

2013

Commissioners

Chair

Louis R. Calcagno
County Member

Vice Chair

Steve Snodgrass
Special District Member

Fernando Armenta
County Member, Alternate

Sherwood Darington
Public Member

Matt Gourley
Public Member, Alternate

Joe Gunter
Alternate, City Member

Maria Orozco
City Member

Warren E. Poitras
*Special District Member,
Alternate*

Ralph Rubio
City Member

Simón Salinas
County Member

Graig R. Stephens
Special District Member

Staff

Kate McKenna, AICP
Executive Officer

132 W. Gabilan Street, #102
Salinas, CA 93901

P. O. Box 1369
Salinas, CA 93902

Voice: 831-754-5838
Fax: 831-754-5831

AGENDA

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

Monday, December 2, 2013
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. This meeting has been noticed according to the Brown Act. If you want to submit documents, please bring 15 copies for distribution. The meeting will be broadcast live on Comcast Cable TV Channel 28, and is rebroadcast every Monday at 4:00 p.m. Agendas and reports are available on our website at least 72 hours before each meeting.

Roll Call

Call to Order

Pledge Of Allegiance

Public Comments

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

Consent Agenda

All items on the Consent Agenda will be approved in one motion and there will be no discussion on individual items, unless a Commissioner or member of the public requests a specific item to be pulled from the Consent Agenda for separate discussion.

1. Draft Minutes from the October 28, 2013 LAFCO Regular Meeting
Recommended Action: Approve minutes.
2. Draft Meeting Notes of Budget and Finance Committee Meeting of November 7, 2013
Recommended Action: Accept meeting notes.

3. Approve Expenditures for the Month of October 2013
Recommended Action: Approve warrant list.
4. Accept a List of Anticipated Future Agenda Items
Recommended Action: Accept list.
5. Adopt Schedule of Regular LAFCO Meetings for 2014
Recommended Action: Adopt schedule.

New Business

6. Audit Report for Fiscal Year Ending June 30, 2013
Recommended Action: Receive presentation from Karen Campbell, CPA, Bianchi, Kasavan and Pope, LLP, and approve the Audit for the Fiscal Year Ending June 30, 2013.
7. Financial Statements for Period Ending June 30, 2013
Recommended Action: Receive a presentation from Mike Briley, CPA, Managing Partner, Hayashi & Wayland Accounting and Consulting, LLP, and approve the Financial Statements for the Period Ending June 30, 2013.
8. Financial Statements for Period Ending September 30, 2013
Recommended Action: Approve the Financial Statements for the Period Ending September 30, 2013.
9. Legislative Report from the California Association of Local Agency Formation Commissions (CALAFCO)
Recommended Action: Receive report as information, or provide direction regarding the legislative activities of CALAFCO.

Public Hearing (Continued)

10. Continued Public Hearing from October 28, 2013 to Consider the Proposed “Highlands Point Sanitary Association” Annexation Involving Expansion of the Carmel Area Wastewater District Sphere of Influence and Annexation to the District. The Annexation Area Consists of Nine Single-Family Residential Parcels Located West of the Highlands Inn and State Route 1, Approximately Five Miles South of Carmel-By-The-Sea. (LAFCO File 13-04)
Recommended Action: Conduct Public Hearing and Adopt Resolution:
 - (1) Considering a Negative Declaration adopted for the project by the County of Monterey pursuant to the California Environmental Quality Act (CEQA) Guidelines;
 - (2) Approving an update of the Sphere of Influence of the Carmel Area Wastewater District;
 - (3) Approving the proposed annexation, and
 - (4) Waiving Conducting Authority (“protest”) proceedings.

Executive Officer Reports

The Executive Officer may make brief announcements about LAFCO activities, for information only.

11. Notice of Administrative Approval of Domestic Water Services Outside of District Boundaries by Pajaro/Sunny Mesa Community Services District to Five Areas Formerly Served by Alisal Corporation (LAFCO File No. 13-07) – Information Only

Commissioner Comments

Individual Commissioners may comment briefly on matters within the jurisdiction of LAFCO. No discussion or action is appropriate other than referral to staff or setting a matter as a future agenda item.

Adjournment To The Next Meeting

The next Regular LAFCO Meeting – Monday, January 27, 2014 at 4:00 p.m.

Alternative Formats and Facility Accommodations: 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. Also if requested, facility accommodations will be made for persons with disabilities. Please contact (831) 754-5838 for assistance.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

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www.monterey.lafco.ca.gov

Draft MINUTES

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY
COUNTY**

Adopted _____

Monday, October 28, 2013

4:00 p.m.

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

CALL TO ORDER

The Local Agency Formation Commission was called to order by Chair Calcagno at 4:01 p.m. in the Monterey County Board of Supervisors Chambers.

ROLL CALL

Members Present

Commissioner Calcagno (Chair)
Commissioner Snodgrass (Vice Chair)
Commissioner Darington
Commissioner Rubio (Arrived at 4:20 p.m.)
Commissioner Salinas
Commissioner Stephens

Members Absent (Excused Absences)

Commissioners Gourley, Gunter, Orozco and Poitras

Members not Present (Presence Not Required)

Commissioner Armenta

Staff Present

Kate McKenna, AICP, Executive Officer
Leslie J. Girard, LAFCO General Counsel
Gail Lawrence, LAFCO Clerk to the Commission
Darren McBain, LAFCO Senior Analyst
Mari Rodin, LAFCO Associate Analyst

PLEDGE OF ALLEGIANCE

Commissioner Chair Calcagno asked Commissioner Salinas to lead the Pledge of Allegiance.

4. PUBLIC COMMENTS

There were no Public Comments on items not on the Agenda.

5. CONSENT CALENDAR

- a. Approve the Draft Minutes of October 28, 2013.
- b. Accept the Warrant Registers for August and September 2013.
- c. Accept the List of Anticipated Future Agenda Items.
- d. Receive Report Regarding Activities of the California Association of Local Agency Formation Commission.

There were no Commissioner or public comments for the Consent items.

Commission Action

Upon motion by Commissioner Salinas, seconded by Commissioner Snodgrass, the Consent Items were unanimously approved and accepted. Absent: Commissioners Orozco and Rubio.

6. PUBLIC HEARING

- a. Consider the “**Highlands Point Sanitary Association Annexation**” involving Expansion of the Carmel Area Wastewater District Sphere of Influence and Annexation to the District of Ten Single-Family Residential Parcels: APNs 241-182-004/005 (to be Merged), -012, -015, -016, -018, -020, -023, -024, -025, and -026; The Parcels are Located West of the Highlands Inn and State Route 1, Approximately Five Miles South of Carmel-by-the-Sea. The Parcels Contain Nine Existing Residences and One New Residence Under Construction. The Purpose of the Proposal is to Allow These Parcels to Connect to the District’s Wastewater System. (LAFCO File No. 13-06). (Continued from August 26, 2013 Meeting).

Executive Officer McKenna provided a report recommending that this item be continued to the LAFCO meeting of December 2. There were no public or Commission comments.

Commission Action

Upon motion by Commissioner Salinas, seconded by Commissioner Snodgrass, the Commission unanimously approved continuing Agenda Item 6.a "**Highlands Point Sanitary Association Annexation**" to the December 2, 2013 Regular Commission Meeting. Absent: Commissioners Orozco and Rubio.

- b. Consider the "**Rubenstein/Rotunda Drive Annexation**" Involving Annexation to the Carmel Area Wastewater District of Four Parcels Developed With Three Existing Single-Family Residences. The Parcels are Within the District's Existing Sphere of Influence and are Located on Rotunda Drive in Carmel Valley, Approximately One Half Mile from Highway 1. The Purpose of the Proposal is to Allow These Properties to Connect to the District's Wastewater System. Assessor's Parcel Numbers: 015-043-007 and -031 (Rubenstein), -018 (Doolittle), and -029 (Struve). (LAFCO File No. 13-06).

Senior Analyst McBain provided a report. There were no public comments.

Commission Action

Upon motion by Commissioner Darington, seconded by Commissioner Stephens, the Commission unanimously adopted a Resolution approving the "**Rubenstein/Rotunda Drive Annexation**" and waiving the Conducting Authority ("Protest") Proceedings. Absent: Commissioners Orozco and Rubio.

7. NEW BUSINESS

- a. Consider a Comment Letter for a Draft Environmental Impact Report for the Proposed "**Paraiso Springs Resort**" Project (County of Monterey Resource Management Agency).

Executive McKenna provided an oral report.

Public Comments

Several individuals provided comments to the Commission.

Commission Action

After discussion, upon motion by Commissioner Salinas, seconded by Commissioner Stephens, the Commission unanimously authorized a Comment Letter for a Draft Environmental Impact Report for the proposed "**Paraiso Springs Resort**". Absent: Commissioner Orozco.

8. ANNOUNCEMENTS

- a. Executive Officer McKenna reported on an invitation to make a shared services presentation to the Pacific Grove City Council on November 6.

b. Several Commissioners made comments.

9. ADJOURNMENT TO NEXT MEETING

Chair Calcagno adjourned the meeting at 4:23 pm. The next regular LAFCO meeting is scheduled for Monday, December 2, 2013 at 4:00 p.m.

**2012
Committee**

Chair
Simón Salinas
County Member

Ralph Rubio
City Member,
LAFCO Chair

Graig R. Stephens
Special District Member

Staff

Kate McKenna, AICP
Executive Officer

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***Draft* MEETING NOTES
BUDGET AND FINANCE COMMITTEE MEETING**

Monday, November 7, 2013, 1:30 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 1:30 p.m.

2. Roll Call

Members Present

Commissioner Ralph Rubio
Commissioner Simón Salinas
Commissioner Graig Stephens

Staff Present

Kate McKenna, Executive Officer
Gail Lawrence, Clerk to Commission

Others Present

Mike Briley, CPA, Managing Partner, Hayashi & Wayland
Karen L. Campbell, CPA, Bianchi, Kasavan & Pope, LLP
William Merry, General Manager, Monterey Regional Waste Management District
Dennis Allion, Board Chair, Monterey Regional Waste Management District

3. Public Comment

There were no public comments on matters not on the agenda.

4. Discussion of LAFCO Budget, Work Program, and Project Fee Collections

Executive Officer McKenna gave an oral report. MRWMD Board Chair Mr. Allion provided introductory remarks. MRWMD General Manager Merry expressed satisfaction with the LAFCO fee collection process for projects. Some MRWMD Board Members have proposed that LAFCO should begin to charge each local agency for the direct cost of preparing municipal service reviews. Committee members requested that the Executive Officer provide information for discussion at a future meeting.

5. Consider Draft Annual Audit for Fiscal Year Ending June 30, 2013

Ms. Karen Campbell, Bianchi, Kasavan & Pope, LLP, provided the report on the Draft Audit for Fiscal Year Ending June 30, 2013.

Committee Members discussed the Draft Audit and minor changes in content and formatting with Executive Officer McKenna, Ms. Campbell, and Mr. Briley. There was no public comment.

Upon motion by Commissioner Rubio, seconded by Commissioner Stephens, the Committee unanimously moved to recommend that the full Commission accept the Draft Audit for Fiscal Year Ending June 30, 2013.

6. Consider Draft Year-End Financial Statements for Period Ending June 30, 2013

Mr. Mike Briley, Hayashi & Wayland, provided the report on the Financial Statements for the Period Ending June 30, 2013.

Committee members discussed the draft financial statements with Executive Officer McKenna and Mr. Briley. There was no public comment.

Upon motion by Commissioner Rubio, seconded by Commissioner Stephens, the Committee unanimously moved to recommend that the full Commission accept the Draft Year-End Financial Statement for Fiscal Year Ending June 30, 2013.

7. Consider Draft Financial Statements for Quarter One Period Ending September 30, 2013

Mr. Mike Briley, Hayashi & Wayland provided the report on the Financial Statements for the Period Ending September 30, 2013.

Committee members discussed the draft Financial Statements with Executive Officer McKenna and Mr. Briley. There was no public comment.

Upon motion by Commissioner Salinas, seconded by Commissioner Stephens, the Committee unanimously moved to recommend that the full Commission accept the Draft Financial Statement for Fiscal Year Ending September 30, 2013.

8. Consider Profit/Loss Budget vs. Actuals Worksheet Dated October 25, 2013.

Executive Officer McKenna provided an informational report on the profit/loss budget vs. actuals worksheet dated October 25, 2013.

Committee members discussed the worksheet with Executive Officer McKenna and Mr. Briley. There was no public comment.

The Committee unanimously received the worksheet.

9. Consider CalPERS Retirement Plan Valuation Report as of June 30, 2013

Kate McKenna, Executive Officer, reported that the updated report is not yet available. This item is for information only.

10. Consider LAFC Retiree Health Benefits Liability Report Dated July 1, 2013, Prepared in Accordance with GASB Statement No. 45 (Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions).

Mike Briley, CPA, and Karen Campbell, CPA, stated that they reviewed and concur with the report prepared by James Marta & Assoc. After discussion, the Committee concluded that no action is necessary on this report, as the information is included in the draft Audit Report (Agenda Item 5) and the draft Year-End Financial Statements (Agenda Item 6), both of which will be considered by the full Commission on December 2.

11. ADJOURNMENT

The meeting was adjourned at 2:45 p.m.

LOCAL AGENCY FORMATION COMMISSION
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KATE McKENNA, AICP
Executive Officer

DATE: December 2, 2013
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **LAFCO WARRANT REGISTER – OCTOBER 2013**

SUMMARY OF RECOMMENDATION:

It is recommended that the Commission approve the expenditures for October 2013.

EXECUTIVE OFFICER'S REPORT:

Attached is a list of expenditures for the month of October 2013. Total expenditures were \$55,568.63.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachment:
October 2013 Warrant Register

**LAFCO
LOCAL AGENCY FORMATION COMMISSION
OF MONTEREY COUNTY
WARRANT REGISTER
FOR OCTOBER 2013**

DATE	CK#	NAME	DESCRIPTION	CHECK AMOUNT	DEPOSIT AMOUNT	ACCOUNT BALANCE
Beginning Balance 10/1/13						\$ 93,356.64
10/1/13	EFT	CalPERS Health	October 2013 Health Insurance	4,420.92		88,935.72
10/11/13	EDD		State Payroll Tax Deposit - SUI & ETT for 3rd Quarter	420.00		88,515.72
10/11/13	4434	Darren J McBain	For Payroll Period Ending 10/4/13 Paid 10/11/13	1,613.45		86,902.27
10/11/13	4435	Gail M Lawrence	For Payroll Period Ending 10/4/13 Paid 10/11/13	1,592.75		85,309.52
10/11/13	4437	Kathryn M. McKenna	For Payroll Period Ending 10/4/13 Paid 10/11/13	4,323.38		80,986.14
10/11/13	4436	Mari L Rodin	For Payroll Period Ending 10/4/13 Paid 10/11/13	1,695.57		79,290.57
10/11/13	EFT	CalPERS 457 Program	CalPers 457 Deferred Compensation Contribution	2,242.72		77,047.85
10/11/13	EFT	CalPERS Retirement	CalPers Retirement Contribution	2,224.98		74,822.87
10/11/13	EFT	EDD	State Payroll Tax Deposit	842.90		73,979.97
10/11/13	EFT	EFTPS	Federal Payroll Tax Deposit	2,457.60		71,522.37
10/11/13	4438	County of Monterey, Information Technology	Computer Support Services through 8/23/13	1,322.67		70,199.70
10/11/13	4439	Office of County Counsel - Co of Monterey	Legal Services for August 2013	414.96		69,784.74
10/11/13	4440	SlingShot Connections	Temp Services: Jimenez, Alma for W/E 9/22 & 9/29	418.88		69,365.86
10/11/13	4441	Rabobank Visa Card	Hotel for CaLafco Conference; Telephone Exp; Office Supplies	4,048.61		65,317.25
10/15/13	TFR		Funds Transfer		150,000.00	215,317.25
10/24/13	EFT	QuickBooks Payroll Service	For Payroll Period Ending 10/18/13 Paid 10/25/13	9,140.41		206,176.84
10/25/13	4442	Darren J McBain	For Payroll Period Ending 10/18/13 Paid 10/25/13			206,176.84
10/25/13	4443	Gail M Lawrence	For Payroll Period Ending 10/18/13 Paid 10/25/13			206,176.84
10/25/13	4444	Kathryn M. McKenna	For Payroll Period Ending 10/18/13 Paid 10/25/13			206,176.84
10/25/13	4445	Mari L Rodin	For Payroll Period Ending 10/18/13 Paid 10/25/13			206,176.84
10/25/13	EFT	CalPERS 457 Program	CalPers 457 Deferred Compensation Contribution	2,233.08		203,943.76
10/25/13	EFT	CalPERS Retirement	CalPers Retirement Contribution	2,224.98		201,718.78
10/25/13	EFT	EDD	State Payroll Tax Deposit	765.25		200,953.53
10/25/13	EFT	EFTPS	Federal Payroll Tax Deposit	2,221.42		198,732.11
10/25/13	4446	Alhambra	Water Dispenser Rental	26.66		198,705.45
10/25/13	4447	AT&T	Telephone Service from 9/12/13-10/11/13	146.85		198,558.60
10/25/13	4448	Bianchi, Kasavan & Pope, LLP	Progress Billing Audit Services #1	5,000.00		193,558.60
10/25/13	4449	Hayashi & Wayland, LLP	Accounting Services #72520	3,000.00		190,558.60
10/25/13	4450	Postmaster	Box#1369 12 Month Renewal	140.00		190,418.60
10/25/13	4451	Principal Life	November 2013 Benefits: LTD,ADD,STD,Life	13.97		190,404.63
10/25/13	4452	SlingShot Connections	Temp Services: Jimenez, Alma for W/E 10/6/13	196.35		190,208.28
10/25/13	4453	Gail Lawrence	Supplies Reimbursement	43.99		190,164.29
10/25/13	4454	Mari Rodin	Travel Reimbursement	350.00		189,814.29
10/25/13	4455	Bruce Lindsey	Nov 2013 Rent	1,926.28		187,888.01
				<u>\$ 55,468.63</u>	<u>\$ 150,000.00</u>	
Ending Balance 10/31/13						\$ 187,888.01

Anticipated Future Agenda Items

December 2, 2013

3. **Castroville Community Services District and Moss Landing County Sanitation District** – Consolidation of Districts (*Application is being prepared; not yet received*).
4. **Castroville Community Services District** – Municipal Services Review (*Initiated by LAFCO*).
5. **Marina Coast Water District** – Municipal Services Review (*Initiated by LAFCO. Administrative Draft has been prepared by LAFCO staff and is currently being reviewed with District. Executive Officer presented a status report to the District's Board of Directors on Nov. 18. Coordinating steps are underway to resolve boundary/service issues with Seaside County Sanitation District, prior to scheduling of public hearings to adopt MSRs for MCWD and SCSD*).
6. **Seaside County Sanitation District** – Municipal Services Review (*Initiated by LAFCO. Administrative draft has been prepared by LAFCO staff and is currently being reviewed with District. In August 2013, the District retained planning and legal services to assist with this process. Coordinating steps are underway to resolve boundary/service issues with Marina Coast Water District, prior to scheduling of public hearings to adopt the MSRs for MCWD and SCSD*).
7. **Carmel Area Wastewater District** – Municipal Services Review and Sphere of Influence Update (*Initiated by LAFCO*).
8. **Monterey Regional Waste Management District** – Municipal Services Review and Sphere of Influence Update (*Initiated by LAFCO*).
9. **Carmel Area Wastewater District** – Annexation of all or significant portions of the District's existing Sphere of Influence near the mouth of the Carmel Valley. (*Application is being prepared; not yet received*).
10. **City of Soledad** — Several potential applications for a Sphere of Influence Amendment and Annexations to include the "Miravale IIb" subdivision (96 acres), Los Coches Adobe and other parcels.

