periodical	154.04	35.00	15.40%	1,003.35	796.87	1,000.00	(3.35)	-0.34%
7030	Copy Machine	356.78	318.92	7.14%	3,135.23	3,218.43	5,000.00	1,864.77	37.30%
7040	Outside Printers	-	258.47	0.00%	345.12	803.16	1,000.00	654.88	65.49%
7060	Office Supplies	703.22	131.63	10.05%	4,614.64	2,036.71	7,000.00	2,385.36	34.08%
7070	Office Equipment and Furnishings	-	-	0.00%	-	-	-	-	0.00%
7080	Computer Hardware/Peripherals	-	-	0.00%	58.80	-	2,000.00	1,941.20	97.06%
7085	Computer Support Svcs Fixed Costs	1,212.00	-	20.20%	5,919.00	4,163.00	6,000.00	81.00	1.35%
7090	Computer Support Svcs Variable Costs	-	-	0.00%	3,705.00	3,441.60	8,000.00	4,295.00	53.69%
7105	Meeting Broadcast Services	-	650.00	0.00%	975.00	1,950.00	4,000.00	3,025.00	75.63%
7110	Property and Gen Liability Ins	491.90	217.11	8.20%	3,837.15	3,647.10	6,000.00	2,162.85	36.05%
7120	Office Maintenance Services	-	-	0.00%	-	-	400.00	400.00	100.00%
7130	Other Equipment Maintenance	-	-	0.00%	-	-	250.00	250.00	100.00%
7140	Travel	613.50	1,168.53	12.27%	2,545.37	3,236.20	5,000.00	2,454.63	49.09%
7145	CaLafco Travel Expenses	723.94	-	0.00%	1,684.38	220.40	-	(1,684.38)	0.00%
7150	Training, Conferences & Wrkshps	875.00	41.00	35.00%	3,035.00	2,591.00	2,500.00	(535.00)	-21.40%
7160	Vehicle Mileage	64.15	294.50	6.42%	268.65	796.65	1,000.00	731.35	73.14%
7170	Rental of Buildings	2,127.66	2,502.66	8.34%	21,276.60	25,026.60	25,500.00	4,223.40	16.56%
7200	Telephone Communications	508.16	912.32	8.47%	3,427.32	4,140.94	6,000.00	2,572.68	42.88%
7230	Temp Help Services (Clerical)	-	-	0.00%	-	102.72	-	-	0.00%
7242	Outside Prof. Services:Accounting Svc.	5,671.00	3,000.00	15.75%	29,671.00	27,900.00	36,000.00	6,329.00	17.58%
7244	Outside Prof. Services:Miscal Study	-	-	0.00%	-	-	-	-	0.00%
7245	General and Special Legal Services	1,123.13	-	4.49%	8,859.11	7,367.75	25,000.00	16,140.89	64.56%
7247	Outside Prof. Services:Human Resource	-	-	0.00%	-	-	500.00	500.00	100.00%
7248	Outside Prof. Services:Annual Audit	-	-	0.00%	10,000.00	10,000.00	10,000.00	-	0.00%
7249	Outside Prof. Services:Temp Prof Svc	-	-	0.00%	-	-	-	-	0.00%
7250	Miscellaneous Office Expense	35.13	96.70	3.51%	425.11	419.39	1,000.00	574.89	57.49%
7260	Legal Notices	722.73	612.80	12.05%	3,461.19	1,481.74	6,000.00	2,538.81	42.31%
7280	LAFCO Memberships	-	-	0.00%	3,822.00	3,752.00	4,000.00	178.00	4.45%
7290	Litigation Reserve	-	-	0.00%	-	612.00	30,000.00	30,000.00	100.00%
7295	Contingency Reserve	-	-	0.00%	-	-	30,000.00	30,000.00	100.00%
7300	Depreciation	277.00	193.00	0.00%	3,158.00	1,948.00	-	(3,158.00)	0.00%
	Total Expense	61,821.38	60,616.54	8.88%	491,202.11	486,832.48	696,096.00	204,893.89	29.43%
	Net Ordinary Income (Loss)	(61,112.88)	(46,477.53)		206,977.91	249,984.45	1.00		
	Other Income/(Expense):								
7291	Carmel Valley Inc. Expense	-	-	-	-	337.53	-	-	-
8120	Penalties and Interest	-	-	-	-	-	-	-	-
8130	Gain/(Loss) on County Investments	-	-	-	1,511.74	4,073.54	-	-	-
	Total Other Income/(Expense)	-	-	-	1,511.74	4,411.07	-	-	-
	Prior Year Encumbered Funds (Expense):								
8102	Outside Prof. Services: Human Resources	-	-	-	(467.50)	-	-	-	-
8103	Outside Prof. Services: Training, Conferences	-	-	-	-	(155.00)	-	-	-
	Total Prior Year Encumbered Funds (Expense)	-	-	-	(467.50)	(155.00)	-	-	-
	Net Income (Loss)	\$(61,112.88)	\$(46,477.53)		\$ 208,022.15	\$ 254,240.52	\$ 1.00		

LAFCO of Monterey County
Income and Expense Budget Performance - Detail
April 30, 2011

HAYASHI & WAYLAND
PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION
SUBJECT TO CHANGE