Anticipated Agenda Items Within Twelve Months –

1. **Carmel Area Wastewater District** – Sphere of Influence Amendment and Annexation of the September Ranch property in Carmel Valley.
2. **City of Gonzales** – Comprehensive Sphere of Influence Amendment.

Anticipated Future Agenda Items

December 2, 2013

3. **Marina Coast Water District** – Sphere of Influence Amendment and Annexation of portions of the former Fort Ord to provide water and wastewater services. *Coordinating steps are underway to resolve boundary/service issues with Seaside County Sanitation District, prior to scheduling of public hearings to consider Sphere Updates and annexations for MCWD and SCSD.*
4. **Seaside County Sanitation District** – Sphere of Influence Amendment to include portions of the former Fort Ord to provide wastewater services. *In August 2013, the District retained planning and legal services to assist in completing this process within 18 months. Coordinating steps are underway to resolve boundary/service issues with Marina Coast Water District, prior to scheduling of public hearings to consider Sphere updates and annexations for SCSD and MCWD.*
5. **City of Seaside** – Sphere of Influence Amendment and Annexation of the proposed Monterey Downs Project, Horse Park and Central Coast Veterans Cemetery.
6. **LAFCO's Human Resources Rules and Regulations** – Comprehensive update *(Initiated by LAFCO).*
7. **Salinas Valley Memorial Healthcare System** – Municipal Service Review and Sphere of Influence Update *(Initiated by LAFCO).*

Anticipated Agenda Items With No Timeline Estimate -

1. **City of Marina** – Annexation of portions of the former Fort Ord within the City's Sphere of Influence.
2. **County Service Area 15** (Serra Village/Toro Park) – Possible reorganization of Government Structure and Services.
3. **Northern Salinas Valley Mosquito Abatement District** – Sphere of Influence Amendment and Annexation of the Chualar/Gonzales Area. May include a Municipal Services Review update, to be initiated by LAFCO.
4. **Soledad Community Health Care District** – Comprehensive Sphere of Influence Amendment and Annexation. May include a Municipal Services Review update.
5. **Mission Soledad Rural Fire Protection District** – Sphere of Influence Amendment and Annexation to include build-out of the proposed Paraiso Springs Resort.

Anticipated Future Agenda Items

December 2, 2013

6. **City of Greenfield** – Potential Commercial/Industrial and Residential Annexation Proposals (Franscioni, Scheid, Rich and Others).

Respectfully Submitted,



Kate McKenna, AICP,
Executive Officer

**AGENDA
ITEM
NO. 5**

LAFCO of Monterey County

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KATE McKENNA, AICP
Executive Officer

DATE: December 2, 2013
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: SCHEDULE OF REGULAR MEETINGS FOR 2014

RECOMMENDED ACTION:

It is recommended that the Commission approve the attached schedule of regular LAFCO Meetings for 2014.

EXECUTIVE OFFICER'S REPORT:

The attached draft schedule provides for regular LAFCO meetings on the fourth Monday of each month, with the following exceptions:

- July – No meeting to allow a summer recess.
- November – No Meeting due to Thanksgiving Holiday, combined with early December meeting.
- December – Meeting on first Monday to avoid conflict with holiday schedule later in the month.

If the need arises, the Commission may set special meetings in accordance with the bylaws.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachment:
Schedule of regular LAFCO meetings for 2014

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

2014 SCHEDULE OF REGULAR LAFCO MEETINGS

Adopted _____

January 27

February 24

March 24

April 28

May 19

June 23

July – No Meeting

August 25

September 22

October 27

November – No Meeting

December 1

All regular meetings begin at 4:00 p.m. and will be held in the Board of Supervisors Chambers, located on the first floor of the Monterey County Government Center, 168 West Alisal, Salinas, California.

LOCAL AGENCY FORMATION COMMISSION
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KATE McKENNA, AICP
Executive Officer

DATE: December 2, 2013
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **AUDIT FOR FISCAL YEAR ENDING JUNE 30, 2013**

SUMMARY OF RECOMMENDATION:

The Budget and Finance Committee recommends that the Commission:

1. Receive a presentation from Ms. Karen Campbell, CPA;
2. Seek public comment, and
3. Discuss and adopt the final audit for the fiscal year ending June 30, 2013.

EXECUTIVE OFFICER'S REPORT:

The Budget and Finance Committee met on November 7 to review and recommend adoption of the independent auditors' report for the fiscal year ending on June 30, 2013. As requested by the Committee, the enclosed report includes a minor clarification of accrued leave benefits. A request to show comparative year data will be implemented in future audit reports.

Karen Campbell, CPA, Bianchi, Kasavan and Pope, has issued an unqualified opinion, the highest level of assurance that an auditor can provide to a public agency. Ms. Campbell will present the report and respond to questions.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Enclosure:
Final Audit for Fiscal Year Ending June 30, 2013

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KATE McKENNA, AICP
Executive Officer

DATE: December 2, 2013
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **DRAFT FINANCIAL STATEMENTS FOR JUNE 30, 2013**

SUMMARY OF RECOMMENDATION:

The Budget and Finance Committee recommends that the Commission:

1. Receive a presentation from Mr. Mike Briley, CPA;
2. Seek public comment, and
3. Discuss and adopt the draft financial statements for the year ending June 30, 2013.

EXECUTIVE OFFICER'S REPORT:

The Budget and Finance Committee met on November 7 to review and recommend adoption of financial statements for the period ending June 30, 2013.

Mike Briley, CPA and Managing Partner, Hayashi and Wayland, will present the report and respond to questions. The report has been reconciled as part of the independent audit process (Agenda Item No. 6). It also includes a minor clarification of accrued leave benefits, as requested by the Committee.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Enclosure:
Financial Statements for Period Ending June 30, 2013

**Local Agency Formation Commission
of Monterey County
Financial Statements
June 30, 2013**

DRAFT

**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**

We have compiled the accompanying financial statements of the **Local Agency Formation Commission of Monterey County (LAFCO)** as of and for the twelve months ended June 30, 2013. 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**.

October 24, 2013



LAFCO of Monterey County
Balance Sheets
June 30, 2013 and 2012

ASSETS			
	ACCT #	2013	2012
CURRENT ASSETS:			
Cash Held in Rabobank:			
Rabobank Operating	1000	\$ 144,102.54	\$ 77,081.98
Total Cash Held in Rabobank		<u>144,102.54</u>	<u>77,081.98</u>
Cash Held in County Treasury:			
Cash Held for Operating Expenses	1010	102,664.42	89,913.59
Designated Cash for Reserve for Litigation	1012	299,936.51	274,936.51
Designated Cash for Accrued Leave	1013	67,000.60	59,290.22
Designated Cash for Post Retirement (GASB 45)	1014	9,084.00	11,536.00
Designated Cash for Reserve for Contingency	1015	165,000.00	165,000.00
Total Cash Held in County Treasury		<u>643,685.53</u>	<u>600,676.32</u>
Petty Cash	1100	100.00	100.00
Total Cash		<u>787,888.07</u>	<u>677,858.30</u>
Other Current Assets:			
CaLafco Stipend Receivable	1305	-	1,167.00
Prepaid Insurance	1400	9,042.60	7,931.46
Prepaid Expenses	1405	2,644.28	2,950.81
Total Other Current Assets		<u>11,686.88</u>	<u>12,049.27</u>
Total Current Assets		<u>799,574.95</u>	<u>689,907.57</u>
PROPERTY AND EQUIPMENT:			
Equipment	1500	23,906.06	21,915.38
Accumulated Depreciation	1550	(20,451.65)	(18,704.53)
Total Property and Equipment		<u>3,454.41</u>	<u>3,210.85</u>
TOTAL ASSETS		<u>\$ 803,029.36</u>	<u>\$ 693,118.42</u>
LIABILITIES AND EQUITY			
	ACCT #	2013	2012
CURRENT LIABILITIES:			
Accounts Payable	2000	\$ 21,799.40	\$ 9,797.93
Deferred Fees Revenue	2010	-	6,678.00
Payroll Liabilities	2200	126.00	84.00
Accrued Leave	2220	67,000.60	59,290.22
Post Retirement (GASB 45)	2230	9,084.00	11,536.00
Total Current Liabilities		<u>98,010.00</u>	<u>87,386.15</u>
Total Liabilities		<u>98,010.00</u>	<u>87,386.15</u>
EQUITY:			
Invested in Capital Assets	3700	3,454.41	3,210.85
Encumbered Funds	3710	6,395.00	5,895.00
Reserve for Litigation	3800	299,936.51	274,936.51
Reserve for Contingency	3810	165,000.00	165,000.00
Unreserved Fund	3850	230,233.44	156,689.91
Total Equity		<u>705,019.36</u>	<u>605,732.27</u>
TOTAL LIABILITIES AND EQUITY		<u>\$ 803,029.36</u>	<u>\$ 693,118.42</u>

LAFCO of Monterey County
Income and Expense Budget Performance - Summary
June 30, 2013

ACCT #	Income:	June 13	June 12	% of Budget		Adopted	Remaining	% of	
				Received/ Spent	July 12-June 13				July 11-June 12
				June 13	July 12-June 13	July 11-June 12	Budget	Budget	Balance
4000	Fees: Project	\$ 14,325.00	\$ -	179.06%	\$ 38,934.30	\$ 14,705.49	\$ 8,000.00	\$ 30,934.30	386.68%
4205	County Contributions	-	-	0.00%	215,397.00	218,346.00	215,397.00	-	0.00%
4210	City Contributions	-	-	0.00%	215,397.00	218,345.99	215,397.00	-	0.00%
4220	District Contributions	-	-	0.00%	215,398.00	218,347.00	215,397.00	1.00	0.00%
4250	CaLafco Reimbursement Income	-	1,167.00	0.00%	-	1,167.00	-	-	0.00%
4300	Interest	785.71	660.97	52.38%	3,495.21	3,421.66	1,500.00	1,995.21	133.01%
	Total Income	15,110.71	1,827.97	2.30%	688,621.51	674,333.14	655,691.00	32,930.51	5.02%
	Expense:								
VAR	Employee Salaries	27,274.31	25,249.60	8.83%	312,217.45	313,124.80	308,946.00	(3,271.45)	-1.06%
VAR	Employee Benefits	6,754.99	10,122.05	4.24%	143,116.80	128,809.48	159,445.00	16,328.20	10.24%
7000	Postage and Shipping	1,574.06	1,299.76	34.98%	2,918.64	2,724.44	4,500.00	1,581.36	35.14%
7010	Books and Periodical	-	117.81	0.00%	789.33	831.00	1,000.00	210.67	21.07%
7030	Copy Machine	285.81	15.90	6.35%	3,541.47	3,381.08	4,500.00	958.53	21.30%
7040	Outside Printers	-	-	0.00%	990.51	616.06	1,000.00	9.49	0.95%
7060	Office Supplies	167.42	878.43	4.19%	3,775.17	3,515.78	4,000.00	224.83	5.62%
7080	Computer Hardware/Peripherals	825.24	-	41.26%	922.65	413.35	2,000.00	1,077.35	53.87%
7085	Computer Support Svcs Fixed Costs	395.00	966.00	6.58%	3,695.00	5,900.00	6,000.00	2,305.00	38.42%
7090	Computer Support Svcs Variable Costs	2,701.51	913.68	27.02%	5,029.29	7,216.82	10,000.00	4,970.71	49.71%
7105	Meeting Broadcast Services	2,600.00	-	78.79%	2,600.00	-	3,300.00	700.00	21.21%
7110	Property and Gen Liability Insurance	380.07	398.62	6.91%	4,560.40	4,783.22	5,500.00	939.60	17.08%
7120	Office Maintenance Services	-	-	0.00%	-	120.00	400.00	400.00	100.00%
7140	Travel	-	-	0.00%	1,659.66	3,526.64	4,500.00	2,840.34	63.12%
7145	CaLafco Travel Expenses	-	-	0.00%	-	988.64	-	-	0.00%
7150	Training, Conferences & Workshops	-	-	0.00%	5,972.00	3,132.74	6,000.00	28.00	0.47%
7160	Vehicle Mileage	75.31	176.49	7.53%	858.14	614.63	1,000.00	141.86	14.19%
7170	Rental of Buildings	2,027.66	2,027.66	8.28%	24,331.92	24,331.92	24,500.00	168.08	0.69%
7200	Telephone Communications	716.15	363.30	15.91%	4,272.84	4,427.08	4,500.00	227.16	5.05%
7242	Outside Prof. Services: Accounting	6,000.00	6,000.00	16.00%	36,000.00	36,000.00	37,500.00	1,500.00	4.00%
7245	General and Special Legal Services	1,091.00	1,505.84	9.09%	7,748.06	5,741.01	12,000.00	4,251.94	35.43%
7247	Outside Prof. Services: Human Resources	-	-	0.00%	-	-	500.00	500.00	100.00%
7248	Outside Prof. Services: Annual Audit	-	-	0.00%	12,000.00	12,000.00	13,000.00	1,000.00	7.69%
7250	Miscellaneous Office Expense	-	70.28	0.00%	588.07	166.30	600.00	11.93	1.99%
7260	Legal Notices	16.00	-	0.40%	1,677.54	2,673.86	4,000.00	2,322.46	58.06%
7270	Recruitment Advertising	992.97	-	19.86%	3,812.94	295.00	5,000.00	1,187.06	23.74%
7280	LAFCO Memberships	-	-	0.00%	3,976.00	3,846.00	4,500.00	524.00	11.64%
7285	Records Storage & Security	533.42	-	17.78%	533.42	-	3,000.00	2,466.58	82.22%
7290	Litigation Reserve	-	-	0.00%	-	-	25,000.00	25,000.00	100.00%
7300	Depreciation	224.24	169.00	0.00%	1,747.12	2,250.40	-	(1,747.12)	0.00%
	Total Expense	54,635.16	50,274.42	8.33%	589,334.42	571,430.25	656,191.00	66,856.58	10.19%
	Net Ordinary Income (Loss)	(39,524.45)	(48,446.45)		99,287.09	102,902.89	(500.00)		
	Other Income/(Expense):								
8130	Gain/(Loss) on County Investments	-	-		-	2,036.62	-		
	Total Other Income/(Expense)	-	-		-	2,036.62	-		
	Prior Year Encumbered Funds (Expense):								
8102	Outside Prof. Services: Human Resources	-	-		-	-	-		
	Total Prior Year Encumbered Funds (Expense)	-	-		-	-	-		
	Net Income (Loss)	\$ (39,524.45)	\$ (48,446.45)		\$ 99,287.09	\$ 104,939.51	\$ (500.00)		

LAFCO of Monterey County
Income and Expense by Month
June 30, 2013

	July 12	Aug 12	Sept 12	Oct 12	Nov 12	Dec 12
Ordinary Income/Expense						
Income:						
4000 · Fees: Project	-	-	15.00	-	-	8,400.00
4205 · County Contributions	215,397.00	-	-	-	3,000.00	-
4210 · City Contributions	215,397.00	-	-	-	-	-
4220 · District Contributions	215,398.00	-	-	-	-	-
4300 · Interest	-	-	-	794.89	-	121.03
Total Income	646,192.00	-	15.00	794.89	3,000.00	8,521.03
Expense:						
6000 · Employee Salaries	24,049.60	33,674.40	20,449.60	27,893.81	23,167.67	24,879.16
6100 · Employee Benefits	10,182.65	7,505.15	9,759.07	10,320.92	9,398.43	9,398.42
7000 · Postage and Shipping	-	55.00	140.58	136.00	-	140.58
7010 · Books and Periodical	238.00	-	306.81	-	194.82	-
7030 · Copy Machine	585.61	-	302.49	573.63	300.28	304.55
7040 · Outside Printers	-	-	-	189.64	176.72	-
7060 · Office Supplies	-	418.77	-	793.27	351.33	574.55
7080 · Computer Hardware/Peripherals	97.41	-	-	-	-	378.00
7085 · Computer Support Svcs Fixed Costs	-	-	-	1,100.00	-	-
7090 · Computer Support Svcs Variable Cost	-	-	-	1,050.00	-	1,108.80
7105 · Meeting Broadcast Services	-	-	-	-	-	-
7110 · Property and Gen Liability Insurance	380.03	380.03	380.03	380.03	380.03	380.03
7140 · Travel	-	-	6.00	498.15	-	-
7150 · Training, Conferences & Workshops	-	-	4,796.00	94.00	-	-
7160 · Vehicle Mileage	-	-	248.09	-	-	141.53
7170 · Rental of Buildings	2,027.66	2,027.66	2,027.66	2,027.66	2,027.66	2,027.66
7200 · Telephone Communications	448.39	443.43	325.56	171.19	315.11	446.40
7242 · Outside Prof. Services: Accounting	3,000.00	-	3,000.00	3,000.00	3,000.00	3,000.00
7245 · General and Special Legal Services	-	403.52	1,187.80	1,792.74	436.40	545.50
7248 · Outside Prof. Services: Annual Audit	-	-	4,500.00	6,500.00	-	1,000.00
7250 · Miscellaneous Office Expense	8.00	70.00	16.00	307.03	50.00	-
7260 · Legal Notices	661.26	-	-	-	-	-
7270 · Recruitment Advertising	3,041.00	-	-	-	-	-
7280 · LAFCO Memberships	-	-	-	-	-	-
7285 · Records Storage & Security	-	-	-	-	-	-
7300 · Depreciation	139.00	137.00	139.00	140.00	138.00	138.00
Total Expense	44,858.61	45,114.96	47,584.69	56,968.07	39,936.45	44,463.18
Net Income/(Loss)	\$ 601,333.39	\$ (45,114.96)	\$ (47,569.69)	\$ (56,173.18)	\$ (36,936.45)	\$ (35,942.15)

LAFCO of Monterey County
Income and Expense by Month
June 30, 2013

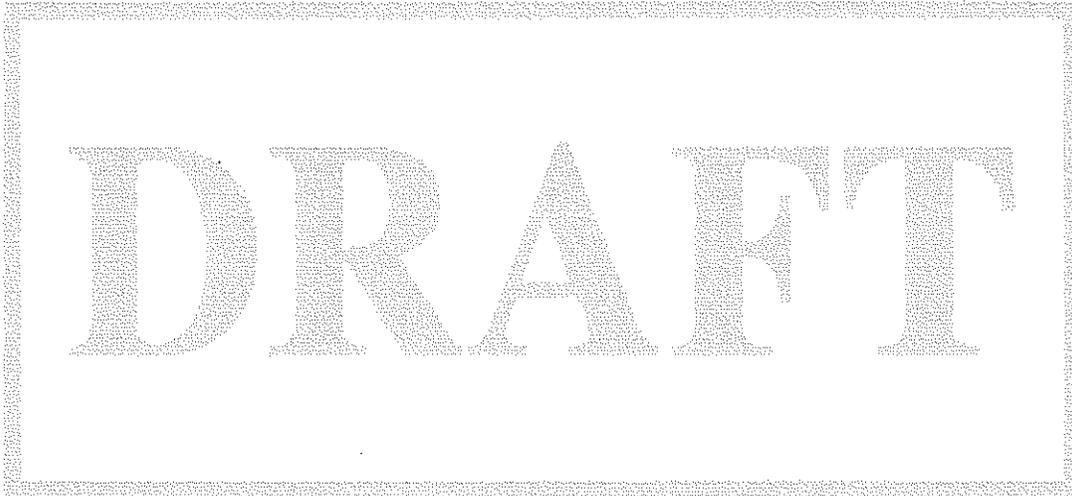
	Jan 13	Feb 13	Mar 13	Apr 13	May 13	June 13	Total
Ordinary Income/Expense							
Income:							
4000 · Fees: Project	\$ 9,785.39	\$ -	\$ -	\$ 3,456.66	\$ (47.75)	\$ 14,325.00	\$ 38,934.30
4205 · County Contributions	-	-	-	-	-	-	215,397.00
4210 · City Contributions	-	-	-	-	-	-	215,397.00
4220 · District Contributions	-	-	-	-	-	-	215,398.00
4300 · Interest	964.49	-	-	829.09	-	785.71	3,495.21
Total Income	10,749.88	-	-	4,285.75	(47.75)	15,110.71	688,621.51
Expense:							
6000 · Employee Salaries	24,462.14	23,395.20	35,403.76	23,511.81	24,055.99	27,274.31	312,217.45
6100 · Employee Benefits	13,079.56	13,859.65	14,656.89	11,921.76	26,279.31	6,754.99	143,116.80
7000 · Postage and Shipping	-	-	140.58	349.97	381.87	1,574.06	2,918.64
7010 · Books and Periodical	-	-	49.70	-	-	-	789.33
7030 · Copy Machine	285.81	-	316.13	285.81	301.35	285.81	3,541.47
7040 · Outside Printers	-	392.65	-	231.50	-	-	990.51
7060 · Office Supplies	-	42.12	711.61	129.84	586.26	167.42	3,775.17
7080 · Computer Hardware/Peripherals	-	-	739.00	-	-	825.24	922.65
7085 · Computer Support Svcs Fixed Costs	-	-	-	-	1,083.00	395.00	3,695.00
7090 · Computer Support Svcs Variable Cost	68.98	-	-	-	100.00	2,701.51	5,029.29
7105 · Meeting Broadcast Services	380.03	380.03	380.03	-	-	2,600.00	2,600.00
7110 · Property and Gen Liability Insurance	-	-	-	380.03	-	380.07	4,560.40
7140 · Travel	-	-	-	1,155.51	-	-	1,659.66
7150 · Training, Conferences & Workshops	-	-	-	1,082.00	-	-	5,972.00
7160 · Vehicle Mileage	185.37	-	-	-	207.84	75.31	858.14
7170 · Rental of Buildings	2,027.66	2,027.66	2,027.66	2,027.66	2,027.66	2,027.66	24,331.92
7200 · Telephone Communications	313.37	304.70	310.87	304.48	173.19	716.15	4,272.84
7242 · Outside Prof. Services: Accounting	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	6,000.00	36,000.00
7245 · General and Special Legal Services	-	-	1,309.20	218.20	763.70	1,091.00	7,748.06
7248 · Outside Prof. Services: Annual Audit	-	-	65.00	(65.00)	137.04	-	12,000.00
7250 · Miscellaneous Office Expense	-	-	-	1,000.28	-	16.00	588.07
7260 · Legal Notices	-	-	-	1,036.40	-	992.97	1,677.54
7270 · Recruitment Advertising	935.00	-	1,783.57	-	-	-	3,812.94
7280 · LAFCO Memberships	-	-	-	-	-	-	3,976.00
7285 · Records Storage & Security	-	-	-	-	-	533.42	533.42
7300 · Depreciation	139.00	136.00	140.00	138.00	138.88	224.24	1,747.12
Total Expense	44,876.92	43,538.01	61,034.00	46,708.25	59,616.12	54,635.16	589,334.42
Net Income/(Loss)	\$ (34,127.04)	\$ (43,538.01)	\$ (61,034.00)	\$ (42,422.50)	\$ (59,663.87)	\$ (39,524.45)	\$ 99,287.09

LAFCO of Monterey County
Accounts Receivable Summary
As of June 30, 2013

Accounts Receivable-For Fiscal Year Ending 6/2013:

<u>Description</u>	<u>Date</u>	<u>Amount</u>
		<u>\$ -</u>
	ACCT # 1225	<u><u>\$ -</u></u>

*All 2012-2013 fees have been collected as of June 30, 2013.



LAFCO of Monterey County
Equipment Summary
As of June 30, 2013

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	2,268.22
Credenza	9/1/2006	516.20	516.20
Computer Equipment	9/20/2006	3,120.20	3,120.20
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	882.00
Microsoft Office Pro 2010 Software	6/30/2010	2,041.24	2,041.24
Acrobat V.9 Computer Software	6/30/2010	445.88	445.88
Erogonomic Chair	6/29/2010	502.51	319.00
ThinkPad W510 Laptop	6/30/2010	2,146.73	1,683.00
SNAP OUT Telephone System	7/28/2010	2,185.00	1,362.00
Apple Mbar 13.3 CTO Laptop	6/14/2013	1,990.68	100.00
	ACCT # 1500	\$ 23,906.06	
		ACCT # 1550	\$ 20,451.65

LAFCO of Monterey County
Accounts Payable Summary
As of June 30, 2013

Accounts Payable:

Vendor	Description	Date	Inv#	Amount
AT&T Mobility	Telephone Expense 5/22/13-6/21/13	6/21/2013	436041354455	\$ 138.16
CalPers Health	July 2013 Health Insurance	6/15/2013	1018	2,605.62
Cash	Replenish Petty Cash	6/30/2013		87.41
Copymat	Outside Printing	6/27/2013	47430	34.02
Corporate Express	Credit on Returned Supplies	6/17/2008	88070801	(43.97)
Office of Monterey, Information Technology	Computer Support Services Through 5/31/13	5/31/2013	812 LAFCO P/E 5/31/13	461.00
Office of Monterey, Information Technology	External Hard Drive Reimbursement	6/18/2013		81.14
Office of Monterey, Information Technology	Computer Support Services Through 6/28/13	6/30/2013	812 LAFCO P/E 6/28/13	3,645.00
County of Monterey, RMA-Dept. Public Works	Express Mail Charges Through 5/31/13	6/30/2013	13-051302	569.91
Golden State Planning & Environmental Consulting	Outside Professional Staffing from 6/3/13-6/30/13	6/30/2013	LAFCO.01	3,762.50
Hayashi & Wayland, LLP	Accounting Services	6/30/2013	221367	3,000.00
Monterey County Resource Management Agency	GIS Mapping Services From 1/1/13-6/30/13	6/30/2013		1,786.00
Office of County Counsel	Legal Services Through 6/30/13	6/30/2013	13-000173	545.50
Principal Life	July 2013 Benefits: LTD, ADD, STD, Life	6/17/2013	July 2013	412.87
Rabobank Visa Card	Computer Equipment, Postage, Telephone Expense	6/25/2013	P/E 6/25/13 X3302	3,000.73
Rabobank Visa Card	iPhone Replacement and Miscellaneous Accessories	6/30/2013	X3302	529.25
SlingShot Connections	Temporary Help: Jimenez, Alma For Week Ending 6/30/13	6/30/2013	1599	533.42
Staples Advantage	Office Supplies	6/14/2013	3202196749	146.08
Staples Advantage	Office Supplies	6/27/2013	3203042530	21.34
Sunrise Express	Express Mail Delivery on 6/12/13 and 6/20/13	6/30/2013	9232843	483.42
			ACCT # 2000	<u>\$ 21,799.40</u>



**LAFCO of Monterey County
Accrued Leave Summary
As of June 30, 2013**

Executive Officer and Senior Analyst Positions:

Employee	Total Hours of Accrued Annual Leave *	Hourly Rate	Annual Leave Book Value
Kate McKenna	440.35	75.00	\$ 33,026.25
Thomas McCue	711.81	45.31	32,252.11
			<u>\$ 65,278.36</u>

Clerk / Administrative Secretary Position:

Employee	Accrued Sick Leave	Accrued Vacation *	Hourly Rate	Sick Leave Book Value	Vacation Book Value
Gail Lawrence	25.88	40.59	25.91	\$ 670.55	\$ 1,051.69

Annual Leave	\$ 65,278.36
Sick Leave	670.55
Vacation	<u>1,051.69</u>
ACCT # 2220	<u>\$ 67,000.60</u>

Executive Officer and Senior Analyst Positions:

* Maximum of 250 or 850 hours of Annual Leave may be accrued. This is a general description of benefits only. Actual benefits are defined in individual employment agreements.

Clerk/Admin Secretary Position:

** Maximum of 260 hours of Accrued Vacation may be accrued. This is a general description of benefits only. Actual benefits are defined in employment agreement.

LAFCO of Monterey County
 Detail of Encumbrances
 As of June 30, 2013

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
10-11 Budget Carryover		500.00	5,895.00
11-12 Budget Carryover		500.00	6,395.00
		ACCT # 3710	\$ 6,395.00

*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 June 30, 2013

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		30,000.00
6/30/2011	Transfer from Unreserved Fund		174,950.70
7/1/2011	11/12 Budget Amount		30,000.00
7/1/2012	12/13 Budget Amount		25,000.00
		ACCT # 3800	\$ 299,936.51

*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.

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: December 2, 2013
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **DRAFT FINANCIAL STATEMENTS FOR SEPTEMBER 30, 2013**

SUMMARY OF RECOMMENDATION:

The Budget and Finance Committee recommends that the Commission:

1. Receive report from Executive Officer;
2. Seek public comment, and
3. Adopt the draft Financial Statements for the Quarter One Period ending September 30, 2013.

EXECUTIVE OFFICER'S REPORT:

The Budget and Finance Committee met on November 7 to review and recommend adoption of financial statements for the first quarter ending September 30, 2013.

Income and expenses are as anticipated for this period. As of September 30, almost all contributions had been received from local agencies (all contributions were received by November 1). Actual expenses are below the budgeted expenses.

Mr. Mike Briley, CPA and Managing Partner, Hayashi and Wayland, will be available to assist in responding to questions.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer
Enclosure:

Draft Financial Statements, September 30, 2013

**Local Agency Formation Commission
of Monterey County
Financial Statements
September 30, 2013**

DRAFT

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**

We have compiled the accompanying financial statements of the **Local Agency Formation Commission of Monterey County (LAFCO)** as of and for the three months ended September 30, 2013. 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.

October 29, 2013



LAFCO of Monterey County
Balance Sheets
September 30, 2013 and 2012

ASSETS			
	ACCT #	2013	2012
CURRENT ASSETS:			
Cash Held in Rabobank:			
Rabobank Operating	1000	\$ 93,356.64	\$ 90,738.27
Total Cash Held in Rabobank		<u>93,356.64</u>	<u>90,738.27</u>
Cash Held in County Treasury:			
Cash Held for Operating Expenses	1010	661,250.83	539,131.03
Designated Cash for Reserve for Litigation	1012	300,036.51	299,936.51
Designated Cash for Accrued Leave	1013	40,484.56	60,513.78
Designated Cash for Post Retirement (GASB 45)	1014	9,084.00	11,536.00
Designated Cash for Reserve for Contingency	1015	170,000.00	165,000.00
Total Cash Held in County Treasury		<u>1,180,855.90</u>	<u>1,076,117.32</u>
Petty Cash	1100	100.00	100.00
Total Cash		<u>1,274,312.54</u>	<u>1,166,955.59</u>
Other Current Assets:			
Accounts Receivable - For Fiscal Yr Ending 6/13	1225	-	14,073.00
Accounts Receivable - For Fiscal Yr Ending 6/14	1226	63,323.64	-
Prepaid Insurance	1400	8,754.46	6,789.52
Prepaid Expenses	1405	2,241.98	2,312.81
Total Other Current Assets		<u>74,320.08</u>	<u>23,175.33</u>
Total Current Assets		<u>1,348,632.62</u>	<u>1,190,130.92</u>
PROPERTY AND EQUIPMENT:			
Equipment	1500	23,906.06	21,915.38
Accumulated Depreciation	1550	(20,800.65)	(19,119.53)
Total Property and Equipment		<u>3,105.41</u>	<u>2,795.85</u>
TOTAL ASSETS		<u>\$ 1,351,738.03</u>	<u>\$ 1,192,926.77</u>
LIABILITIES AND EQUITY			
	ACCT #	2013	2012
CURRENT LIABILITIES:			
Accounts Payable	2000	\$ 15,582.07	\$ 6,411.98
Payroll Liabilities	2200	630.00	84.00
Accrued Leave	2220	40,484.56	60,513.78
Post Retirement (GASB 45)	2230	9,084.00	11,536.00
Total Current Liabilities		<u>65,780.63</u>	<u>78,545.76</u>
Total Liabilities		<u>65,780.63</u>	<u>78,545.76</u>
EQUITY:			
Invested in Capital Assets	3700	3,105.41	2,795.85
Encumbered Funds	3710	6,895.00	6,395.00
Reserve for Litigation	3800	300,036.51	299,936.51
Reserve for Contingency	3810	170,000.00	165,000.00
Unreserved Fund	3850	805,920.48	640,253.65
Total Equity		<u>1,285,957.40</u>	<u>1,114,381.01</u>
TOTAL LIABILITIES AND EQUITY		<u>\$ 1,351,738.03</u>	<u>\$ 1,192,926.77</u>

LAFCO of Monterey County
Income and Expense Budget Performance - Summary
September 30, 2013

ACCT #	Income:	Sept 13	Sept 12	% of Budget		July 13 - Sept 13	July 12 - Sept 12	Adopted 13/14 Budget	Remaining Budget Balance	% of Remaining Budget Balance
				Received/ Spent	Sept 13					
4000	Fees: Project	\$ -	\$ 15.00	0.00%	\$ 10,552.27	\$ 15.00	\$ 10,000.00	\$ 552.27	5.52%	
4205	County Contributions	-	-	0.00%	250,164.00	215,397.00	250,164.00	-	0.00%	
4210	City Contributions	-	-	0.00%	250,164.01	215,397.00	250,164.00	0.01	0.00%	
4220	District Contributions	-	-	0.00%	250,166.00	215,398.00	250,163.00	3.00	0.00%	
4300	Interest	-	-	0.00%	-	-	1,500.00	(1,500.00)	-100.00%	
	Total Income	-	15.00	0.00%	761,046.28	646,207.00	761,991.00	(944.72)	-0.12%	
	Expense:									
VAR	Employee Salaries	28,212.70	20,449.60	6.90%	98,429.94	78,173.60	408,946.00	310,516.06	75.93%	
VAR	Employee Benefits	14,243.65	9,759.07	7.14%	38,930.43	27,446.87	199,445.00	160,514.57	80.48%	
7000	Postage and Shipping	387.03	140.58	15.48%	520.03	195.58	2,500.00	1,979.97	79.20%	
7010	Books and Periodical	-	306.81	0.00%	238.00	544.81	1,000.00	762.00	76.20%	
7030	Copy Machine	315.70	302.49	7.02%	917.54	888.10	4,500.00	3,582.46	79.61%	
7040	Outside Printers	269.49	-	6.74%	877.01	-	4,000.00	3,122.99	78.07%	
7060	Office Supplies	180.06	-	4.00%	1,170.93	418.77	4,500.00	3,329.07	73.98%	
7080	Computer Hardware/Peripherals	-	-	0.00%	-	97.41	7,000.00	7,000.00	100.00%	
7085	Computer Support Svcs Fixed Costs	1,298.34	-	18.55%	1,298.34	-	7,000.00	5,701.66	81.45%	
7090	Computer Support Svcs Variable Costs	600.00	-	10.00%	600.00	-	6,000.00	5,400.00	90.00%	
7100	Computer Software	-	-	0.00%	-	-	2,500.00	2,500.00	100.00%	
7105	Meeting Broadcast Services	-	-	0.00%	-	-	3,300.00	3,300.00	100.00%	
7110	Property and Gen Liability Insurance	341.14	380.03	6.20%	1,023.42	1,140.09	5,500.00	4,476.58	81.39%	
7120	Office Maintenance Services	-	-	0.00%	-	-	400.00	400.00	100.00%	
7140	Travel	4,285.95	6.00	61.23%	5,671.41	6.00	7,000.00	1,328.59	18.98%	
7150	Training, Conferences & Workshops	80.12	4,796.00	0.94%	4,255.19	4,796.00	8,500.00	4,244.81	49.94%	
7160	Vehicle Mileage	501.49	248.09	25.07%	501.49	248.09	2,000.00	1,498.51	74.93%	
7170	Rental of Buildings	1,926.28	2,027.66	8.27%	5,778.84	6,082.98	23,300.00	17,521.16	75.20%	
7200	Telephone Communications	650.40	325.56	13.01%	1,202.24	1,217.38	5,000.00	3,797.76	75.96%	
7230	Temporary Help Services (Clerical)	-	-	0.00%	-	-	2,000.00	2,000.00	100.00%	
7242	Outside Prof. Services: Accounting	3,000.00	3,000.00	8.00%	6,000.00	6,000.00	37,500.00	31,500.00	84.00%	
7245	General and Special Legal Services	414.96	1,187.80	3.19%	414.96	1,591.32	13,000.00	12,585.04	96.81%	
7248	Outside Prof. Services: Annual Audit	5,000.00	4,500.00	38.46%	5,000.00	4,500.00	13,000.00	8,000.00	61.54%	
7250	Miscellaneous Office Expense	143.73	16.00	23.96%	371.52	94.00	600.00	228.48	38.08%	
7260	Legal Notices	-	-	0.00%	645.69	661.26	4,000.00	3,354.31	83.86%	
7280	LAFCO Memberships	-	-	0.00%	3,111.00	3,041.00	4,400.00	1,289.00	29.30%	
7285	Records Storage & Security	785.40	-	15.71%	2,801.26	-	5,000.00	2,198.74	43.97%	
7290	Litigation Reserve	-	-	0.00%	-	-	100.00	100.00	100.00%	
7300	Depreciation	117.00	139.00	0.00%	349.00	415.00	-	(349.00)	0.00%	
	Total Expense	62,755.03	47,584.69	8.03%	180,108.24	137,558.26	781,991.00	601,882.76	76.97%	
	Net Ordinary Income (Loss)	(62,755.03)	(47,569.69)		580,938.04	508,648.74	(20,000.00)			
	Other Income/(Expense):									
8110	From Unreserved Funds	-	-	-	-	-	20,000.00	-		
	Total Other Income/(Expense)	-	-	-	-	-	20,000.00	-		
	Net Income (Loss)	\$ (62,755.03)	\$ (47,569.69)		\$ 580,938.04	\$ 508,648.74	\$ -			

LAFCO of Monterey County
Income and Expense Budget Performance - Detail
September 30, 2013

ACCT #	Income:	% of Budget				Adopted Budget	Remaining Budget	% of	
		Sept 13	Sept 12	Sept 13 Spent	July 13 - Sept 13				
4000	Fees- Project	\$ -	\$ 15.00	0.00%	\$ 10,552.27	\$ 15.00	\$ 10,000.00	\$ 552.27	5.52%
4205	County Contributions	-	-	0.00%	250,164.00	215,397.00	250,164.00	-	0.00%
4210	City Contributions	-	-	0.00%	250,164.01	215,397.00	250,164.00	0.01	0.00%
4220	District Contributions	-	-	0.00%	250,166.00	215,398.00	250,163.00	3.00	0.00%
4300	Interest	-	-	0.00%	-	-	1,500.00	(1,500.00)	-100.00%
	Total Income	-	15.00	0.00%	761,046.28	646,207.00	761,991.00	(944.72)	-0.12%