ACCT#	Description	% of Budget Received/Spent					Adopted 1031 Budget	Remaining Budget Balance	% of Remaining Budget Balance
		Apr 11	Apr 10	Apr 11	July 10-Apr 11	July 09-Apr 10			
Income:									
4000	Fees/Project	\$ -	\$ 13,057.32	0.00%	\$ 12,775.00	\$ 17,741.13	\$ 10,000.00	\$ (2,775.00)	-27.75%
4205	County Contributions	-	-	0.00%	227,700.00	237,899.00	227,699.00	(1.00)	0.00%
4210	City Contributions	-	-	0.00%	227,699.99	237,899.00	227,699.00	0.01	0.00%
4220	Dis/Int Contributions	-	-	0.00%	227,699.00	237,900.00	227,699.00	-	0.00%
4250	CalPERS Reimbursement Income	-	-	0.00%	1,000.00	-	0.00	(1,000.00)	0.00%
4300	Interest	708.50	1,081.69	23.62%	1,307.03	5,377.80	3,000.00	1,692.97	56.43%
	Total Income	708.50	14,139.01	0.10%	696,186.02	736,816.93	696,097.00	(2,083.02)	-0.50%
Expenses:									
6000	Employee Salaries-Other	5,025.00	-	-	34,263.00	-	-	-	-
6002	Regular Earnings	28,874.40	35,267.72	-	224,774.49	257,833.12	-	-	-
6003	Suppord	-	-	-	-	100.00	-	-	-
	Employee Salaries	33,899.40	35,267.72	10.97%	259,037.49	257,933.12	306,946.00	49,908.51	16.15%
6006	Flex Plan Cash	284.71	293.89	-	2,792.21	2,883.82	-	-	-
6007	Management Expense Allowance	100.00	100.00	-	1,000.00	1,000.00	-	-	-
6010	Accrued Leave	1,827.61	1,817.70	-	4,608.53	2,561.03	-	-	-
6011	Car Allowance	400.00	400.00	-	4,000.00	4,000.00	-	-	-
6012	Educational Assistance	-	-	-	-	-	-	-	-
6013	Post Retirement Healthcare Reserve	-	-	-	2,245.00	2,245.00	-	-	-
6101	Payroll Expenses	441.05	541.35	-	4,401.19	5,355.98	-	-	-
6102	Workers Compensation Insurance	-	(62.00)	-	2,256.82	2,161.46	-	-	-
6103	Employee Memberships	-	628.00	-	545.00	1,163.00	-	-	-
6104	Deferred Comp Plan Contribution	1,212.72	2,186.60	-	12,203.56	15,991.83	-	-	-
6105	PERS Retirement	4,587.57	5,788.92	-	38,287.41	42,452.08	-	-	-
6108	PERS Health - Other	-	-	-	-	-	-	-	-
6110	PERS Health - Other	8.12	8.47	-	76.21	68.40	-	-	-
6111	PERS Health - Mod BR Non-Elb	324.00	315.00	-	3,186.00	2,472.00	-	-	-
6112	PERS Health - Mod BR Pre Tax	1,871.12	1,654.64	-	17,412.32	13,432.06	-	-	-
6130	Insurance - Other	-	-	-	-	-	-	-	-
6131	LIFE	55.35	55.35	-	553.50	553.50	-	-	-
6132	ADD	12.00	12.00	-	120.00	120.00	-	-	-
6133	Dental	408.55	387.26	-	3,956.47	3,872.60	-	-	-
6134	Vision	53.54	53.54	-	535.40	535.40	-	-	-
6135	LTD	184.16	155.50	-	3,764.11	3,468.87	-	-	-
6136	HAP	26.80	26.80	-	268.00	268.00	-	-	-
6139	STD	46.92	44.49	-	466.78	444.50	-	-	-
7294	Accrued Leave Reserve	-	-	-	12,000.00	12,000.00	-	-	-
	Employee Benefits	11,844.22	14,407.51	7.45%	114,658.51	117,049.93	159,000.00	44,341.49	27.80%
7000	Postage and Shipping	418.42	326.67	8.37%	2,279.09	3,197.17	3,000.00	2,720.91	54.02%
7010	Books and Periodical	154.04	35.00	15.40%	1,003.33	796.87	1,000.00	(3.55)	-0.34%
7030	Copy Machine	356.78	318.92	7.14%	3,135.23	3,218.43	3,000.00	1,864.77	37.30%
7040	Outside Printers	-	238.47	0.00%	345.12	803.16	1,000.00	654.88	65.49%
7060	Office Supplies	703.22	131.63	10.05%	4,614.64	2,036.71	7,000.00	2,385.36	34.08%
7070	Office Equipment and Furnishings	-	-	0.00%	-	-	-	-	0.00%