ACCT #	Expense:	% of Budget				Adopted Budget	Remaining Budget	% of	
		Sept 13	Sept 12	Sept 13 Spent	July 13 - Sept 13				
6000	Employee Salaries-Other	28,212.70	1,200.00	6.90%	4,000.01	10,800.00			
6002	Regular Earnings	28,212.70	19,249.60	6.90%	94,429.93	67,373.60		75.93%	
6006	Flex Plan Salaries	270.06	284.71		824.83	854.13			
6007	Management Expense Allowance	50.00	50.00		150.00	150.00			
6010	Accrued Leave	2,216.29	1,999.56		(26,516.04)	1,223.56			
6011	Car Allowance	400.00	400.00		1,200.00	1,200.00			
6101	Payroll Expenses	591.66	301.57		2,367.65	1,050.17			
6102	Worker's Compensation Insurance	616.66	306.66		2,127.17	920.00			
6103	Employee Memberships	-	-		718.00	638.00			
6104	Deferred Comp Plan Contribution	1,740.18	1,193.48		5,854.62	3,984.68			
6105	PERS Retirement	3,203.78	2,829.32		11,131.47	10,239.49			
6110	PERS Health - Other	36.03	2.35		51.11	12.58			
6111	PERS Health - Med ER Non-Elective	575.00	224.00		1,380.00	672.00			
6112	PERS Health - Med ER Pre Tax	2,778.77	1,453.75		8,461.44	4,361.25			
6131	LIFE	285.60	61.35		428.40	184.05			
6132	ADD	48.00	12.00		72.00	36.00			
6133	Dental	657.54	321.41		1,537.76	964.23			
6134	Vision	77.34	35.22		175.78	105.66			
6135	LTD	541.40	208.60		1,082.80	625.80			
6136	EAP	26.80	26.80		80.40	80.40			
6139	STD	117.54	48.29		235.08	144.87			
7294	Accrued Leave Reserve	-	-		27,567.96				
7000	Employee Benefits	14,243.65	9,759.07	7.14%	38,930.43	27,446.87	199,445.00	160,514.57	80.48%
7010	Postage and Shipping	387.03	140.58	15.48%	520.03	195.58	2,590.00	1,979.97	79.20%
7030	Books and Periodical	-	306.81	0.00%	238.00	544.81	1,000.00	762.00	76.20%
7040	Copy Machine	315.70	302.49	7.02%	917.54	888.10	4,500.00	3,582.46	79.61%
7060	Office Supplies	269.49	-	6.74%	877.01	-	4,000.00	3,122.99	78.07%
7080	Computer Hardware/Peripherals	180.06	-	4.06%	1,170.93	-	4,500.00	3,329.07	73.98%
7085	Computer Support Svcs Fixed Costs	-	-	0.00%	-	97.41	7,000.00	7,000.00	100.00%
7090	Computer Support Svcs Variable Costs	1,298.34	-	18.55%	1,298.34	-	7,000.00	5,701.66	81.45%
7100	Computer Software	600.00	-	10.00%	600.00	-	6,000.00	5,400.00	90.00%
7105	Meeting Broadcast Services	-	-	0.00%	-	-	2,500.00	2,500.00	100.00%
7110	Property and Gen Liability Insurance	341.14	380.03	6.20%	1,023.42	1,140.09	3,300.00	3,300.00	100.00%
7120	Office Maintenance Services	-	-	0.00%	-	-	5,500.00	4,476.58	81.39%
7140	Travel	4,285.95	6.00	0.14%	5,671.41	6.00	7,000.00	1,328.59	18.98%
7150	Training, Conferences & Workshops	80.12	4,796.60	0.94%	4,255.19	4,796.00	8,500.00	4,244.81	49.94%
7160	Vehicle Mileage	501.49	248.09	25.07%	501.49	248.09	2,000.00	1,498.51	74.93%
7170	Rental of Buildings	1,926.28	2,027.66	8.27%	5,778.84	6,082.98	23,300.00	17,521.16	75.20%
7200	Telephone Communications	650.40	325.56	13.01%	1,202.24	1,217.38	5,000.00	3,797.76	75.96%
7230	Temporary Help Services (Clerical)	3,000.00	3,000.00	8.00%	6,000.00	6,000.00	37,500.00	31,500.00	84.00%
7242	Outside Prof. Services: Accounting	414.96	1,187.80	3.19%	4,143.96	1,591.32	13,000.00	12,585.04	96.81%
7245	General and Special Legal Services	5,000.00	4,500.00	38.46%	5,000.00	4,500.00	13,000.00	8,000.00	61.54%
7248	Outside Prof. Services: Annual Audit	143.73	16.00	23.96%	371.52	94.00	600.00	228.48	38.08%
7260	Miscellaneous Office Expense	-	-	0.00%	-	-	4,000.00	3,354.31	83.86%
7280	Legal Notices	785.40	-	0.00%	3,111.60	3,041.00	4,000.00	2,198.74	43.97%
7285	LAFCO Memberships	-	-	15.71%	2,801.26	-	5,000.00	100.00	100.00%
7290	Records Storage & Security	-	-	0.00%	-	-	100.00	(349.00)	0.00%
7300	Litigation Reserve	117.00	139.00	0.00%	349.00	415.00	-	-	-
	Depreciation	62,755.03	47,584.69	8.03%	180,108.24	137,558.26	781,991.00	601,882.76	76.97%
	Total Expense	(62,755.03)	(47,569.69)		580,938.04	508,648.74	(20,000.00)		
	Net Ordinary Income (Loss)								
8110	Other Income/(Expense):	-	-		-	-	20,000.00	-	
	From Unreserved Funds	-	-		-	-	20,000.00	-	
	Total Other Income/(Expense)								
	Net Income (Loss)				\$ (62,755.03)	\$ (47,569.69)	\$ 580,938.04	\$ 508,648.74	

LAFCO of Monterey County
Income and Expense by Month
September 30, 2013

	July 13	Aug 13	Sept 13	Total
Ordinary Income/Expense				
Income:				
4000 · Fees: Project	7,927.27	\$ 2,625.00	\$ -	\$ 10,552.27
4205 · County Contributions	250,164.00	-	-	250,164.00
4210 · City Contributions	250,164.01	-	-	250,164.01
4220 · District Contributions	250,166.00	-	-	250,166.00
Total Income	758,421.28	2,625.00	-	761,046.28
Expense:				
6000 · Employee Salaries	31,421.22	38,796.02	28,212.70	98,429.94
6100 · Employee Benefits	8,849.52	15,837.26	14,243.65	38,930.43
7000 · Postage and Shipping	97.20	35.80	387.03	520.03
7010 · Books and Periodical	238.00	-	-	238.00
7030 · Copy Machine	286.14	315.70	315.70	917.54
7040 · Outside Printers	607.52	-	269.49	877.01
7060 · Office Supplies	531.99	458.88	180.06	1,170.93
7085 · Computer Support Svcs Fixed Costs	-	-	1,298.34	1,298.34
7090 · Computer Support Svcs Variable Cos	-	-	600.00	600.00
7110 · Property and Gen Liability Insurance	341.14	341.14	341.14	1,023.42
7140 · Travel	169.00	1,216.46	4,285.95	5,671.41
7145 · Calafco Travel Expenses	106.49	(108.08)	1.59	-
7150 · Training, Conferences & Workshops	3,545.07	630.00	80.12	4,255.19
7160 · Vehicle Mileage	-	-	501.49	501.49
7170 · Rental of Buildings	1,926.28	1,926.28	1,926.28	5,778.84
7200 · Telephone Communications	170.74	381.10	650.40	1,202.24
7242 · Outside Prof. Services: Accounting	-	3,000.00	3,000.00	6,000.00
7245 · General and Special Legal Services	-	-	414.96	414.96
7248 · Outside Prof. Services: Annual Audit	-	-	5,000.00	5,000.00
7250 · Miscellaneous Office Expense	-	227.79	143.73	371.52
7260 · Legal Notices	381.15	264.54	-	645.69
7280 · LAFCO Memberships	3,111.00	-	-	3,111.00
7285 · Records Storage & Security	1,021.02	994.84	785.40	2,801.26
7300 · Depreciation	118.00	114.00	117.00	349.00
Total Expense	52,921.48	64,431.73	62,755.03	180,108.24
Net Income/(Loss)	\$ 705,499.80	\$ (61,806.73)	\$ (62,755.03)	\$ 580,938.04

**LAFCO of Monterey County
Accounts Receivable Summary
As of September 30, 2013**

Accounts Receivable-For Fiscal Year Ending 6/2014:

Description	Date	Amount
Cachagua FPD	7/1/2013	\$ 46.00
Gonzales Cemetery District	7/1/2013	145.00
Greenfield	7/1/2013	6,699.64
Marina Coast Water District	7/1/2013	25,690.00
Mission-Soledad FPD	7/1/2013	239.00
Monterey Co. Resource Conservation	7/1/2013	1.00
North County FPD	7/1/2013	8,762.00
San Lucas County Water District	7/1/2013	250.00
Santa Lucia CSD	7/1/2013	7,769.00
Soledad Community Health Care	7/1/2013	13,722.00
	ACCT # 1225	\$ 63,323.64

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LAFCO of Monterey County
Equipment Summary
As of September 30, 2013

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	2,268.22
Credenza	9/1/2006	516.20	516.20
Computer Equipment	9/20/2006	3,120.20	3,120.20
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	908.00
Microsoft Office Pro 2010 Software	6/30/2010	2,041.24	2,041.24
Acrobat V.9 Computer Software	6/30/2010	445.88	445.88
Ergonomic Chair	6/29/2010	502.51	332.00
ThinkPad W510 Laptop	6/30/2010	2,146.73	1,745.00
SNAP OUT Telephone System	7/28/2010	2,185.00	1,421.00
Apple Mhair 13.3 CTO Laptop	6/14/2013	1,990.68	289.00
	ACCT # 1500	<u>\$ 23,906.06</u>	
		ACCT # 1550	<u>\$ 20,800.65</u>

LAFCO of Monterey County
 Accounts Payable Summary
 As of September 30, 2013

Accounts Payable:

Vendor	Description	Date	Inv#	Amount
Bianchi, Kasavan & Pope, LLP	Progress Billing Audit Services #1	9/30/2013	177337	\$ 5,000.00
CalPers Health	October Health Insurance	9/16/2013	Oct 2013	4,420.92
Corporate Express	Credit on Returned Supplies	6/17/2008	88070801	(43.97)
County of Monterey, Information Technology	Computer Support Services through 8/23/13	9/30/2013	Dept 812 P/E 8/23/13	1,322.67
Office of County Counsel-County of Monterey	Legal Services through 8/31/13	9/30/2013	13-000223	414.96
Rabobank Visa Card	Hotel Reservations in Squaw Valley for Conference; Fed Ex	9/25/2013	P/E 9/25 X3302	4,048.61
SlingShot Connections	Temporary Help: Jimenez, Alma For Week Ending 9/22/13	9/25/2013		209.44
SlingShot Connections	Temporary Help: Jimenez, Alma For Week Ending 9/29/13	8/31/2013	2049	209.44
			ACCT # 2000	<u>\$ 15,582.07</u>



**LAFCO of Monterey County
Accrued Leave Summary
As of September 30, 2013**

Executive Officer and Analyst Positions:

Employee	Title	Total Hours of Accrued Annual Leave *	Hourly Rate	Annual Leave Book Value
Kate McKenna	Executive Director	482.52	75.00	\$ 36,189.00
Darren McBain	Senior Analyst	42.48	39.15	1,663.09
Mari Rodin	Associate Analyst	21.24	33.84	718.76
				\$ 38,570.85

Clerk / Administrative Secretary Position:

Employee	Accrued Sick Leave	Accrued Vacation **	Hourly Rate	Sick Leave Book Value	Vacation Book Value
Gail Lawrence	23.44	50.42	25.91	\$ 607.33	\$ 1,306.38

Annual Leave \$ 38,570.85
Sick Leave 607.33
Vacation 1,306.38

ACCT # 2220 \$ 40,484.56

Executive Officer and Senior Analyst Positions:

* Maximum of 250 or 850 hours of Annual Leave may be accrued. This is a general description of benefits only. Actual benefits are defined in individual employment agreements.

Clerk/Admin Secretary Position:

** Maximum of 260 hours of Accrued Vacation may be accrued. This is a general description of benefits only. Actual benefits are defined in employment agreement.

LAFCO of Monterey County
 Detail of Encumbrances
 As of September 30, 2013

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
10-11 Budget Carryover		500.00	5,895.00
11-12 Budget Carryover		500.00	6,395.00
12-13 Budget Carryover		500.00	6,895.00
		ACCT # 3710	\$ 6,895.00

*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 September 30, 2013

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		30,000.00
6/30/2011	Transfer from Unreserved Fund		174,950.70
7/1/2011	11/12 Budget Amount		30,000.00
7/1/2012	12/13 Budget Amount		25,000.00
7/1/2013	13/14 Budget Amount		100.00
		ACCT # 3800	\$ 300,036.51

*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. 9**

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: December 2, 2013
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **2013 LEGISLATIVE REVIEW AND 2014 LEGISLATIVE AGENDA OF THE CALIFORNIA ASSOCIATION OF LOCAL AGENCY FORMATION COMMISSIONS**

SUMMARY OF RECOMMENDATION:

It is recommended that the Commission receive this report for information only, or provide direction regarding the legislative activities of the California Association of Local Agency Formation Commissions.

EXECUTIVE OFFICER'S REPORT:

This report provides information about new laws taking effect on January 1, 2014 and discusses proposed legislative priorities and policies of the California Association of Local Agency Formation Commission (CALAFCO). The report also transmits a recent bulletin about other CALAFCO activities.

LAFCO-Related Legislation Chaptered in 2013

Minor, technical changes in the Cortese-Knox-Hertzberg Local Government Reorganization Act of Act of 2000 were chaptered in 2013. Attachment 1 highlights these changes. Local LAFCO policies and procedures were reviewed for compliance with the law. No local updates are needed this year.

Annual Review of 2014 Legislative Policies

Attachment 1 also discusses the upcoming legislative session and intended areas of advocacy by CALAFCO. CALAFCO requests input on additions or changes to 2013 Legislative Policies and

priorities. The CALAFCO Board will consider input from member LAFCOs in February, and will adopt 2014 policies and priorities at that time. Based on that guidance, the CALAFCO Legislative Committee will review all LAFCO-related legislation and recommend actions by the Board of Directors. Member LAFCOs will have the opportunity to comment on legislation to CALAFCO, or directly to legislators, throughout the season.

Annual review of CALAFCO's legislative policies by the LAFCO of Monterey County is an early opportunity to help shape CALAFCO's issues and positions for the coming legislative season. While no comments are suggested by the Executive Officer at this time, the Commission may direct the Executive Officer to take action.

Quarterly CALAFCO Bulletin

Attachment 2 is a November 2013 report on various activities of the CALAFCO Board of Directors, including a UC Davis-CALAFCO Symposium that Commissioner Darington and the Executive Officer will attend on December 9.

ALTERNATIVE ACTIONS:

In lieu of accepting this report as information only, the Commission may direct the Executive Officer to forward comments to the CALAFCO Board of Directors.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments:

1. 2014 Legislative Issues and Policies, November 8, 2013 Report from the CALAFCO Executive Director to the Board of Directors (includes a copy of the current CALAFCO 2013 Legislative Policies).
2. CALAFCO Quarterly Bulletin, November 2013



BOARD OF DIRECTORS MEETING STAFF REPORT

8 November 2013

Agenda Item No. 7 2014 Legislative Issues and Policies

Prepared By: Pamela Miller, Executive Director

Date: 8 November 2013

RECOMMENDATION

1. Provide direction or input to Legislative Committee, as appropriate, on 2014 Legislative Issues and Policies.

DISCUSSION

Legislative Update

The CALAFCO Legislative Committee will hold its first meeting via conference call on 19 November and its first in person meeting for the first year of the 2013-2014 Legislative Session on Friday, 6 December in San Diego. During the 19 November meeting, the committee will be identifying early priority items to start work on ahead of the first working meeting in December. At the first working meeting, the committee will have three primary objectives; 1) Consider legislative initiatives proposed by CALAFCO members and committee members; 2) Conduct the annual review of the CALAFCO Legislative Policies; and (3) Consider setting guidelines for prioritizing bills tracked by CALAFCO.

At the time of this writing the Rules Committee had not yet adopted the 2014 Legislative calendar. Typically legislative proposals are due to Legislative Counsel the third week in January for drafting, bills are introduced by the third week in February, and committee bills are introduced no later than the end of March.

A call for suggestions for legislative issues and proposals was made in mid-October to the Executive Officers with an 8 November deadline. Staff will provide an overview at your meeting on 8 November of issues and proposals received to date. Your input and direction will be valued by the Legislative Committee as it begins its work for the session.

At the close of the last year's session there were several bills being tracked that ended up either failing to pass or vetoed by the Governor. In summary they are:

- *AB 453 (Mullin) Sustainable Communities Grants – failed to pass*
- *AB 678 (Gordon) Health Care Districts and Community Needs Assessments – failed to pass*
- *SB 56 (Roth) Local Government Finance: Property Tax reallocation – failed to pass*
- *AB 1235 (Gordon) Local Agencies Financial Management Training – vetoed by Governor*

A more comprehensive legislative report is included as an attachment to this report.

In anticipation of the 2014 session, your Board has already directed staff and the Committee to make the proposed changes in Government Code §56133 a priority and begin the work of a two-year bill in the 2014-2015 session. Other ideas left on the table include:

- ***Disincorporation Law.*** Current state law is out-of-date with respect to municipal consolidations and mergers. Orange County LAFCo arranged at CALAFCO U course that examined the issues in depth and prepared an excellent White Paper on the legislative questions. Because there is a potential for a disincorporation - or certainly many people are looking at the law - it may be worthy of the Committee's effort to update the law. This was not pursued by the Committee last year, and may be reconsidered this year.
- ***Protest Provisions.*** Now that all the provisions are in one section, bringing consistency to the provisions and eliminating conflicting and confusing provisions should occur. This was not addressed by the Committee last year, and may be reconsidered this year.

Additionally, it is anticipated that the feedback from the Executive Officers and Committee members will include changing the SOI/MSR cycle from 5 to 7 years and a number of changes for the annual Omnibus Bill.

Furthermore, we are wrapping up our work with the Senate Governance and Finance Committee in updating *It's Time to Draw the Line, A Citizen's Guide to LAFCOs.*

Legislative Policies

At the November, 2007 meeting your Board adopted a new and comprehensive set of legislative policies and procedures. The Legislative Policies serve as the guideposts for the Legislative Committee and the work of staff during the legislative session and with other stakeholders. The CALAFCO legislative procedure calls for the Board's annual review and adoption of the policies.

In anticipation of the Legislative Committee's review of the 2013 policies (as adopted by your Board on 3 May 2013), your Board may want to provide input on additions or changes to the policies. The Committee will review the policies on 6 December and may propose changes for your Board to consider at your February, 2014 meeting.



CALAFCO 2013 Legislative Policies

As amended by the Board of Directors on 3 May 2013

1. LAFCo Purpose and Authority

- 1.1. Support legislation which enhances LAFCo authority and powers to carry out the legislative findings and authority in Government Code §56000 et. seq.
- 1.2. Support authority for each LAFCo to establish local policies to apply Government Code §56000 et. seq. based on local needs and conditions, and oppose any limitations to that authority.
- 1.3. Oppose additional LAFCo responsibilities which require expansion of current local funding sources. Oppose unrelated responsibilities which dilute LAFCo ability to meet its primary mission.
- 1.4. Support alignment of responsibilities and authority of LAFCo and regional agencies which may have overlapping responsibilities in orderly growth, preservation, and service delivery, and oppose legislation or policies which create conflicts or hamper those responsibilities.
- 1.5. Oppose grants of special status to any individual agency or proposal to circumvent the LAFCo process.
- 1.6. Support individual commissioner responsibility that allows each commissioner to independently vote his or her conscience on issues affecting his or her own jurisdiction.

2. LAFCo Organization

- 2.1. Support the independence of LAFCo from local agencies.
- 2.2. Oppose the re-composition of any LAFCo to create special seats and recognize the importance of balanced representation provided by cities, the county, the public, and special districts in advancing the public interest.

- 2.3. Support representation of special districts on all LAFCos in counties with independent districts and oppose removal of special districts from any LAFCo.
- 2.4. Support communication and collaborative decision-making among neighboring LAFCos when growth pressures and multicounty agencies extend beyond a LAFCo's boundaries.

3. Agricultural and Open Space Protection

- 3.1. Support legislation which clarifies LAFCo authority to identify, encourage and insure the preservation of agricultural and open space lands.
- 3.2. Encourage a consistent definition of agricultural and open space lands.
- 3.3. Support policies which encourage cities, counties and special districts to direct development away from prime agricultural lands.
- 3.4. Support policies and tools which protect prime agricultural and open space lands.
- 3.5. Support the continuance of the Williamson Act and restoration of program funding through State subvention payments.