7080	Computer Hardware/Peripherals	-	-	0.00%	58.80	-	2,000.00	1,941.20	97.05%
7085	Computer Support Svcs Fixed Costs	1,212.00	-	20.20%	5,919.00	4,163.00	6,000.00	81.00	1.35%
7090	Computer Support Svcs Variable Costs	-	-	0.00%	3,705.00	3,441.60	8,000.00	4,295.00	53.69%
7105	Meeting Broadcast Services	-	650.00	0.00%	975.00	1,950.00	4,000.00	3,025.00	75.63%
7110	Property and Cas Liability Ins	491.90	217.11	8.20%	3,897.15	3,647.10	6,000.00	2,162.85	36.05%
7120	Office Maintenance Services	-	-	0.00%	-	-	400.00	400.00	100.00%
7130	Other Equipment Maintenance	-	-	0.00%	-	-	250.00	250.00	100.00%
7140	Travel	613.50	1,168.53	12.27%	2,545.37	3,236.20	3,000.00	2,454.63	49.09%
7145	Caladco Travel Expenses	723.94	-	0.00%	1,684.38	220.40	-	(1,684.38)	0.00%
7150	Training, Conferences & Workshops	875.00	41.00	35.00%	3,035.00	2,591.00	2,500.00	(535.00)	-21.40%
7160	Vehicle Mileage	64.15	294.50	6.42%	268.65	796.65	1,600.00	731.35	73.14%
7170	Rental of Buildings	2,127.66	2,302.66	8.34%	21,276.60	25,026.60	25,500.00	4,223.40	16.56%
7200	Telephone Communications	508.16	912.32	8.47%	3,427.32	4,140.94	6,000.00	2,572.68	42.88%
7230	Tenup Help Services (Contract)	-	-	0.00%	-	102.72	-	-	0.00%
7242	Outside Prof. Services:Accounting and Financial Svcs	5,871.00	3,000.00	15.75%	29,671.00	27,000.00	96,000.00	6,329.00	17.58%
7244	Outside Prof. Services:Person Study	-	-	0.00%	-	-	-	-	0.00%
7245	General and Special Legal Services	1,123.13	-	4.49%	8,859.11	7,587.75	25,000.00	16,140.89	64.56%
7247	Outside Prof. Services:Human Resources Services	-	-	0.00%	-	-	500.00	500.00	100.00%
7248	Outside Prof. Services:Annual Audit	-	-	0.00%	10,000.00	10,000.00	10,000.00	-	0.00%
7249	Outside Prof. Services:Temp Prof Svcs	-	-	0.00%	-	-	-	-	0.00%
7250	Miscellaneous Office Expense	35.13	96.70	3.51%	425.11	419.50	1,000.00	574.89	57.49%
7260	Legal Notices	722.73	612.80	12.05%	3,461.19	1,481.74	6,000.00	2,538.81	42.31%
7280	LAFCO Memberships	-	-	0.00%	3,823.00	3,752.00	4,000.00	178.00	4.45%
7290	Litigation Reserve	-	-	0.00%	-	312.00	30,000.00	30,000.00	100.00%
7295	Contingency Reserve	-	-	0.00%	-	-	30,000.00	30,000.00	100.00%
7300	Depreciation	277.00	195.00	0.00%	3,158.00	1,948.00	-	(3,158.00)	-0.00%
	Total Expense	61,821.38	60,616.54	8.88%	491,202.11	486,832.48	696,096.00	204,893.89	29.43%
	Net Ordinary Income (Loss)	(\$1,112.88)	(\$4,477.53)		206,977.91	249,984.45	1.00		
Other Income/(Expense):									
7291	Carmel Valley Inc. Expense	-	-	-	-	337.53	-	-	-
8120	Fees/Int and Interest	-	-	-	-	-	-	-	-
8130	Gain/(Loss) on County Investments	-	-	-	1,511.74	4,073.54	-	-	-
	Total Other Income/(Expense)	-	-	-	1,511.74	4,411.07	-	-	-
Prior Year Encumbered Funds (Expense):									
8102	Outside Prof. Services:Human Resources	-	-	-	(467.30)	-	-	-	-
8103	Outside Prof. Services:Training, Conferences	-	-	-	-	(155.00)	-	-	-
	Total Prior Year Encumbered Funds (Expense)	-	-	-	(467.30)	(155.00)	-	-	-
	Net Income (Loss)	(\$1,112.88)	(\$4,477.53)		\$ 208,222.15	\$ 254,240.32	\$ 1.00		

LAFCO of Monterey County
Income and Expense by Month
April 30, 2011

HAYASHI & WAYLAND
PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION
SUBJECT TO CHANGE

	July 10	Aug 10	Sept 10	Oct 10	Nov 10	Dec 10
Ordinary Income/Expense						
Income:						
4000 - Fees	\$ 227,700.00	\$ -	\$ -	\$ 9,200.00	\$ -	\$ -
4205 - County Contributions	227,698.99	-	-	-	-	-
4210 - City Contributions	227,699.00	-	-	-	-	-
4220 - District Contributions	-	-	-	-	-	-
4250 - Calafco Reimbursement Income	-	-	-	1,000.00	-	-
4300 - Interest	-	-	-	878.67	-	-
Total Income	683,097.99	-	-	11,078.67	-	-
Expense:						
6000 - Employee Salaries	23,511.81	23,395.20	23,010.47	34,771.61	24,328.00	24,811.00
6100 - Employee Benefits	12,299.02	9,218.26	11,574.32	13,759.32	10,498.48	10,682.90
7000 - Postage and Shipping	-	50.00	659.57	165.91	-	273.67
7010 - Books and Periodical	-	238.00	286.01	-	160.30	163.00
7030 - Copy Machine	326.45	287.80	332.44	287.80	923.83	303.82
7040 - Outside Printers	-	-	345.12	-	-	-
7060 - Office Supplies	463.37	606.27	51.00	395.89	351.01	834.19
7070 - Office Equipment and Furnishings	-	-	-	-	-	-
7080 - Computer Hardware/Peripherals	-	-	-	-	58.80	-
7085 - Computer Equipment Maintenance	-	-	-	-	-	-
7088 - Computer Support Svcs Fixed	-	-	620.00	-	3,700.00	(840.00)
7090 - Computer Support Svcs Variable	-	-	-	-	1,425.00	2,280.00
7105 - Meeting Broadcast Services	-	-	-	650.00	325.00	-
7110 - Property and Gen Liability Ins	376.05	376.05	439.85	376.05	376.05	376.05
7120 - Office Maintenance Service	-	-	-	-	-	-
7140 - Travel	-	-	-	1,991.87	-	-
7145 - Calafco Travel Expenses	276.90	-	-	-	-	482.80
7150 - Training, Conferences & Workshops	25.00	-	2,085.00	25.00	-	25.00
7160 - Vehicle Mileage	-	-	-	-	-	204.50
7170 - Rental of Buildings	2,127.66	2,127.66	2,127.66	2,127.66	2,127.66	2,127.66
7200 - Telephone Communications	348.92	403.36	187.12	533.26	317.56	326.80
7230 - Temp Help Services (Clerical)	-	-	-	-	-	-
7242 - Outside Prof. Services:Accounting	-	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
7244 - Outside Prof. Services:Fiscal Study	-	-	-	-	-	-
7245 - General and Special Legal Services	-	65.51	1,223.49	1,095.55	868.77	710.27
7247 - Outside Prof. Services:Human Resources	-	-	-	-	-	-
7248 - Outside Prof. Services:Annual Audit	-	-	6,500.00	-	3,500.00	-
7249 - Outside Prof. Services:Temp Prof Svcs	-	-	-	-	-	-
7250 - Miscellaneous Office Expense	134.26	38.18	30.89	30.91	16.31	16.37
7260 - Legal Notices	-	-	-	680.66	836.00	410.20
7280 - LAFCO Memberships	2,976.00	-	545.00	-	-	301.00
7290 - Litigation Reserve	-	-	-	-	-	-
7291 - Carmel Valley Inc. Expense	-	-	-	-	-	-
7295 - Contingency Reserve	-	-	-	-	-	-
7300 - Depreciation	384.00	366.00	367.00	368.00	285.00	286.00
8102 - B/R-O/S Prof. Svc - Human Resources	-	-	-	467.50	-	-
8103 - B/R-O/S Prof. Svc - Training, Conferences	-	-	-	-	-	-
8120 - Penalties and Interest	-	-	-	-	-	-
8150 - Gains/(Loss) on County Investments	-	-	-	(1,511.74)	-	-
Total Expense	43,249.44	40,172.49	53,658.30	59,155.25	52,497.77	46,727.23
Net Income/(Loss)	\$ 639,848.55	\$ (40,172.49)	\$ (53,658.30)	\$ (48,076.58)	\$ (52,497.77)	\$ (46,727.23)

LAFCO of Monterey County
Income and Expense by Month
April 30, 2011

HAYASHI & WAYLAND
PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION
SUBJECT TO CHANGE

	Jan 11	Feb 11	Mar 11	Apr 11	Total
Ordinary Income/Expense					
Income:					
4000 · Fees	\$ 3,575.00	\$ -	\$ -	\$ -	\$ 3,575.00
4205 · County Contributions	-	-	-	-	227,700.00
4210 · City Contributions	-	-	-	-	227,698.99
4220 · District Contributions	-	-	-	-	227,699.00
4250 · Calafco Reimbursement Income	-	-	-	-	1,000.00
4300 · Interest	698.08	-	(978.22)	708.50	1,307.03
Total Income	4,273.08	-	(978.22)	708.50	698,180.02
Expense:					
6000 · Employee Salaries	23,676.80	23,676.80	23,956.40	33,899.40	259,037.49
6100 · Employee Benefits	14,581.58	9,624.91	10,575.50	11,844.22	114,658.51
7000 · Postage and Shipping	570.94	-	140.58	418.42	2,279.09
7010 · Books and Periodical	-	-	-	154.04	1,003.35
7030 · Copy Machine	287.80	321.15	307.36	356.78	3,135.23
7040 · Outside Printers	-	-	-	-	345.12
7060 · Office Supplies	549.69	114.71	545.29	703.22	4,614.64
7070 · Office Equipment and Furnishings	-	-	-	-	-
7080 · Computer Hardware/Peripherals	-	-	-	-	58.80
7085 · Computer Equipment Maintenance	-	-	-	-	-
7085 · Computer Support Svcs Fixed	621.00	-	606.00	1,212.00	5,919.00
7090 · Computer Support Svcs Variable	-	-	-	-	3,705.00
7105 · Meeting Broadcast Services	-	-	-	-	975.00
7110 · Property and Gen Liability Ins	376.05	376.05	273.05	491.90	3,837.15
7120 · Office Maintenance Service	-	-	-	-	-
7140 · Travel	-	-	-	-	2,545.37
7145 · Calafco Travel Expenses	-	250.74	-	723.94	1,684.38
7150 · Training, Conferences & Workshops	-	-	-	875.00	3,035.00
7160 · Vehicle Mileage	-	-	-	64.15	268.65
7170 · Rental of Buildings	2,127.66	2,127.66	2,127.66	2,127.66	21,276.60
7200 · Telephone Communications	327.58	328.56	145.80	508.15	3,427.32
7230 · Temp Help Services (Clerical)	3,000.00	3,000.00	3,000.00	5,671.00	29,671.00
7242 · Outside Prof. Services:Accounting	-	-	-	-	-
7244 · Outside Prof. Services:Fiscal Study	-	861.59	2,910.80	1,123.13	8,859.11
7245 · General and Special Legal Services	-	-	-	-	10,000.00
7247 · Outside Prof. Services:Human Resources	-	-	-	-	-
7248 · Outside Prof. Services:Annual Audit	-	-	-	-	-
7249 · Outside Prof. Services:Temp Prof Svcs	-	-	-	-	-
7250 · Miscellaneous Office Expense	49.66	30.96	42.44	35.13	425.11
7260 · Legal Notices	-	266.18	272.06	722.73	3,461.19
7280 · LAFCO Memberships	-	-	-	-	3,822.00
7290 · Litigation Reserve	-	-	-	-	-
7291 · Carmel Valley Inc. Expense	-	-	-	-	-
7295 · Contingency Reserve	-	-	-	-	-
7300 · Depreciation	276.00	275.00	274.00	277.00	3,158.00
8102 · BF-O/S Prof. Svc - Human Resources	-	-	-	-	467.50
8103 · BF-O/S Prof. Svc - Training, Conferences	-	-	-	-	-
8120 · Penalties and Interest	-	-	-	-	-
8130 · Gains/(Loss) on County Investments	-	-	-	-	(1,511.74)
Total Expense	46,444.76	41,254.51	45,176.94	61,821.38	490,157.87
Net Income/(Loss)	\$ (43,171.68)	\$ (41,254.51)	\$ (46,155.16)	\$ (61,112.88)	\$ 208,022.15