4. Orderly Growth

- 4.1. Support the recognition and use of spheres of influence as a management tool to provide better planning of growth and development, and to preserve agricultural, and open space lands.
- 4.2. Support recognition of LAFCo spheres of influence by other agencies involved in determining and developing long-term growth and infrastructure plans.

As amended by the Board of Directors on 3 May 2013

- 4.3. Support orderly boundaries of local agencies and the elimination of islands within the boundaries of agencies.
- 4.4. Support communication among cities, counties, and special districts through a collaborative process that resolves service, housing, land use, and fiscal issues prior to application to LAFCo.
- 4.5. Support cooperation between counties and cities on decisions related to development within the city's designated sphere of influence.

5. Service Delivery and Local Agency Effectiveness

- 5.1. Support the use of LAFCo resources to prepare and review Regional Transportation Plans and other growth plans to ensure reliable services, orderly growth, sustainable communities, and conformity with LAFCo's legislative mandates.
- 5.2. Support LAFCo authority and tools which provide communities with local governance and efficient service delivery options, including the authority to impose conditions that assure a proposal's conformity with LAFCo's legislative mandates.
- 5.3. Support the creation or reorganization of local governments in a deliberative, open process which will fairly evaluate the proposed new or successor agency's long-term financial viability, governance structure and ability to efficiently deliver proposed services.
- 5.4. Support the availability of tools for LAFCo to insure equitable distribution of revenues to local government agencies consistent with their service delivery responsibilities.
- 5.5. Support collaborative efforts among agencies and LAFCOs that encourage opportunities for sharing of services, staff and facilities to provide more efficient and cost effective services. Support legislation which provides

LAFCo with additional opportunities to encourage shared services.

2013 Legislative Priorities

Primary Issues

Viability of Local Services Support legislation that maintains or enhances LAFCo's ability to review and act to determine the efficient and sustainable delivery of local services and the financial viability of agencies providing those services to meet current and future needs. Support legislation which provides LAFCo and local communities with options for local governance and service delivery, including incorporation as a city, formation as a special district, or reorganizations or dissolutions to ensure efficient, effective, and quality service delivery. Support efforts which provide tools to local agencies to address aging infrastructure, fiscal challenges and maintain services.

Authority of LAFCo Support legislation that maintains or enhances LAFCo's authority to condition proposals to address any or all financial, growth, service delivery, and agricultural and open space preservation issues. Support legislation that maintains or enhances LAFCo's ability to make decisions regarding boundaries and formations, as well as to enact recommendations related to the delivery of services and the agencies providing them including consolidations, reorganizations or dissolutions.

Agriculture and Open Space Protection Preserve prime agriculture and open space lands that maintain the quality of life in California. Support policies that recognize LAFCo's mission to protect and mitigate the loss of prime agricultural and open space lands and that encourage other agencies to coordinate with local LAFCOs on land preservation and orderly growth. Support efforts that encourage the creation of habitat conservation plans.

CALAFCO 2013 Legislative Policies

As amended by the Board of Directors on 3 May 2013

3

Water Availability Promote adequate water supplies and infrastructure planning for current and planned growth. Support policies that assist LAFCo in obtaining accurate and reliable water supply information to evaluate current and cumulative water demands for service expansions and boundary changes including impacts of expanding water company service areas on orderly growth, and the impacts of consolidation or dissolution of water companies providing services.

annexation of contiguous disadvantaged unincorporated communities under study and watch by the CALAFCO Legislative Committee and Board of Directors. Through efficient and effective updates of Municipal Service Reviews, Spheres of Influence, and other studies, promote adequate and sustainable levels of service delivery.

Issues of Interest

Housing Provision of territory and services to support housing plans consistent with regional land use plans and local LAFCo policies.

Transportation Effects of Regional Transportation Plans and expansion of transportation systems on future urban growth and service delivery needs, and the ability of local agencies to provide those services.

Flood Control The ability and effectiveness of local agencies to maintain and improve levees and protect current infrastructure. Carefully consider and value of uninhabited territory, and the impact to public safety of uninhabited territory proposed for annexation to urban areas which is at risk for flooding. Support legislation that includes assessment of agency viability in decisions involving new funds for levee repair. Support efforts that encourage the creation of habitat conservation plans.

Adequate Municipal Services in Inhabited Territory Expedited processes for inhabited annexations should be consistent with LAFCo law and be fiscally viable. Promoting environmental justice for underserved inhabited communities, funding sources should be identified for extension of municipal services to these communities, including options for



News from the Board of Directors

CALAFCO QUARTERLY

November 2013

CALAFCO WELCOMES TEHAMA LAFCO TO THE ASSOCIATION

We are proud to welcome Tehama LAFCo as a member of the Association. Look for a full article on Tehama LAFCo in the next edition of *The Sphere*.

2014 Annual Conference Update

At their November 8 meeting, the CALAFCO Board decided to move the conference to the new dates of October 15 – 17 so as not to conflict with the California Special Districts Association (CSDA) annual conference, which is scheduled for the same dates as the September dates. We are still at the DoubleTree by Hilton in Ontario with our host San Bernardino LAFCo. We are looking forward to a great conference with lots of things to do and see in Ontario. More information about the conference will be available soon. For now, mark your calendars for **OCTOBER 15 – 17, 2014!**

2014 Staff Workshop

The 2014 Staff Workshop is scheduled for **April 23 – 25, 2014** at the DoubleTree by Hilton in the Berkeley Marina. Our host for the workshop is Alameda and the Bay area LAFCos. The Host and Program Committees have begun their planning and details will be made available soon.

CALAFCO Board 2014 Committees

The CALAFCO Board appointed members to the 2014 standing committees are as follows:

Legislative Committee

Gay Jones
William Kirby
John Leopold
Mike McGill
Eugene Montanez
Josh Susman
Robert Bergman (a)
James Curatalo (a)
Mary Jane Griego (a)
Juliana Inman (a)
Ted Novelli (a)

Nominations Committee

Julie Allen
Mary Jane Griego
Juliana Inman
Mike Kelley
Elliot Mulberg (Chair)

Awards Committee

Larry Duncan
Mary Jane Griego (Chair)
John Leopold
Ted Novelli
Stephen Tomanelli
Josh Susman
Roger Welt

2014 Annual Conference

James Curatalo (Chair)
Stephen Tomanelli



CALAFCO U Courses for 2014

CALAFCO staff is in the process of finalizing the schedule of sessions for the first half of 2014 with topics that include the Protest Process, in January in southern California; LAFCo Best Practices (content taken from the Projects of the Year nominations) in early spring in Sacramento, and another in June on LAFCo lawsuits and how to prepare for and deal with them successfully.

LAFCo Symposium – December 9, 2013

UC Davis Extension and CALAFCO are co-sponsoring a one day symposium in Sacramento to celebrate the 50th birthday of LAFCo. Mark your calendars to join us for lively panel discussions on hot issues facing LAFCos today, and hear our special keynote

speaker the Honorable Robert Hertzberg.

Details and registration information are available on the CALAFCO website.

2013 Annual Conference in Squaw Valley a Success

328 commissioners, staff, associate members and guest speakers attended the annual conference held in Squaw Valley this past August.

There was good representation of LAFCos, with 48 of the 57 member LAFCos represented. Evaluation results showed a positive overall rating of 5.1 on a 6.0 scale. Participants mentioned the quality of the session topics, the location and venue, the banquet dinner and program, and the value of networking opportunities as some of the highlights.

Financially the conference met the goals established by the Board. Our thanks to Placer, Nevada and El Dorado LAFCos for hosting, Josh Susman (Nevada LAFCo) as Committee Chair, and Sam Martinez (San Bernardino LAFCo) as Program Chair.

CALAFCO Board Actions

During their regular meeting on November 8, the Board addressed several administrative issues including:

- ◆ The quarterly financial reports were reviewed and the budget is on track for the year. All financial reports are located on the website.
- ◆ Approved recommended LAFCo staff appointments to the 2014 Legislative Committee.
- ◆ Directed the newly formed Recruitment and Nominations Committee to review the current absentee ballot voting policy and potential use of absentee ballots in the case of a run-off election, and report to the Board in February on any recommendations.
- ◆ Approved the contract renewal for Pamela Miller as the Association's Executive Director.
- ◆ Approved the contract renewal for Jeni Tickler as the Association's Administrator.

Legislative Activities

The 2013 legislative year saw 2,264 bills introduced, of which 805 were chaptered and 96 were vetoed. CALAFCO's bills included AB 1427 (Omnibus) and AB 743 (Logue), both of which were signed into law. The other CALAFCO bill, AB 453 (Mullin) died in Senate Appropriations. A full report on the 2013 legislative year is located on the CALAFCO website.

The legislature will reconvene on January 7, 2014. CALAFCO's Legislative Committee is scheduled to meet via conference call on November 25th, and in person on December 6th. During their November 8th meeting, the Board gave consensus for the Legislative Committee to consider legislation that would change the MSR/SOI cycle from every 5 years to every 8 years, to coincide with the housing element update cycle. The Board also gave direction to the Legislative Committee to conduct outreach to freshman legislators who have been a LAFCo Commissioner as a way to build relations and partner with them on potential future LAFCo legislation.



these parcels to the District. The purpose of the proposal is to allow the residences to connect to the District's sanitary sewer system, either now or in the future.

The subject parcels are located on the west side of Highway 1; please see the attached location map (Attachment 1), which includes the individual parcel numbers and names of the property owners. The parcels are immediately adjacent to a parcel that is within the District's existing boundary, having been annexed in 2009 (LAFCO file 08-07).

This item was originally noticed for the August 26, 2013 LAFCO meeting. Owners of several of the subject properties attended the August meeting and expressed concerns. The Commission continued the item to its October 28 meeting to allow the primary applicant's representative to coordinate with the other property owners to finalize per-parcel association costs, timing, and logistics.

During that process, the owners of one property included in the original proposal decided to opt out of the annexation (Charles residence, on the proposal's northern periphery). The Carmel Area Wastewater District Board approved the downsized proposal boundaries at its October 24 meeting. The primary applicant's representative has stated to staff that all other property owners in the original proposal are now in support of the annexation. There are no known unresolved issues associated with the proposed action. The County of Monterey and the District support the proposal.

Proposed Highlands Point Sanitary Association

The subject properties are part of a private association being formed to share expenses for privately owned improvements (sanitary lines and pump station) that will connect to the District's sanitary lines. Annexation to the District does not require a property owner to pay into the association. Participation in the association is voluntary, and the association is not subject to LAFCO oversight. However, it would be more costly and less practical for any one owner of these properties in the future to bypass the association and connect to the District's infrastructure on his or her own.

The parcels are developed with seven existing residences and two new residences under construction. The County's approved development permits for the Cappo residence, currently under construction, required annexation to the District's sanitary lines. The other properties are on septic systems. Annexation to the District would not require property owners other than Mr. Cappo to connect to the District's sanitary lines. Upon annexation, owners of each annexed property would gain the option to voluntarily connect to the District, either immediately or at a future date.¹

The District's connection fee is currently approximately \$3,500 per residential unit. The District also requires a bond repayment cost of \$11,760 per single-family residential dwelling

¹ Pursuant to existing County regulations, property owners may be required to connect to sanitary sewer if their septic systems were to fail or if they were to propose a residential project (e.g. additional bedrooms or change of use) that would intensify wastewater generation beyond the capacity of the property's septic system.

in the Highlands area. The District has deferred these costs until time of connection, as opposed to requiring payment upon annexation. There would be additional, privately arranged association costs to offset Mr. Cappo's up-front design, engineering, and permitting expenditures. Each property owner wishing to connect to the District via the private infrastructure currently under construction as part of the Cappo project would be subject to these additional costs that are set and agreed upon by the association.

Background

There are no known well contamination issues on any of the subject parcels in this proposal. However, Carmel Highlands in general has experienced numerous problems with septic systems and contaminated water wells because of the area's fractured granite bedrock, which is inefficient at dispersing wastewater downward and away from wells. In 2007, the Regional Water Quality Control Board alerted the County to an immediate potential threat to the public health, safety and welfare posed by permitting additional on-site wastewater disposal systems on individual lots in the Carmel Highlands.

At the direction of the Regional Water Quality Control Board, the County of Monterey developed a plan for comprehensively addressing septic system-based wastewater management practices and requirements in the overall Carmel Highlands area (roughly Point Lobos to Malpas Creek). The Carmel Highlands Onsite Wastewater Management Plan (OWMP) was adopted by the Board of Supervisors in December 2009. The Central Coast Regional Water Quality Control Board approved the OWMP in February 2010.

To date, funding and other constraints have impaired full implementation of the OWMP's recommendations. Annexation of the subject parcels to the District is, however, an incremental step toward a comprehensive long-term solution to the existing public health and safety threat that exists in the overall Carmel Highlands area.

Sphere of Influence and Annexation Analysis

A Sphere of Influence expansion is needed because the nine parcels proposed for annexation are adjacent to, but not currently within, the District's Sphere of Influence. Prior to approving a Sphere of Influence expansion, the Commission must consider and prepare a written statement relating to present and planned land uses, the need for, and present capacity of, public facilities and services, and the existence of any relevant social or economic communities of interest. These considerations, as well as the additional factors that the Commission must consider in the review of an annexation proposal, are addressed in the attached draft resolution.

The draft resolution's determinations support approval of the proposed Sphere of Influence expansion and annexation. In addition, the District's Municipal Service Review, which LAFCO approved in June 2006, supports expansion of the District into the Highlands area.

Carmel Area Wastewater District Facilities

The District's treatment facility is adjacent to the Carmel River on the west side of Highway 1. Current average dry weather flow (ADWF) is approximately 1.8 MGD which represents

60% of the permitted capacity under the District's National Discharge Permit Eliminate System (NPDES) permit for treatment and disposal of up to 3.0 MGD average dry weather flow. All ten of the properties proposed for annexation would contribute an estimated total of less than 3,000 gallons per day of additional wastewater, if they were all to connect to the District's sanitary system. At less than one quarter of one percent of the District's current surplus capacity, this added flow will have little impact on the District treatment capacity.

Public Agency Referrals and Public Noticing

LAFCO staff referred the proposal to public agencies for review and comment on June 12, 2013. The application was legally noticed for an August 26, 2013 hearing in the Monterey County Herald, on August 2, 2013. Notice of the hearing was also posted on the LAFCO website and at the County Government Center and LAFCO office, and mailed to all known interested agencies, organizations and individuals. LAFCO has fully complied with all requirements and procedures for public agency referrals and public noticing.

In addition, though not required to do so by State law since 2012, LAFCO mailed hearing notices for the original August 26, 2013 LAFCO hearing to property owners and voters within a 300-foot radius of the proposed annexation, as well as to the owners of the ten original (now nine) subject properties, 21 days before the meeting date. Staff also mailed courtesy copies of the August 26 agenda and Executive Officer report to the property owners when those materials became available.

LAFCO staff met with the primary applicant and several neighbors in early October. Staff has not received any additional questions or concerns. No property owners attended the October 28 LAFCO meeting, at which this item was continued to December 2. As of this writing the primary applicant's representative has indicated to staff that, after additional coordination with the property owners, all owners now support the proposal. However, no written confirmations to this effect were provided to staff. Staff will mail courtesy copies of the December 2 meeting agenda and Executive Officer report to all owners of the subject parcels as soon as those materials are available in the week of November 25.

District/County Tax Transfer

The proposed annexation will have no effect on existing property tax allocations. The Monterey County Board of Supervisors approved a "Zero Property Tax Transfer" on July 30, 2013 (Resolution No: 13-278). A copy of this resolution is on file in the LAFCO office.

Waiver of Conducting Authority ("Protest") Proceedings

Based on changes to Government Code section 56663 effective January 1, 2013, the Commission may waive Conducting Authority proceedings (also referred to as a protest hearing) unless written opposition is received prior to the close of the hearing. LAFCO staff has provided written notice of intent to waive the protest hearing process to owners of all ten of the subject properties. The draft resolution includes language formalizing the waiver of a protest hearing. If written opposition were to be received from a property owner, then State law would require a protest hearing for this proposal. The protest hearing cannot be held prior to the expiration of the 30-day reconsideration period referenced above. If a

protest hearing were to be needed, it would be scheduled for the January 2014 Commission meeting.

Environmental Determination

The County of Monterey is the Lead Agency for this proposal under the California Environmental Quality Act (CEQA). LAFCO is a Responsible Agency. In 2012 the County of Monterey analyzed the extension of sewer service to the ten subject properties (County file no. PLN120558), and adopted a Negative Declaration, indicating that the project will have no significant adverse environmental impacts. LAFCO staff has reviewed this determination. Within the draft resolution for this annexation, staff recommends that the Commission concur with this determination, based on its independent judgment of the application materials and the facts presented.

Agency Comments

The Monterey County Resource Management Agency submitted a memorandum on June 28, 2013 indicating that the agency had no comments or concerns with respect to the proposed annexation. The County has taken a proactive role in supporting annexation of this entire grouping of properties in a single action rather than “piecemeal” annexation of lots.

The Carmel Area Wastewater District's Board of Directors approved a resolution in support of the proposed annexation in 2012, including deferral of connection fees for the lots other than Mr. Cappo's. In October 2013, the District's Board reaffirmed its support for the current downsized proposal, including eight neighboring properties rather than the eleven that were contemplated in 2012. The resolution and supporting materials are on file in the LAFCO office.

Recommended Conditions of Approval

The recommended conditions of approval are contained in Sections 20 and 26 of the draft resolution. The proposal is approved subject to:

- a. Review and pre-clearance of the annexation by the United States Department of Justice pursuant to Section 5 of the Voting Rights Act;
- b. Completion of the reconsideration process described in Government Code section 56895;
- c. Preparation of a map and geographic description acceptable to the State Board of Equalization;
- d. Payment of all fees incurred in the processing of the application consistent with the LAFCO fee schedule, including the fee required by the State Board of Equalization;
- e. The applicant association's indemnification of LAFCO for any court costs and attorneys' fees that may be required by a court to pay as a result of such action, and
- f. Payment of Carmel Area Wastewater District connection fees and other costs determined by the District. Payment for the Cappo parcel shall be due upon completion of the currently proposed annexation. Fees for the eight other subject parcels is deferred for present purposes and shall be paid to the District prior to connecting to the District's wastewater system.

Conclusion

The proposed Sphere expansion and annexation are a substantial step toward implementing the longer-term public health goal of reducing the number of septic systems in the Carmel Highlands Area. The proposal is consistent with the factors to be considered in the review of a proposal for a Sphere of Influence update and annexation. These factors, and an analysis of the proposal's consistency with them, are included in the attached draft resolution. Staff recommends adoption of the attached resolution to approve the proposed Sphere of Influence amendment and annexation to the Carmel Area Wastewater District.

Reconsideration

Pursuant to Government Code 56895, after the Commission has adopted a resolution making determinations, any person or affected agency may file a written request with the LAFCO Executive Officer requesting amendments to or reconsideration of the resolution. The person or agency shall file the written request within 30 days of the adoption of the resolution by the LAFCO Commission making determinations.

Next Steps

Approval of this action will trigger the required "Reconsideration" period (please see the subsection above). As with all annexations in Monterey County, staff will also forward the Commission's approval to the U.S. Department of Justice (DOJ) for preclearance during this time. The DOJ has up to 60 days within which to respond. Following satisfactory completion of the preceding items, staff will file a Certificate of Completion with the County Recorder's Office (thereby effectuating the annexation), and will notify the State Board of Equalization.