LAFCO of Monterey County
Accounts Receivable Summary
As of April 30, 2011

HAYASHI & WAYLAND
PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION
SUBJECT TO CHANGE

Accounts Receivable-For Fiscal Year Ending 6/11:

<u>Description</u>	<u>Date</u>	<u>Amount</u>
Seaside	7/1/10	\$ 6,135.61 **
Spreckels CSD	7/1/10	<u>207.00</u>
	ACCT# 1223	<u>\$ 6,342.61</u>

**Partial payment received on 8/17/10 from City of Seaside: Invoiced \$25,565.04 Paid \$19,429.43.

LAFCO of Monterey County
 Equipment Summary
 As of April 30, 2011

HAYASHI & WAYLAND
PRELIMINARY DRAFT
 FOR REVIEW AND DISCUSSION
 SUBJECT TO CHANGE

Equipment and Accumulated Depreciation:

Description	Date In Service	Cost	Amount Depreciated
Computer Equipment	10/24/2005	\$ 6,749.91	\$ 6,749.91
Dell Computer System	6/1/2006	2,268.22	2,247.09
Credenza	9/1/2006	516.20	477.00
Computer Equipment	9/20/2006	3,120.20	2,881.00
Bill Quick Basic Software	8/17/2007	565.00	565.00
Adobe Systems, Inc. Software	1/18/2008	399.00	399.00
HP Compaq DC 9700 Computer	6/23/2009	975.49	605.00
Microsoft Office Pro 2010 Software	6/30/2010	2,041.24	567.00
Acrobat V.9 Computer Software	6/30/2010	445.88	124.00
Ergonomic Chair	6/29/2010	502.51	120.00
ThinkPad W510 Laptop	6/30/2010	2,146.73	716.00
SNAP OUT Telephone System	7/28/2010	2,185.00	477.00
		ACCT # 1500 \$ 21,915.38	
			ACCT # 1550 \$ 15,928.00

LAFCO of Monterey County
Accounts Payable Summary
As of April 30, 2011

HAYASHI & WAYLAND
PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION
SUBJECT TO CHANGE

Accounts Payable:

Vendor	Description	Date	Inv#	Amount
Alhambra	Water Dispenser Rental	4/27/2011	5133500042711	\$ 31.13
Apex	Office Supplies	4/30/2011	7060	41.33
AT&T	Telephone Service from 3/12/11-4/11/11	10/29/2012	000002279015	146.34
AT&T Mobility	Telephone Service 3/22/11-4/21/11	4/21/2011	436041354455	181.84
Corporate Express	Credit on Returned Supplies	6/17/2008	88070801	(43.97)
County of Monterey, Information Technology	Computer Support Services through 3/11/11	4/7/2011	Dept 812 P/E 3/11/11	606.00
County of Monterey, Information Technology	Computer Support Services through 4/22/11	4/29/2011	Dept 812 P/E 4/22/11	606.00
County of Monterey, RMA-Dept Public Works	Express Mail Charges Sept. 2010-Jan. 2011	4/21/2011	11-04211102	320.05
Hayashi & Wayland, LLP	Accounting Services	4/5/2011	SAL198465	5,671.00
King City Rustler	1 Year Subscription	4/14/2011	LAFCO 1083	42.50
Office of County Counsel - Co. of Monterey	Legal Services through March 2011	4/19/2011	11-000126	1,123.13
Peninsula Messenger Service	Express Delivery Service	4/30/2011	2375	75.00
Principal Life	May Insurance: LTD, ADD, STD, Life	4/17/2011	5/1/11-5/30/11	298.43
Rabobank Visa Card	CaLafco Travel Expenses	4/26/2011	x73302	1,337.44
Rabobank Visa Card	Books from APA Bookstore	4/26/2011	x51399	111.54
Spherion	Temp Help:Christoffersen, Donna 3/28/11-4/3/11	4/10/2011	9249304	1,200.00
Spherion	Temp Help:Christoffersen, Donna 4/4/11-4/10/11	4/17/2011	9272353	1,200.00
Spherion	Temp Help:Christoffersen, Donna 4/11/11-4/17/11	3/24/2011	9297050	1,425.00
Spherion	Temp Help:Christoffersen, Donna 4/18/11-4/24/11	4/24/2011	9320884	1,200.00
Staples Advantage	Office Supplies	3/30/2011	107776403	231.25
Staples Advantage	Office Supplies	4/16/2011	108070168	27.18
Staples Advantage	Office Supplies	4/16/2011	108070166	577.06
Staples Advantage	Office Supplies	4/16/2011	1081070186	57.65
Staples Advantage	Office Supplies Credit-Mailer returned	2/23/2011	107217022	(70.77)
The Monterey County Herald	Legal Notices March 2011	3/31/2011	3895818-030311	272.06
The Monterey County Herald	Legal Notices April 2011	4/30/2011	4/1/11-4/30/11	722.73
Tri-County Business Systems	Copy Machine Rental 5/11/11-6/10/11	4/1/2011	CNIN004748	287.80
Tri-County Business Systems	Copy Machine Usage 3/11/11-4/10/11	4/20/2011	CNIN005141	68.98
ACCT #2000				<u>\$ 17,746.70</u>