Alternative Actions

In lieu of the recommended action, the Commission may act to deny the Sphere of Influence amendment and reorganization application or to amend the boundaries of the proposed Sphere expansion and/or reorganization. The Commission may also act to modify, delete, or add any appropriate conditions of approval for the proposal. Substantial changes to the draft resolution would require a continuation of the agenda item, with direction to the Executive Officer to prepare a new draft Resolution based on the Commission's findings.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments:

1. Location Map
2. Draft Resolution, including Annexation Map and Geographic Description
3. Adopted Negative Declaration (County of Monterey File No. PLN120558)

cc: Owners of subject properties
Robert Carver, AIA, Studio Carver
Drew Lander, CAWD
Bob Schubert, County of Monterey
Nikki Fowler, County of Monterey

RESOLUTION NO. 13-XX

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY MAKING DETERMINATIONS APPROVING THE PROPOSED "HIGHLANDS POINT SANITARY ASSOCIATION" ANNEXATION INVOLVING EXPANSION OF THE CARMEL AREA WASTEWATER DISTRICT SPHERE OF INFLUENCE AND ANNEXATION TO THE DISTRICT OF NINE SINGLE-FAMILY RESIDENTIAL PARCELS: APNs 241-182-004/005 (TO BE MERGED), 241-182-012, -015, -018, -020, -023, 024, -025, and -026. THE PARCELS ARE LOCATED WEST OF THE HIGHLANDS INN AND STATE ROUTE 1, APPROXIMATELY FIVE MILES SOUTH OF CARMEL-BY-THE-SEA. (LAFCO FILE 13-04)

RESOLVED, by the Local Agency Formation Commission of Monterey County, State of California, that

WHEREAS, an application for the proposed "Highlands Point Sanitary Association" annexation involving a review and update of the Sphere of Influence of the Carmel Area Wastewater District and annexation to the District of ten residential properties on approximately 9.8 acres, was filed and accepted for filing by the Executive Officer of this Local Agency Formation Commission, pursuant to Title 6, Division 1, commencing with Section 56000, et seq. of the Government Code; and

WHEREAS, the application was subsequently reduced to a total of nine parcels; and

WHEREAS, the parcels are developed with seven existing residences and two new residences under construction; and

WHEREAS, the purpose of the proposal is to allow these parcels to connect to the district's wastewater system; and

WHEREAS, Carmel Highlands is an area that has experienced severe problems with septic systems and contaminated water wells for many years, because of the fractured granite bedrock in the area; and

WHEREAS, In 2007 the Regional Water Quality Control Board alerted the County of Monterey to the immediate potential threat to the public health, safety and welfare posed by permitting additional on-site wastewater disposal systems on individual lots in the Carmel Highlands; and

WHEREAS, annexation to the District would not require owners of these nine existing properties to connect to the District's sanitary lines. Upon annexation, the individual property owners would gain the option to voluntarily connect to the District at a future date; and

WHEREAS, a Certificate of Filing was issued for the application on August 7, 2013; and

WHEREAS, the Carmel Area Wastewater District has passed a resolution in support of annexing the properties in question; and

WHEREAS, the affected territory is inhabited; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56658, set August 26, 2013 as the hearing date on this proposal and gave notice of hearing; and

WHEREAS, the public hearing by this Commission was held upon the date and at the time and place specified in the notice of hearing and in any order or orders continuing such hearing, and was subsequently continued to October 28, 2013 and to December 2, 2013; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56665, has reviewed this proposal and prepared a report, including recommendations thereon, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, the purpose for this Sphere of Influence update and annexation is to provide sewer service to one proposed residence and eight other parcels with residential uses consistent with the County of Monterey General Plan and zoning; and

WHEREAS, this Commission, on August 26 and December 2, 2013 heard from interested parties, considered the proposal and the report of the Executive Officer and considered the factors determined by the Commission to be relevant to this proposal, including, but not limited to, factors specified in Government Code Sections 56425(e) and 56668; and

WHEREAS, the County of Monterey adopted a Negative Declaration for extension of sanitary sewer service to the parcels in question pursuant to the California Environmental Quality Act (CEQA) Guidelines; and

WHEREAS, based on its independent judgment of the application materials and the facts presented, the Local Agency Formation Commission, as a responsible agency, concurs that the proposal will have significant adverse impacts on the environment; and

WHEREAS, pursuant to Government Code Section 56663, the Commission may waive Conducting Authority proceedings unless written opposition is received prior to the close of the hearing, and LAFCO staff has provided the required written notice of intent to waive the protest hearing process to owners of each of the subject properties under this section;

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

Section 1. LAFCO staff has provided the required written notice of intent to waive the protest hearing process to owners of each of the subject properties pursuant to Government Code Section 56663. No written protests have been received.

Section 2. In determining the Sphere of Influence of the Carmel Area Wastewater District the Commission, in accord with Section 56425(e) of the Government Code, has considered and prepared a written statement of its determinations with respect to each of the following:

- *The present and planned land uses in the area, including agricultural and open-space lands.*

The proposed expansion of the Sphere of Influence includes nine residential parcels on approximately nine acres. The parcels include seven existing single-family residences and two new single-family residences under construction. There are no additional planned uses on these properties. The proposed addition to the District's Sphere of Influence does not contain agricultural or open space uses, nor are such uses planned for in the County General Plan.

- *The present and probable need for public facilities and services in the area, and*
- *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*

At the direction of the Regional Water Quality Control Board, the County of Monterey has developed a plan for comprehensively addressing septic system-based wastewater management practices and requirements in the overall Carmel Highlands area (roughly Point Lobos to Malpaso Creek). The Carmel Highlands Onsite Wastewater Management Plan (OWMP) was adopted by the Board of Supervisors in December 2009. The Central Coast Regional Water Quality Control Board approved the OWMP in February 2010. To date, funding and other constraints have impaired full implementation of the OWMP's recommendations. However, it is likely that the OWMP will precipitate Carmel Highlands area septic systems being incrementally eliminated over time as property owners select to, or are required to, connect to a centralized wastewater treatment system.

Annexation to the District, as currently proposed, is consistent with the intent of the OWMP, in that it would provide an option for owners of nine existing residential properties to connect to sanitary sewer service, thereby allowing an incremental reduction in the number of septic systems disposing of sewage effluent in the currently overburdened Highlands wastewater setting.

The Carmel Area Wastewater District is currently at approximately 60 percent of its treatment capacity, and the proposed expansion would use less than one quarter of one percent of the surplus capacity. Expansion of District's Sphere of Influence would be environmentally superior to continuing with the existing septic systems. The District is the only public or private utility able to provide for wastewater disposal in the area.

The operations and boundaries of the Carmel Area Wastewater District were reviewed within the Carmel Valley Municipal Service Review which was approved by LAFCO in 2006. This analysis did not disclose any deficiencies in the services or structure of the District. However, in the "Summary and Determinations" section of the report it is recommended that the Sphere of Influence of the District "should

be updated to comprehensively address existing needs in the area. In particular, the coastal areas should be evaluated as smaller individual systems and septic tanks are getting older. The benefits of providing sewer service that complies with State regulations needs to be evaluated against the cost of operating smaller systems.”

- *The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.*

There are no specific social or economic communities of interest in this geographic area that are relevant to the proposal to expand the Sphere of Influence of the Carmel Area Wastewater District.

Section 3. The Commission has hereby reviewed and updated the Sphere of Influence of the Carmel Area Wastewater District as required by Government Code 56425(g). The current proposal for a minor Sphere of Influence amendment is compatible with the existing Sphere of Influence and this Sphere is consistent with the current needs of the community served.

Section 4. *Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years (Gov. Code § 56668(a).)*

There are approximately 15 to 20 residents associated with the nine parcels. The properties are used for single-family dwellings except for the Cappo and Murray parcels, each with a new residence that is under construction. Numerous small drainage basins exist within the annexation area, as it is located on the coastline. The nearest population centers are in the City of Carmel-by-the-Sea and other Monterey Peninsula cities to the north. Growth potential in the Carmel Highlands area is very limited.

Section 5. *The need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed ... annexation ... and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas. (Gov. Code § 56668(b).)*

The density of development in the area, coupled with the area's hydrogeological characteristics, makes the continued use of on-site septic systems problematic. The Carmel Area Wastewater District is the only organization in the area capable of providing wastewater service. The proposed annexation area is contiguous with the nearest existing District boundary. The District's existing treatment facility serves the greater Carmel area with more than 6,600 service connections.

Section 6. *The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county. (Gov. Code § 56668(c).)*

The proposed construction of lateral connections to the existing District wastewater trunk line in Highway 1 in the Carmel Highlands area will have no effect on adjacent properties, or

on mutual social and economic interests, or on local governmental structure of the County. Annexation to the District would not require owners of the affected area's nine existing residences to connect to the District's sanitary lines. Upon annexation, the individual property owners would gain the option to voluntarily connect to the District at a future date. However, the sewer line would be sized to accommodate the connection of these residences in the future. The connection fee is currently approximately \$3,500 per residential unit. The District also requires a bond repayment cost of \$11,760 per single-family residential dwelling in the Highlands area. The District has deferred these costs until time of connection, as opposed to requiring payment upon annexation. There would be additional, privately arranged association costs to each of the property owners, to offset Mr. Cappo's up-front design, engineering, and permitting expenditures.

Section 7. *The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities set forth in Section 56377. (Gov. Code § 56668(d).)*

The annexation of these nine parcels to the Carmel Area Wastewater District will help address significant environmental impacts associated with septic system contamination of local wells and the marine environments. Annexation to the District is consistent with LAFCO policies. Section 56377 pertains to development being directed away from open-space and agricultural land, unless to do so would not promote the planned, orderly, efficient development of an area. The land proposed for annexation is neither designated by the County for open space or agricultural use, nor is it in any form of agricultural production.

Section 8. *The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined in Section 56106. (Gov. Code § 56668(e).)*

The proposal will have no impact on maintaining the physical and economic integrity of agricultural lands. The parcels in question are not designated in the County General Plan for an agricultural use.

Section 9. *The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries. (Gov. Code § 56668(f).)*

The project boundaries are definite and certain and consistent with assessment lines and ownership.

Section 10. *Consistency with city or county general and specific plans. (Gov. Code § 56668(g).)*

The present uses are consistent with the general plan and zoning ordinance.

Section 11. *The sphere of influence of any local agency, which may be applicable to the proposal being reviewed. (Gov. Code §§ 56375.5, 56668(h).)*

The proposed annexation area is immediately adjacent to a parcel that is within the District's existing boundary, having been annexed in 2009 (LAFCO file 08-07). The parcels

are neither within, nor in close proximity, to the sphere of influence of any other governmental body which could support the development with wastewater services.

Section 12. *The comments of any affected local agency. (Gov. Code § 56668(i).)*

No local agency contacted through the LAFCO referral process submitted comments critical of the proposal, nor did any agency suggest changes in the proposal or conditions to its approval.

Section 13. *The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change. (Gov. Code § 56668(j).)*

The Carmel Valley Municipal Services Review (MSR) has not identified any shortfalls in the District's services or finance. The peak flow of the District is currently about 60% of the permitted capacity. The annexation would result in a maximum of approximately 3000 gallons per day of additional wastewater, if all nine properties were to connect to the District's sanitary lines. This increase would constitute a nominal amount (approximately 0.25% of the District's estimated surplus capacity. The MSR states that rates to property owners "are designed to recover projected operation, maintenance, and replacement expenses...based on their proportional contribution to the total wastewater load." At such time as property owners connect to the District's infrastructure, they will be required to pay applicable connection fees, sewer user fees, construction costs, and a contribution toward annual payments on a District bond issue.

Section 14. *Timely availability of water supplies adequate for projected needs as specified in Section 65352.5. (Gov. Code § 56668(k).)*

Water supply is a critical issue in the greater Monterey Peninsula area. Development of parcels within the boundaries of the Monterey Peninsula Water Management District depends on the availability of water through an allocation system based on pro-rationing of water within the political jurisdiction. However, in this case there are existing or entitled uses on all of the ten affected parcels. No additional water use would be triggered by the proposed annexation.

Section 15. *The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7. (Gov. Code § 56668(l).)*

The proposal involved unincorporated land within the County's land use jurisdiction. The annexation of these nine existing parcels to a wastewater district will in no way affect the County's ability to achieve, or not achieve, its respective fair share of regional housing needs.

Section 16. *Any information or comments from the landowner or owners, voters, or residents of the affected territory. (Gov. Code § 56668(m).)*

The primary applicant, Mr. Cappo, has provided evidence of consent from owners of the affected properties. Based on association meetings, additional coordination, and the

withdrawal of one property owner subsequent to the August 26, 2013 LAFCO meeting, no affected property owners are known to be in opposition to the proposal.

Section 17. *Any information relating to existing land use designations. (Gov. Code § 56668(n).)*

The properties are designated for low-density single-family residential use.

Section 18. *The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services. (Gov. Code § 56668(o).)*

Because of the nature of the proposed action, there are no economic justice issues.

Section 19. *The exchange of property tax. (Revenue and Taxation Code § 99.01.)*

A "Zero Property Tax Transfer" was approved by the Monterey County Board of Supervisors on July 30, 2013 (Resolution No: 13-278). A copy of this resolution is on file in the LAFCO office.

Section 20. Said proposal is approved subject to the following terms and conditions:

- a. Review and pre-clearance of the annexation by the United States Department of Justice pursuant to Section 5 of the Voting Rights Act;
- b. Completion of the reconsideration process described in Government Code section 56895;
- c. Preparation of a map and geographic description acceptable to the State Board of Equalization;
- d. Payment of all fees incurred in the processing of the application consistent with the LAFCO fee schedule, including the fee required by the State Board of Equalization;
- e. The applicant association's indemnification of LAFCO for any court costs and attorneys' fees that may be required by a court to pay as a result of such action, and
- f. Payment of Carmel Area Wastewater District connection fees. Payment for the Cappo parcel shall be due upon completion of the currently proposed annexation. Connection fees for the nine other subject parcels is deferred for present purposes and shall be paid to the District prior to connecting to the District's wastewater system.

Section 21. The Certificate of Completion shall not be issued until all terms and conditions are met.

Section 22. If a Certificate of Completion for a change of organization or reorganization has not been filed within one year after the Commission approves a proposal for that proceeding, the proceeding shall be deemed abandoned unless prior to the expiration of that year the Commission authorizes an extension of time for that completion. The extension may be for any period deemed reasonable to the Commission for completion of necessary prerequisite actions by any party. If a proceeding has not been completed because of the order or decree of a court of competent jurisdiction temporarily enjoining or restraining the proceedings, this shall not be deemed a failure of completion and the one-

year period shall be tolled for the time that order or decree is in effect. [Government Code Section 57001]

Section 23. The boundaries of the territory proposed to be annexed are hereby approved as described in Exhibit "A" attached hereto and made a part hereof. Said territory is assigned the following distinctive short form designation: "HIGHLANDS POINT SANITARY ASSOCIATION."

Section 24. The Local Agency Formation Commission is authorizing waiver of Conducting Authority proceedings.

Section 25. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution in the manner and as provided in Section 56882 of the Government Code.

Section 26. The applicant association agrees, as a condition of the approval of this application, to defend at its sole expense any action brought against LAFCO, the Commission and its staff, because of the approval of this application. The applicant will reimburse LAFCO for any court costs and attorneys' fees which may be required by a court to pay as a result of such action. LAFCO may, at its sole discretion, participate in the defense of any such action; but such participation shall not relieve applicant of his obligations under this condition. The obligation on the part of the applicant to indemnify LAFCO is effective upon the adoption of this resolution and does not require any further action.

UPON MOTION OF Commissioner _____, seconded by Commissioner _____, the foregoing resolution is adopted this _____ day of December, 2013 by the following vote:

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

 Louis R. Calcagno, Chair
 Local Agency Formation Commission of Monterey County

ATTEST: I certify that the within instrument is a true and complete copy of the original resolution of said Commission on file within this office.

Witness my hand this 26th day of August, 2013

By: _____
 Kate McKenna, AICP, Executive Officer

Notice of Completion & Environmental Document Transmittal

Mail to: State Clearinghouse, P.O. Box 3044, Sacramento, CA 95812-3044 (916) 445-0613
 For Hand Delivery/Street Address: 1400 Tenth Street, Sacramento, CA 95814

SCH #

Project Title: Cappo

Lead Agency: County of Monterey Resource Management Agency-Planning Contact Person: John Ford
 Mailing Address: 168 W. Alisal, 2nd Floor, Phone: 831-755-5158
 City: Salinas Zip: 93901 County: Monterey

Project Location: County: Monterey City/Nearest Community: Carmel
 Cross Streets: Highway 1 Zip Code: 93945

Longitude/Latitude (degrees, minutes and seconds): _____ ° _____ ' _____ " N / _____ ° _____ ' _____ " W Total Acres: _____
 Assessor's Parcel No.: 241-182-004, 005 Section: _____ Twp.: _____ Range: _____ Base: _____
 Within 2 Miles: State Hwy #: Highway 1 Waterways: Pacific Ocean
 Airports: _____ Railways: _____ Schools: _____

Document Type:

- | | | | |
|---|--|------------------------------------|--|
| CEQA: <input type="checkbox"/> NOP | <input type="checkbox"/> Draft EIR | NEPA: <input type="checkbox"/> NOI | Other: <input type="checkbox"/> Joint Document |
| <input type="checkbox"/> Early Cons | <input type="checkbox"/> Supplement/Subsequent EIR | <input type="checkbox"/> EA | <input type="checkbox"/> Final Document |
| <input checked="" type="checkbox"/> Neg Dec | (Prior SCH No.) _____ | <input type="checkbox"/> Draft EIS | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> Mit Neg Dec | Other: _____ | <input type="checkbox"/> FONSI | |

Local Action Type:

- | | | | |
|---|---|--|--|
| <input type="checkbox"/> General Plan Update | <input type="checkbox"/> Specific Plan | <input type="checkbox"/> Rezone | <input checked="" type="checkbox"/> Annexation |
| <input type="checkbox"/> General Plan Amendment | <input type="checkbox"/> Master Plan | <input type="checkbox"/> Prezone | <input type="checkbox"/> Redevelopment |
| <input type="checkbox"/> General Plan Element | <input type="checkbox"/> Planned Unit Development | <input type="checkbox"/> Use Permit | <input checked="" type="checkbox"/> Coastal Permit |
| <input type="checkbox"/> Community Plan | <input type="checkbox"/> Site Plan | <input type="checkbox"/> Land Division (Subdivision, etc.) | <input type="checkbox"/> Other: _____ |

Development Type:

- | | |
|---|--|
| <input type="checkbox"/> Residential: Units _____ Acres _____ | <input type="checkbox"/> Transportation: Type _____ |
| <input type="checkbox"/> Office: Sq.ft. _____ Acres _____ Employees _____ | <input type="checkbox"/> Mining: Mineral _____ |
| <input type="checkbox"/> Commercial: Sq.ft. _____ Acres _____ Employees _____ | <input type="checkbox"/> Power: Type _____ MW _____ |
| <input type="checkbox"/> Industrial: Sq.ft. _____ Acres _____ Employees _____ | <input checked="" type="checkbox"/> Waste Treatment: Type <u>Sewer</u> MGD _____ |
| <input type="checkbox"/> Educational: _____ | <input type="checkbox"/> Hazardous Waste: Type _____ |
| <input type="checkbox"/> Recreational: _____ | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> Water Facilities: Type _____ MGD _____ | |

Project Issues Discussed in Document:

- | | | | |
|--|---|--|---|
| <input type="checkbox"/> Aesthetic/Visual | <input type="checkbox"/> Fiscal | <input type="checkbox"/> Recreation/Parks | <input type="checkbox"/> Vegetation |
| <input type="checkbox"/> Agricultural Land | <input type="checkbox"/> Flood Plain/Flooding | <input type="checkbox"/> Schools/Universities | <input type="checkbox"/> Water Quality |
| <input type="checkbox"/> Air Quality | <input type="checkbox"/> Forest Land/Fire Hazard | <input type="checkbox"/> Septic Systems | <input type="checkbox"/> Water Supply/Groundwater |
| <input checked="" type="checkbox"/> Archeological/Historical | <input type="checkbox"/> Geologic/Seismic | <input type="checkbox"/> Sewer Capacity | <input type="checkbox"/> Wetland/Riparian |
| <input type="checkbox"/> Biological Resources | <input type="checkbox"/> Minerals | <input type="checkbox"/> Soil Erosion/Compaction/Grading | <input checked="" type="checkbox"/> Growth Inducement |
| <input checked="" type="checkbox"/> Coastal Zone | <input checked="" type="checkbox"/> Noise | <input type="checkbox"/> Solid Waste | <input type="checkbox"/> Land Use |
| <input type="checkbox"/> Drainage/Absorption | <input type="checkbox"/> Population/Housing Balance | <input type="checkbox"/> Toxic/Hazardous | <input type="checkbox"/> Cumulative Effects |
| <input type="checkbox"/> Economic/Jobs | <input type="checkbox"/> Public Services/Facilities | <input type="checkbox"/> Traffic/Circulation | <input type="checkbox"/> Other: _____ |

Present Land Use/Zoning/General Plan Designation:

Low Density Residential - 1 Unit/acre

Project Description: (please use a separate page if necessary)

Modification of a Coastal Development Permit to allow extension of a sewer line approximately 300 feet within an existing private road easement. The proposed sewer line extension will require that the property being served is annexed into the Carmel Area Wastewater District. As part of this action the other developed lots on the small peninsula west of Highway 1 will also be annexed into the wastewater district. The Cappo property will be the only residence to connect at this time.