LAFCO of Monterey County
Accrued Leave Summary
As of April 30, 2011

HAYASHI & WAYLAND
PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION
SUBJECT TO CHANGE

Executive Officer and Senior Analyst Positions:

Employee	Total Hours of Accrued Annual Leave *	Hourly Rate	Annual Leave Book Value
Kate McKenna	350.99	75.00	\$ 26,324.25
Thomas McCue	565.57	45.31	25,625.98
			<u>\$ 51,950.23</u>

Clerk / Administrative Secretary Position:

Employee	Accrued Sick Leave	Accrued Vacation *	Hourly Rate	Sick Leave Book Value	Vacation Book Value
Rachelle Jones	-	-	25.91	\$ -	\$ -

Annual Leave	\$ 51,950.23
Sick Leave	-
Vacation	-
ACCT # 2220	<u>\$ 51,950.23</u>

* Maximum of 850 hours of Annual Leave and Vacation Leave may be accrued

LAFCO of Monterey County
 Detail of Encumbrances
 As of April 30, 2011.

HAYASHI & WAYLAND
PRELIMINARY DRAFT
 FOR REVIEW AND DISCUSSION
 SUBJECT TO CHANGE

Human Resources Encumbered Funds:

Subject	Date Paid/ Inv. No.	Add'l Funds Received/(Paid)	Remaining Balance
Contract Transfer*			\$ 3,460.00
06-07 Budget Carryover		5,000.00	8,460.00
Fenton & Keller	10/04/07 Inv No. 60042	(1,233.00)	7,227.00
Fenton & Keller	4/30/07 Inv. No. 62165	(2,764.50)	4,462.50
07-08 Budget Carryover		400.00	4,862.50
08-09 Budget Carryover		500.00	5,362.50
09-10 Budget Carryover		500.00	5,862.50
Fenton & Keller	10/27/10 Inv No. 69698	(467.50)	5,395.00
		ACCT# 3710	\$ 5,395.00

*RGS was replaced by Fenton & Keller in September 2007.
 The original contract with RGS was for \$10,000. The balance of \$3,460
 was transferred to Fenton & Keller on September 1, 2007.

LAFCO of Monterey County
 Detail of Reserve for Litigation Account
 As of April 30, 2011

HAYASHI & WAYLAND
PRELIMINARY DRAFT
 FOR REVIEW AND DISCUSSION
 SUBJECT TO CHANGE

Reserve for Litigation:

Date	Vendor/Description	Invoice #	Amount
	Beginning Balance as of 7/1/08		\$ 18,330.28
7/1/2008	08/09 Budget Amount		25,000.00
8/22/2008	Office of County Counsel-Co. of Monterey	08-000147	(564.69)
8/27/2008	Best, Best & Krieger	582486	(2,713.66)
10/14/2008	Best, Best & Krieger	586916	(390.00) *
2/19/2009	Best, Best & Krieger	596717	(2,106.00) *
3/13/2009	Best, Best & Krieger	598793	(19.50)
3/13/2009	Best, Best & Krieger	599174	(6,907.12) *
4/22/2009	Best, Best & Krieger	601472	(156.00)
5/26/2009	Best, Best & Krieger	603629	(175.50)
7/1/2009	09/10 Budget Amount		10,000.00
10/15/2009	Best, Best & Krieger	614071	(312.00)
7/1/2010	10/11 Budget Amount		<u>30,000.00</u>
		ACCT # 3800	<u>\$ 69,985.81</u>

*The original invoice is greater than the amount stated above. This is the amount allocated to the litigation reserve. The remaining balance is allocated to general and special legal services.

**AGENDA
ITEM
NO. 8.f**

LAFCO *of Monterey County*

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

KATE McKENNA, AICP
Executive Officer

DATE: June 27, 2011

TO: Chair and Members of the Formation Commission

FROM: Kate McKenna, AICP, Executive Officer

SUBJECT: **RESOLUTION CONFIRMING THE TAX DEFERRED STATUS OF CalPERS MEMBER CONTRIBUTIONS**

SUMMARY OF RECOMMENDATION:

The Budget and Finance Committee recommends adoption of the attached resolution.

EXECUTIVE OFFICER'S REPORT:

On June 20, the Budget and Finance Committee recommended approval of a resolution that confirms the tax-deferred status of contributions to CalPERS. LAFCO was notified of a federal tax reporting law that requires this documentation.

The resolution contains the information needed for federal tax reporting purposes. It does not change LAFCO's financial obligations or the terms of the retirement contract.

Respectfully Submitted,

Kate McKenna, AICP
Executive Officer

Attachment: Resolution

DRAFT

THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY RESOLUTION NO. 11-10

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION CONFIRMING THE TAX-DEFERRED STATUS OF MEMBER PAID CONTRIBUTIONS

WHEREAS, since July 2005, the Local Agency Formation Commission of Monterey County has had the authority to implement the provisions of section 414(h)(2) of the Internal Revenue Code (IRC); and

WHEREAS, the Board of Administration of the Public Employees' Retirement System adopted its resolution regarding section 414(h)(2) IRC on September 18, 1985; and

WHEREAS, the Internal Revenue Service stated in December 1985, that the implementation of the provisions of section 414(h)(2) IRC pursuant to the Resolution of the Board of Administration would satisfy the legal requirements of section 414(h)(2) IRC; and

WHEREAS, the Local Agency Formation Commission of Monterey County determined in 2005 that even though the implementation of the provisions of section 414(h)(2) IRC is not required by law, the tax benefit offered by section 414(h)(2) IRC should be provided to its employees who are members of the Public Employees' Retirement System; and

WHEREAS, as part of the process of LAFCO's transition to an independent agency, a CalPERS retirement contract was adopted by Resolution No. 05 on May 23, 2005, with an effective date of July 1, 2005, and said contract provides for the employer pick-up of the employee contributions to the Public Employees' Retirement System; and

WHEREAS, CalPERS has informed LAFCO that the tax-deferred aspect of the member paid contribution needs to be documented by resolution, for federal tax reporting purposes; and

WHEREAS, the LAFCO Budget and Finance Committee considered this matter on June 20, 2011 and recommends adoption of the resolution:

NOW, THEREFORE, BE IT RESOLVED:

- I. That the Local Agency Formation Commission of Monterey County confirms that it implements the provisions of section 414(h)(2) Internal Revenue Code by making employee contributions pursuant to California Government Code section 20691 to the Public Employees' Retirement System on behalf of its employees who are members of the Public Employees' Retirement System. "Employee contributions" shall mean those contributions to the Public Employees' Retirement System which are deducted from the salary of employees and are credited to individual employee's accounts pursuant to California Government Code section 20691.

DRAFT

- II. That the contributions made since July 1, 2005 by the Local Agency Formation Commission of Monterey County to the Public Employees' Retirement System, although designated as employee contributions, are being paid by the Local Agency Formation Commission of Monterey County in lieu of contributions by the employees who are members of the Public Employees' Retirement System.
- III. That employees shall continue to not have the option of choosing to receive the contributed amounts directly, instead of having them paid by the Local Agency Formation Commission of Monterey County to the Public Employees' Retirement System.
- IV. That the Local Agency Formation Commission of Monterey County shall continue to pay to the Public Employees' Retirement System the contributions designated as employee contributions from the same source of funds as used in paying salary.
- V. That the amount of the contributions designated as employee contributions and paid by the Local Agency Formation Commission of Monterey County to the Public Employees' Retirement System on behalf of an employee shall continue to be the entire contribution required of the employee by the Public Employees' Retirement Law (California Government Code sections 20000, et seq.).
- VI. That the contributions designated as employee contributions made by Local Agency Formation Commission of Monterey County to the Public Employees' Retirement System shall continue to be treated for all purposes, other than taxation, in the same way that member contributions are treated by the Public Employees' Retirement System.

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

AYES:

NOES:

ABSENT:

Vince DiMaggio, 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 June 2011

By: _____
Kate McKenna, AICP, Executive Officer

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KATE McKENNA, AICP
Executive Officer

DATE: June 27, 2011
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **AMENDMENT NO. 2 TO ADOPTED FISCAL YEAR 2010-2011 BUDGET**

SUMMARY OF RECOMMENDATION:

The LAFCO Budget and Finance Committee recommends that the Commission adopt an amendment to the FY 2010-2011 budget, with no overall change to net expenditures.

EXECUTIVE OFFICER'S REPORT:

On June 20, the Budget and Finance Committee recommended approval of a budget amendment to fund the initial preparation of a Three-Year Budget Forecast by Hayashi & Wayland. The forecast will be updated by staff on an annual basis as part of the LAFCO budget preparation process. Funds will be moved between line items, with no change in adopted total expenditures. The amendment will transfer \$2,700 from Employee Benefits (Account No. 6100) to Outside Professional Services - Accounting and Financial Services (Account No. 7242).

Fiscal Impact

Funds are available in the current year budget, and no change will occur in net expenditures.