Note: The State Clearinghouse will assign identification numbers for all new projects. If a SCH number already exists for a project (e.g. Notice of Preparation or previous draft document) please fill in.

Reviewing Agencies Checklist

Lead Agencies may recommend State Clearinghouse distribution by marking agencies below with an "X".
 If you have already sent your document to the agency please denote that with an "S".

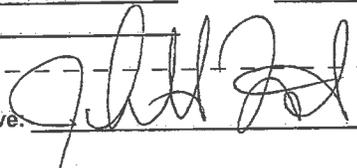
- | | |
|--|--|
| <input type="checkbox"/> Air Resources Board | <input type="checkbox"/> Office of Emergency Services |
| <input type="checkbox"/> Boating & Waterways, Department of | <input type="checkbox"/> Office of Historic Preservation |
| <input type="checkbox"/> California Highway Patrol | <input type="checkbox"/> Office of Public School Construction |
| <input type="checkbox"/> Caltrans District # _____ | <input type="checkbox"/> Parks & Recreation, Department of |
| <input type="checkbox"/> Caltrans Division of Aeronautics | <input type="checkbox"/> Pesticide Regulation, Department of |
| <input type="checkbox"/> Caltrans Planning | <input type="checkbox"/> Public Utilities Commission |
| <input type="checkbox"/> Central Valley Flood Protection Board | <input type="checkbox"/> Regional WQCB # _____ |
| <input type="checkbox"/> Coachella Valley Mtns. Conservancy | <input type="checkbox"/> Resources Agency |
| <input checked="" type="checkbox"/> Coastal Commission | <input type="checkbox"/> S.F. Bay Conservation & Development Comm. |
| <input type="checkbox"/> Colorado River Board | <input type="checkbox"/> San Gabriel & Lower L.A. Rivers & Mtns. Conservancy |
| <input type="checkbox"/> Conservation, Department of | <input type="checkbox"/> San Joaquin River Conservancy |
| <input type="checkbox"/> Corrections, Department of | <input type="checkbox"/> Santa Monica Mtns. Conservancy |
| <input type="checkbox"/> Delta Protection Commission | <input type="checkbox"/> State Lands Commission |
| <input type="checkbox"/> Education, Department of | <input type="checkbox"/> SWRCB: Clean Water Grants |
| <input type="checkbox"/> Energy Commission | <input type="checkbox"/> SWRCB: Water Quality |
| <input type="checkbox"/> Fish & Game Region # _____ | <input type="checkbox"/> SWRCB: Water Rights |
| <input type="checkbox"/> Food & Agriculture, Department of | <input type="checkbox"/> Tahoe Regional Planning Agency |
| <input type="checkbox"/> Forestry and Fire Protection, Department of | <input type="checkbox"/> Toxic Substances Control, Department of |
| <input type="checkbox"/> General Services, Department of | <input type="checkbox"/> Water Resources, Department of |
| <input type="checkbox"/> Health Services, Department of | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> Housing & Community Development | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> Integrated Waste Management Board | |
| <input type="checkbox"/> Native American Heritage Commission | |

Local Public Review Period (to be filled in by lead agency)

Starting Date October 11, 2012 Ending Date November 12, 2012

Lead Agency (Complete if applicable):

Consulting Firm: _____ Applicant: _____
 Address: _____ Address: _____
 City/State/Zip: _____ City/State/Zip: _____
 Contact: _____ Phone: _____
 Phone: _____

Signature of Lead Agency Representative:  Date: 10/9/2012

Authority cited: Section 21083, Public Resources Code. Reference: Section 21161, Public Resources Code.

County of Monterey
 State of California
NEGATIVE DECLARATION

FILED
OCT 09 2012
 STEPHEN L. VAGNINI
 MONTEREY COUNTY CLERK
 DEPUTY

Project Title:	Cappo
File Number:	PLN120558
Owner:	Jeffery Cappo
Project Location:	244 Highway 1, Carmel, CA
Primary APN:	241-182-004, 005
Project Planner:	John Ford
Permit Type:	Modification of a Coastal Development Permit
Project Description:	Extension of a sewer line approximately 300 feet within an existing private road easement. The proposed sewer line extension will require that the property being served is annexed into the Carmel Area Wastewater District. As part of this action the other developed lots on the small peninsula west of Highway 1 will also be annexed into the wastewater district. The Cappo property will be the only residence to connect at this time.

THIS PROPOSED PROJECT WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT AS IT HAS BEEN FOUND:

- a) That said project will not have the potential to significantly degrade the quality of the environment.
- b) That said project will have no significant impact on long-term environmental goals.
- c) That said project will have no significant cumulative effect upon the environment.
- d) That said project will not cause substantial adverse effects on human beings, either directly or indirectly.

Decision Making Body:	Monterey County Planning Commission
Responsible Agency:	Coastal Commission, LAFCO
Review Period Begins:	October 11, 2012
Review Period Ends:	November 12, 2012

Further information, including a copy of the application and Initial Study are available at the Monterey County Planning & Building Inspection Department, 168 West Alisal St, 2nd Floor, Salinas, CA 93901 (831) 755-5025

MONTEREY COUNTY

RESOURCE MANAGEMENT AGENCY – PLANNING DEPARTMENT
168 WEST ALISAL, 2ND FLOOR, SALINAS, CA 93901
(831) 755-5025 FAX: (831) 757-9516



NOTICE OF INTENT TO ADOPT A NEGATIVE DECLARATION MONTEREY COUNTY PLANNING COMMISSION

NOTICE IS HEREBY GIVEN that the Monterey County Resource Management Agency – Planning Department has prepared a draft Negative Declaration, pursuant to the requirements of CEQA, for a Modification to a Coastal Development Permit (Cappo, PLN120558) at 244 Highway 1, Carmel, CA (APN 241-182-004, 005) (see description below).

The Negative Declaration and Initial Study, as well as referenced documents, are available for review at the Monterey County Resource Management Agency – Planning Department, 168 West Alisal, 2nd Floor, Salinas, California. The Negative Declaration and Initial Study are also available for review in an electronic format by following the instructions at the following link:

<http://www.co.monterey.ca.us/planning/docs/environmental/circulating.htm>.

The Planning Commission will consider this proposal at a meeting on November 14, 2012 at 9:30 AM in the Monterey County Board of Supervisors Chambers, 168 West Alisal, 2nd Floor, Salinas, California. Written comments on this Negative Declaration will be accepted from October 11, 2012 to November 12, 2012. Comments can also be made during the public hearing.

The applicant requests a Modification of a Coastal Development Permit (PLN030325) to allow extension of a sewer line approximately 300 feet within an existing private road easement. The proposed sewer line extension will require that the property being served is annexed into the Carmel Area Wastewater District. As part of this action the other developed lots on the small peninsula west of Highway 1 will also be annexed into the wastewater district. The Cappo property will be the only residence to connect at this time.

We welcome your comments during the 30-day public review period. You may submit your comments in hard copy to the name and address above. The Department also accepts comments via e-mail or facsimile but requests that you follow these instructions to ensure that the Department has received your comments. To submit your comments by e-mail, please send a complete document including all attachments to:

CEQAcomments@co.monterey.ca.us

An e-mailed document should contain the name of the person or entity submitting the comments and contact information such as phone number, mailing address and/or e-mail address and include any and all attachments referenced in the e-mail. To ensure a complete and accurate record, we request that you also provide a follow-up hard copy to the name and address listed above. If you do not wish to send a follow-up hard copy, then please send a second e-mail requesting confirmation of receipt of comments with enough information to confirm that the entire document was received. If you do not receive e-mail confirmation of receipt of comments, then please submit a hard copy of your comments to ensure inclusion in the environmental record or contact the Department to ensure the Department has received your comments.

Facsimile (fax) copies will be accepted with a cover page describing the extent (e.g. number of pages) being transmitted. A faxed document must contain a signature and all attachments referenced therein. Faxed document should be sent to the contact noted above at (831) 757-9516. To ensure a complete and accurate record, we request that you also provide a follow-up hard copy to the name and address listed above. If you do not wish to send a follow-up hard copy, then please contact the Department to confirm that the entire document was received.

For reviewing agencies: The Resource Management Agency – Planning Department requests that you review the enclosed materials and provide any appropriate comments related to your agency's area of responsibility. The space below may be used to indicate that your agency has no comments or to state brief comments. In compliance with Section 15097 of the CEQA Guidelines, please provide a draft mitigation monitoring or reporting program for mitigation measures proposed by your agency. This program should include specific performance objectives for mitigation measures identified (CEQA Section 21081.6(c)). Also inform this Department if a fee needs to be collected in order to fund the mitigation monitoring or reporting by your agency and how that language should be incorporated into the mitigation measure.

All written comments on the Initial Study should be addressed to:

County of Monterey
Resource Management Agency – Planning Department
Attn: Mike Novo, Director of Planning
168 West Alisal, 2nd Floor
Salinas, CA 93901

Re Capps; File Number PLN1200558

From: Agency Name: County of Monterey
Contact Person: John Ford
Phone Number: (831) 755-5158

- No Comments provided
- Comments noted below
- Comments provided in separate letter

COMMENTS: _____

DISTRIBUTION

1. State Clearinghouse (15 CD copies + 1 hard copy of the Executive Summary) – include the Notice of Completion
2. County Clerk's Office
3. Monterey Bay Unified Air Pollution Control District

4. Monterey County Water Resources Agency
5. Monterey County Public Works Department
6. Monterey County Environmental Health Bureau
7. Jeffery Cappel, 3939 Holden Drive, Ann Arbor MI 48103
8. Rob Carver, Carver and Schicketanz Architects, PO Box 2684, Carmel, CA 93921
9. Property Owners within 300 feet (Notice of Intent only)
10. The Open Monterey Project
11. LandWatch

Revised 02-02-2012

MONTEREY COUNTY

RESOURCE MANAGEMENT AGENCY

PLANNING DEPARTMENT

168 WEST ALISAL ST., 2nd FLOOR, SALINAS, CA 93901

PHONE: (831) 755-5025 FAX: (831) 757-9516



INITIAL STUDY

I. BACKGROUND INFORMATION

Project Title: Cappo

File No.: PLN120558 an amendment of PLN030325

Project Location: 244 Highway 1, Carmel, CA

Name of Property Owner: Jeffery Cappel

Name of Applicant: Rob Carver

Assessor's Parcel Number(s): 241-182-004, 005

Acreage of Property: 24,042 sq. ft.

General Plan Designation: Low Density Residential

Zoning District: Low Density Residential/ 1 Acre minimum with Design Control and in the Coastal Zone.

Lead Agency: County of Monterey

Prepared By: John Ford, Senior Planner, RMA Planning Department

Date Prepared: October 8, 2012

Contact Person: John Ford

Phone Number: (831) 755-5158

II. DESCRIPTION OF PROJECT AND ENVIRONMENTAL SETTING

A. Description of Project: The proposed project has two components as follows:

1. Installation of a four inch sewer line extending approximately 300 feet from a private sewer lateral approved by PLN090342 (Tydings) to the septic tank approved as part of a new single family residence (PLN110359 (Cappo)). (See Figure 2) The sewer line will be located completely within a private road and utility easement and will be approximately two feet deep.
2. The Sphere of Influence of the Carmel Area Wastewater District will be expanded to include all ten (10) of the developed lots on the small peninsula west of Highway 1, and these lots will be annexed to the District. The Cappo property will be connected to the District's wastewater line following the annexation.

The Cappo property is not currently in the Sphere of Influence of the Carmel Area Wastewater District (CAWD) and will need to be annexed into the district Sphere of Influence prior to constructing the sewer extension. An adjoining property (Tydings) has already been annexed into the District. In addition, there are 9 other developed lots (Assessor's Parcel Numbers 241-182-012-000, 241-182-015-000, 241-182-016-000, 241-182-018-000, 241-182-020-000, 241-182-023-000, 241-182-024-000, 241-182-025-000, and 241-182-026-000) in the area (See Figure 3). All of these developed lots will be placed within the Sphere of Influence and annexed into the CAWD. At the time these residences connect to the sewer, they will pay the sewer connection fees and the sewer line will be extended. This will allow existing residences to connect to the sewer in the event that their septic systems fail. There are also 3 other undeveloped parcels in the area which will not be annexed as part of this action. These parcels would only be annexed to the CAWD if and when development is approved for these properties.

The Cappo property was issued a permit to construct a new residence, including installation of an onsite wastewater treatment system. The applicant is proposing to use a septic tank to treat solids and to connect to the sewer to discharge wastewater. The proposal is to connect to the sewer lateral being installed as part of the Tydings development. The line will be sized such that it can accommodate future flow from other residences when and if they choose to connect to the sewer. Future installations will require installation of a private lift station. This will be done under a different entitlement and subsequent environmental review. It is unknown when or if the nine other properties will connect to the sewer.

The application being considered by the County (PLN120558) is for extension of the Sewer Line. PLN120558 is a modification of PLN030325 which was the original permit authorizing extension of the sewer line to this area. The prior actions related to this request are as follows:

Related Prior Actions

1. PLN030325 was a Combined Development Permit to extend a sewer line to serve the Highlands Inn, Tickle Pink Inn and 13 residences within the Highlands Sewer Association.

The Combined Development Permit included a Coastal Development Permit for development on slopes of 30% or greater; a Coastal Development Permit for development on property with a positive archaeological report; a Coastal Development Permit for the removal of protected trees (up to 16 Monterey pines); and a Coastal Development Permit for development within 100 feet of environmentally sensitive habitat (to include San Jose and Gibson Creeks); grading (approximately 2,900 cubic yards of cut and 2,600 cubic yards of fill) and retaining walls. An Initial Study and Negative Declaration was prepared for this project by the Carmel Area Wastewater District (SCH2004041061.)

2. PLN090342 was an amendment to Combined Development Permit PLN030325 adding four new properties to be served by the sewer pipeline approved and constructed under PLN030325. The addition of three of the four parcels (241-073-001-000, 241-073-002-000, and 241-182-006-000) was determined to be exempt under CEQA Guidelines Section 15303. However, potential impacts related to development on slopes and development within 100 feet of environmentally sensitive marine habitat were identified associated with connecting parcel APN 241-071-002-000. The environmental analysis is contained in an amended Initial Study and Negative Declaration prepared for construction of these homes in PLN050708.
3. PLN110359 is a Combined Development Permit approving a four story 6,779 square foot single family residence with a 1,061 square foot garage and 344 square foot guest house on the parcel to be served by the sewer line contemplated in this project.

B. Surrounding Land Uses and Environmental Setting:

The project site is zoned LDR/1-D (CZ) and is located at 244 Highway 1, Carmel Highlands, CA (Assessor's Parcel Number 241-182-004,005-000), and is within the Coastal Zone. The property is located within the General Viewshed Map A of the Carmel Area Land Use Plan which is a highly scenic area of the Carmel Highlands and is within the immediate vicinity of Point Lobos State Park.

The surrounding properties are similarly zoned Low Density Residential with lot sizes averaging one acre. Most of these properties are currently developed with single family dwellings and are used for residential purposes.

C. Other public agencies whose approval is required:

Prior to any service being provided to the Cappo parcel, LAFCO will need to amend the Sphere of Influence for the Carmel Area Wastewater District. The 10 parcels that are either developed or approved for development in this area (including Cappo) will then be annexed into the wastewater district. While the sphere will be modified in one action and all these parcels will be annexed into the district, connection will only occur as each parcel pays for connection to the district and receives appropriate approvals to extend a sewer line to the property.