Respectfully Submitted,

Kate McKenna, AICP
Executive Officer

cc: Mr. Mike Briley, Hayashi & Wayland

Attachment: Proposed Amendment

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
PROPOSED BUDGET AMENDMENT NO. 2
FISCAL YEAR 2010 - 2011
JUNE 27, 2011

	Adopted Amended Budget for FY 2010-2011 (Amendment No. 1 Adopted 5-23-2011)	Proposed Changes	Proposed Budget Amendment No. 2 for FY 2010-2011
6000 Employee Salaries	\$ 308,946.00		\$ 308,946.00
6100 Employee Benefits	\$ 148,700.00	\$ (2,700.00)	\$ 146,000.00
2220-Accrued Leave Reserve	\$ 8,000.00		\$ 8,000.00
2230-Post-Retirement Healthcare Obligation Reserve	\$ 2,300.00		\$ 2,300.00
2001 Litigation Settlement Agreement Costs	\$ -		\$ -
7000 Postage and Shipping	\$ 5,000.00		\$ 5,000.00
7010 Books and Periodicals	\$ 1,000.00		\$ 1,000.00
7030 Copy Machine Charges	\$ 5,000.00		\$ 5,000.00
7040 Outside Printers	\$ 1,000.00		\$ 1,000.00
7060 Office Supplies	\$ 7,000.00		\$ 7,000.00
7070 Office Equipment and Furnishings	\$ -		\$ -
7080 Computer/Hardware/Peripherals	\$ 10,000.00		\$ 10,000.00
7085 Computer Support Services (Fixed Costs)	\$ 6,000.00		\$ 6,000.00
7090 Computer Support Services (Variable Costs)	\$ 8,000.00		\$ 8,000.00
7100 Computer Software	\$ -		\$ -
7105 Meeting Broadcast Services	\$ 4,000.00		\$ 4,000.00
7110 Property and General Liability Insurance	\$ 6,000.00		\$ 6,000.00
7120 Office Maintenance Services	\$ 400.00		\$ 400.00
7130 Other Equipment Maintenance	\$ 250.00		\$ 250.00
7140 Travel	\$ 5,000.00		\$ 5,000.00
7145 CALAFCO Travel Expenses	\$ -		\$ -
7150 Training, Conferences and Workshops	\$ 2,500.00		\$ 2,500.00
7160 Vehicle Mileage	\$ 1,000.00		\$ 1,000.00
7170 Rental of Buildings	\$ 25,500.00		\$ 25,500.00
7200 Telephone Communications	\$ 6,000.00		\$ 6,000.00
7230 Temporary Help Services (Clerical)	\$ -		\$ -
7240 Outside Professional Services - Total for Line Items 7242 - 7249	\$ 71,500.00		\$ 71,500.00
7242 Accounting and Financial Services	\$ 36,000.00	\$ 2,700.00	\$ 38,700.00
7245 General Counsel and Special Counsel	\$ 17,000.00		\$ 17,000.00
7247 Human Resources	\$ 500.00		\$ 500.00
7248 Annual Audit	\$ 10,000.00		\$ 10,000.00
7249 Temporary In-House Professional Services	\$ -		\$ -
7250 Miscellaneous Office Expenses	\$ 1,000.00		\$ 1,000.00
7260 Legal Notices	\$ 6,000.00		\$ 6,000.00
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		\$ 30,000.00
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

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KATE McKENNA, AICP
Executive Officer

DATE: June 27, 2011
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: BUDGET RESERVE POLICIES AND FUNDING

SUMMARY OF RECOMMENDATIONS:

The Budget and Finance Committee recommends the following actions:

1. Increase the funding target in the adopted Litigation Reserve Policy to \$300,000; and
2. Authorize the following year-end balance sheet journal entries for Fiscal Year 2010-2011:
 - a. Transfer \$110,000 from Account No. 3850 (Unreserved Fund) to Account No. 7295 (Contingency Reserve);
 - b. Reduce the balance in Account No. 3850 (Unreserved Fund) to \$100,000, and
 - c. Transfer the remaining difference from Account No. 3850 (Unreserved Fund) to Account No. 7290 (Litigation Reserve).

EXECUTIVE OFFICER'S REPORT:

On June 20, the Budget and Finance Committee reviewed the adopted policies and funding status of the Contingency Reserve and Litigation Reserve. The Committee also reviewed the estimated year-end available funds in the Unreserved Fund balance.

After significant discussion, and in consultation with Mr. Mike Briley of Hayashi & Wayland and the Executive Officer, the Committee unanimously recommended several policy and funding actions. The proposed actions are prudent and reasonable in light of LAFCO's fiscal duties, history and risk exposure.

First, the Committee recommends increasing the funding goal in the Litigation Reserve policy from \$120,000 (current) to \$300,000 (proposed). Second, the Committee recommends allocating most of the estimated year-end Unreserved Fund Balance to the Contingency Reserve and the Litigation Reserve, to bring those reserves much closer to their target funding levels. The Committee does not recommend any changes to the funding goal for the Contingency Reserve (25 percent of the total budget).

Fiscal Impact

The proposed policy and funding actions will not impact adopted budgets, and will more effectively allocate resources to ensure the ability of LAFCO to carry out its responsibilities.

Alternatives

In lieu of the recommended actions, the Commission may modify actions or take no action.

Respectfully Submitted,

Kate McKenna, AICP
Executive Officer

cc: Mr. Mike Briley, Hayashi & Wayland

16). Copies of those reports are available upon request to the LAFCO office. The status of those discussions will be included in the report to the Commission on August 22.

Respectfully Submitted,

Kate McKenna, AICP
Executive Officer