Figure 1 Location Map

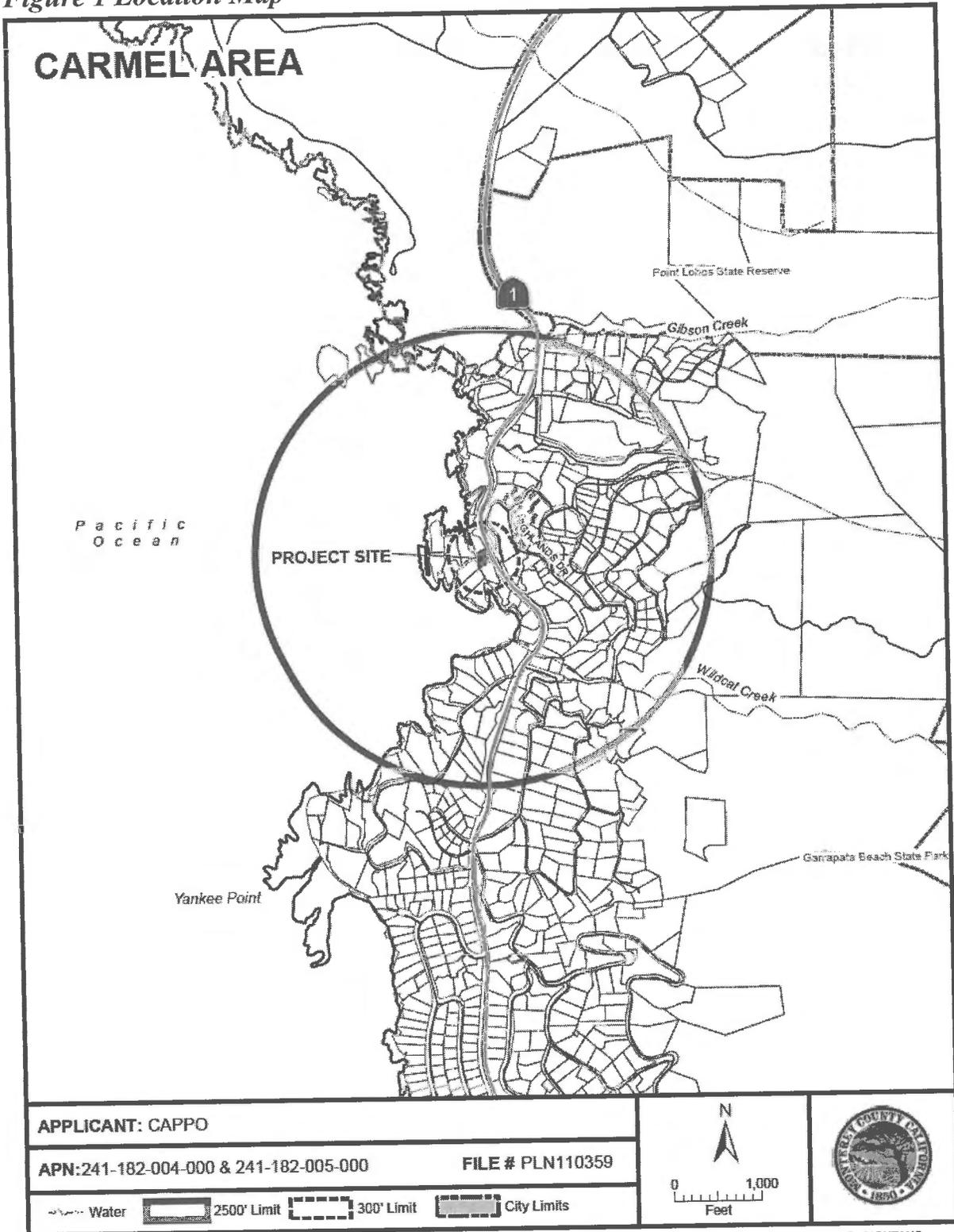
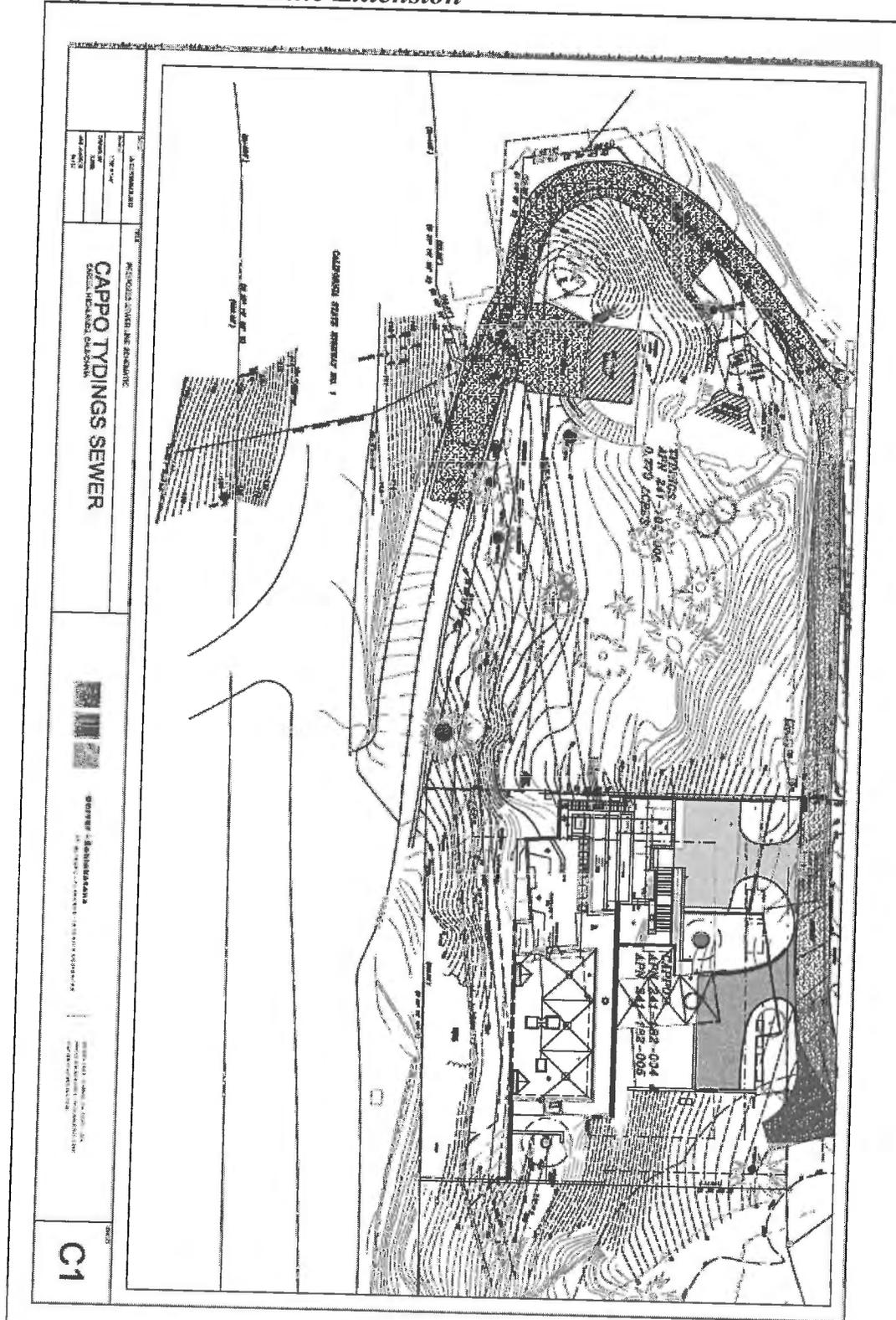
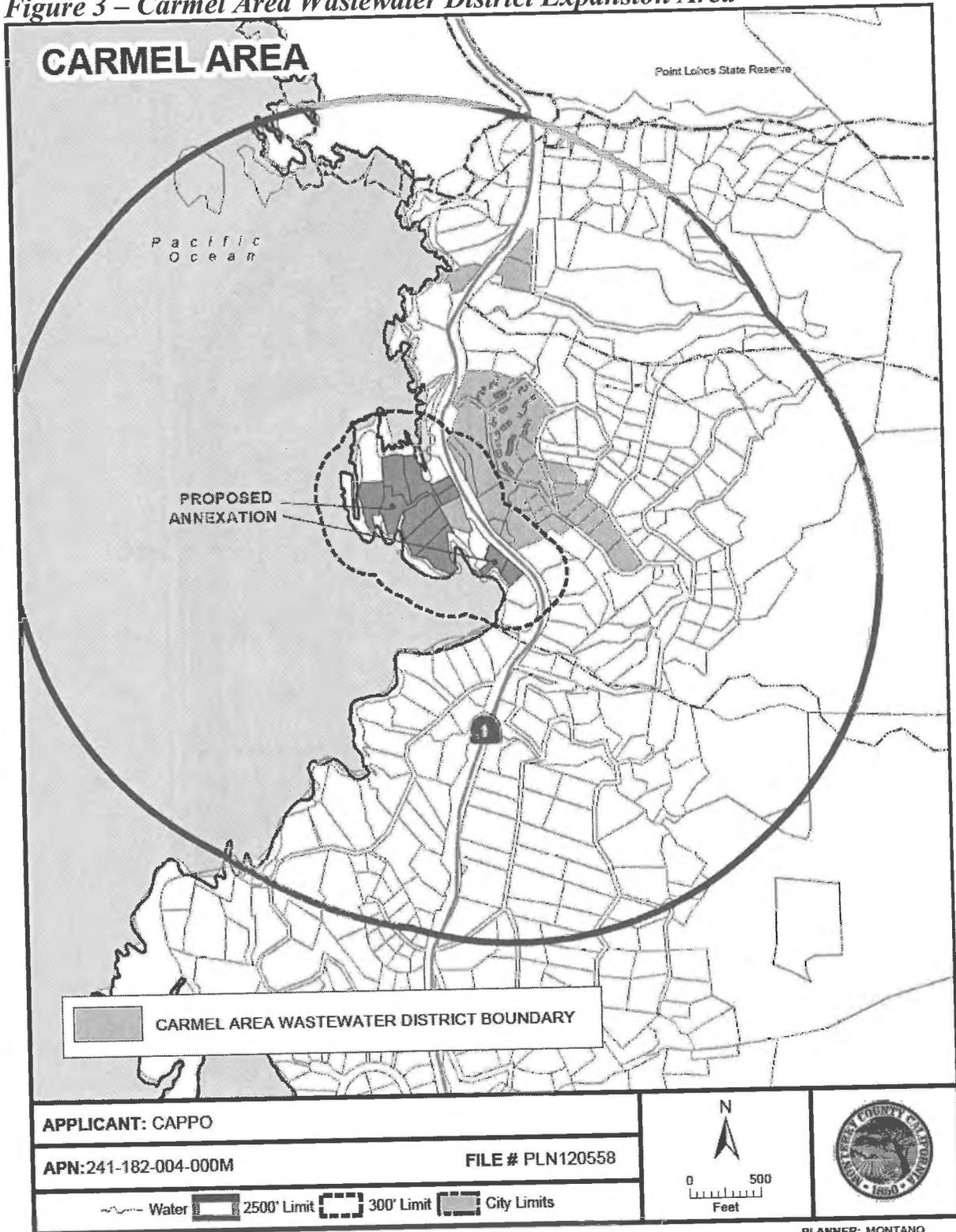


Figure 2 – Sewer Line Extension



<p>DATE: 10/08/2012</p> <p>PROJECT: CAPPO TYDINGS SEWER</p> <p>SCALE: AS SHOWN</p> <p>PROJECTED SHEET AND SEQUENCE: CAPPO TYDINGS SEWER</p>	<p>DESIGNED BY: [Signature]</p> <p>CHECKED BY: [Signature]</p> <p>APPROVED BY: [Signature]</p>	<p>DATE: 10/08/2012</p> <p>PROJECT: CAPPO TYDINGS SEWER</p> <p>SCALE: AS SHOWN</p> <p>PROJECTED SHEET AND SEQUENCE: CAPPO TYDINGS SEWER</p>
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Figure 3 – Carmel Area Wastewater District Expansion Area



III. PROJECT CONSISTENCY WITH OTHER APPLICABLE LOCAL AND STATE PLANS AND MANDATED LAWS

Use the list below to indicate plans applicable to the project and verify their consistency or non-consistency with project implementation.

General Plan/Area Plan	<input checked="" type="checkbox"/>	Air Quality Mgmt. Plan	<input checked="" type="checkbox"/>
Specific Plan	<input type="checkbox"/>	Airport Land Use Plans	<input type="checkbox"/>
Water Quality Control Plan	<input type="checkbox"/>	Local Coastal Program-LUP	<input checked="" type="checkbox"/>

General Plan/Area Plan. The proposed project was reviewed for consistency with the 1982 Monterey County General Plan and the Carmel Area Land Use Plan (CLUP). Policy 4.5.G of the CLUP categorizes Low Density Residential as the primary use of this category. The maximum development density of 1 unit per acre would be allowed. The area affected by the proposed sewer annexation has already been subdivided to lot sizes of approximately 1 acre in size. No additional subdivision is possible, so the inclusion of this area within the sewer district Sphere of Influence and extension of the sewer to these lots would not be growth inducing or inconsistent with the General Plan. **CONSISTENT** (References IX)

Air Quality Management Plan (AQMP).

Consistency with the AQMP is an indication of a project's contribution to a cumulative adverse impact on regional air quality. It is not an indication of project-specific impacts, which are evaluated according to the Air District's adopted thresholds of significance. Inconsistency with the AQMP is considered a significant cumulative air quality impact. Consistency of a residential project is determined by comparing the project population at the year of project completion with the population forecast for the appropriate five year increment that is listed in the AQMP. If the population increase resulting from the project would not cause the estimated cumulative population to exceed the relevant forecast, the project would be consistent with the population forecasts in the AQMP. The project is consistent with the 1982 Monterey County General Plan and with the Association of Monterey Bay Area Governments (AMBAG) regional population and employment forecast. The proposed project will not increase the population of the area nor generate additional permanent vehicle trips above levels projected in the AQMP. Therefore, the project will be consistent with the AQMP. **CONSISTENT** (References IX)

Local Coastal Program-LUP. The proposed project was reviewed for consistency with the Carmel Area Land Use Plan (CLUP). Section IV. 10 (Land Use and Planning) discusses whether the project physically divides an established community; conflicts with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project; or conflicts with any applicable habitat conservation plan or natural community conservation plan. As discussed, the proposed project is consistent with the Carmel Area LUP. The project proposes to provide sewer service to a residence currently being developed and provides future opportunity for other existing residences to connect to the sewer. This will provide superior environmental protection to the natural resources which is a prime objective of the Carmel LUP. **CONSISTENT** (References IX)

IV. ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED AND DETERMINATION

A. FACTORS

The environmental factors checked below would be potentially affected by this project, as discussed within the checklist on the following pages.

- | | | |
|--|---|--|
| <input type="checkbox"/> Aesthetics | <input type="checkbox"/> Agriculture and Forest Resources | <input type="checkbox"/> Air Quality |
| <input type="checkbox"/> Biological Resources | <input checked="" type="checkbox"/> Cultural Resources | <input type="checkbox"/> Geology/Soils |
| <input type="checkbox"/> Greenhouse Gas Emissions | <input type="checkbox"/> Hazards/Hazardous Materials | <input type="checkbox"/> Hydrology/Water Quality |
| <input type="checkbox"/> Land Use/Planning | <input type="checkbox"/> Mineral Resources | <input checked="" type="checkbox"/> Noise |
| <input checked="" type="checkbox"/> Population/Housing | <input type="checkbox"/> Public Services | <input type="checkbox"/> Recreation |
| <input type="checkbox"/> Transportation/Traffic | <input checked="" type="checkbox"/> Utilities/Service Systems | <input checked="" type="checkbox"/> Mandatory Findings of Significance |

Some proposed applications that are not exempt from CEQA review may have little or no potential for adverse environmental impact related to most of the topics in the Environmental Checklist; and/or potential impacts may involve only a few limited subject areas. These types of projects are generally minor in scope, located in a non-sensitive environment, and are easily identifiable and without public controversy. For the environmental issue areas where there is no potential for significant environmental impact (and not checked above), the following finding can be made using the project description, environmental setting, or other information as supporting evidence.

- Check here if this finding is not applicable

FINDING: For the above referenced topics that are not checked off, there is no potential for significant environmental impact to occur from either construction, operation or maintenance of the proposed project and no further discussion in the Environmental Checklist is necessary.

EVIDENCE:

1. Aesthetics

The current project will not result in any new visible development and therefore will not have any impact upon aesthetics. The annexation of this area to the CAWD will not result in any new development, and thus will not have a negative impact upon aesthetic resources.

2. Agriculture and Forest Resources

There are not agricultural or forest resources in the vicinity of this project and thus there will be no impact upon agricultural or forest resources.

3. Air Quality

The proposed project would result in digging a trench of approximately 300 feet long and two feet deep. This will not result in noticeable construction related impacts. There will be some trip generation related to the construction activity but the number of trips will not result in a measureable impact to air quality. The operation of the sewer line extension will not result in air emissions so there will be no impact to air quality.

4. Biological Resources

The project will be within the existing private road of a residential neighborhood and therefore will not affect any biological resources.

5. Geology/Soils

The installation of a small sewer line in a shallow trench will not result in hazards from geology or soils.

6. Greenhouse Gas Emissions

The installation of a small sewer line will not result in additional greenhouse emissions. The project will be installed in association with the approved new residence. There will be no impact to Greenhouse Gas Emissions.

7. Hazards/Hazardous Materials

There are no hazardous materials associated with the site or the project and the project will not result in new hazardous materials being contained on site, therefore there is no adverse impact associated with hazardous materials. The placement of a sewer line in a residential neighborhood will not expose people to wild land fires or interfere with emergency response plans.

8. Hydrology/Water Quality

The proposed project would not result in an increase in water runoff, or pollutants entering into the environment from a water source. On the positive side, the presence of a sewer gives existing development an option to failing onsite septic systems. This provides a potential improvement to water quality over the existing condition dependent upon the existing residences connecting to the sewer system. For the Cappo property the project is a preferred alternative to an onsite treatment system.

9. Land Use/Planning

The proposed project will not physically divide an established community. The project does not conflict with any of the policies within the Carmel Area Land Use Plan and meets all zoning requirements. There is no habitat or natural community conservation plan that the proposed project is required to conform to. The project consists of installing a small sewer

line and allowing for existing residents to have the opportunity to connect to the CAWD in the future.

10. Mineral Resources

No mineral resources have been identified or would be affected by the project.

11. Public Services

The installation of a small sewer line extension and modification of the CAWD Sphere of Influence will have no adverse physical impact on existing or proposed governmental facilities. The proposed project's residential use and proximity to other residential uses signify that any potential impact to public services will be insignificant, given that adequate public services exist to properly serve the area, as evidenced by the County's interdepartmental review and recommended Conditions of Approval for the project. The Carmel Highlands Fire Protection District is approximately two miles from the property. Therefore, the proposed project will not impact Public Services.

12. Recreation

The project, as proposed, would not result in an increase in the use of existing neighborhood and regional parks or other recreational facilities causing substantial physical deterioration. The proposed project does not include or require construction or expansion of recreational facilities. No parks, trail easements, or other recreational opportunities would be adversely impacted by the proposed project, based on review of Figure 3 (Public Access) of the Carmel Area LUP and staff site visits. The project would not create any new recreational demand.

The Carmel Area Land Use Plan requires that public access be protected and provided where consistent with public safety needs and the need to protect the rights of private property owners and natural resource areas from overuse. (**Key Policy 5.3.1**) The project is in conformance with the public access and public recreation policies of Chapter 3 of the Coastal Act and Local Coastal Program, and does not interfere with any form of historic public use or trust rights (Monterey County Zoning Ordinance, Section 20.70.050.B.4). The proposed project is in conformance with the public access policies of Chapter 5 of the Carmel Area Land Use Plan (CLUP), and Section 20.145.150 of the Monterey County Coastal Implementation Plan for Carmel (Part 2). The installation of an underground sewer line will not interfere with public access.

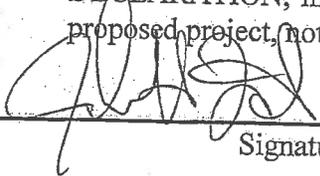
13. Transportation/Traffic

The contribution of traffic from the proposed project would not cause any roadway or intersection level of service to be degraded. The project would not result in a change in air traffic patterns or an increase in traffic levels. It would not substantially increase hazards due to a design feature, nor result in inadequate emergency access or parking capacity. The project also would not conflict with adopted policies, plans, or programs supporting alternative transportation.

B. DETERMINATION

On the basis of this initial evaluation:

- I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.
- I find that although the proposed project could have a significant effect on the environment there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.
- I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
- I find that the proposed project MAY have a "potentially significant impact" or "potentially significant unless mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.
- I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.



Signature

John H. Ford

10/9/2012

Date

Senior Planner

V. EVALUATION OF ENVIRONMENTAL IMPACTS

- 1) A brief explanation is required for all answers except "No Impact" answers that are adequately supported by the information sources a lead agency cites in the parentheses following each question. A "No Impact" answer is adequately supported if the referenced information sources show that the impact simply does not apply to projects like the one involved (e.g., the project falls outside a fault rupture zone). A "No Impact" answer should be explained where it is based on project-specific factors as well as general standards (e.g., the project will not expose sensitive receptors to pollutants, based on project-specific screening analysis).

- 2) All answers must take into account the whole action involved, including offsite as well as onsite, cumulative as well as project-level, indirect as well as direct, and construction as well as operational impacts.
- 3) Once the lead agency has determined that a particular physical impact may occur, then the checklist answers must indicate whether the impact is potentially significant, less than significant with mitigation, or less than significant. "Potentially Significant Impact" is appropriate if there is substantial evidence that an effect may be significant. If there are one or more "Potentially Significant Impact" entries when the determination is made, an EIR is required.
- 4) "Negative Declaration: Less Than Significant With Mitigation Incorporated" applies where the incorporation of mitigation measures has reduced an effect from "Potentially Significant Impact" to a "Less Than Significant Impact." The lead agency must describe the mitigation measures, and briefly explain how they reduce the effect to a less than significant level mitigation measures from Section XVII, "Earlier Analyses," may be cross-referenced).
- 5) Earlier analyses may be used where, pursuant to the tiering, program EIR, or other CEQA process, an effect has been adequately analyzed in an earlier EIR or negative declaration. Section 15063(c)(3)(D). In this case, a brief discussion should identify the following:
 - a) Earlier Analysis Used. Identify and state where they are available for review.
 - b) Impacts Adequately Addressed. Identify which effects from the above checklist were within the scope of and adequately analyzed in an earlier document pursuant to applicable legal standards, and state whether such effects were addressed by mitigation measures based on the earlier analysis.
 - c) Mitigation Measures. For effects that are "Less than Significant with Mitigation Measures Incorporated," describe the mitigation measures which were incorporated or refined from the earlier document and the extent to which they address site-specific conditions for the project.
- 6) Lead agencies are encouraged to incorporate into the checklist references to information sources for potential impacts (e.g., general plans, zoning ordinances). Reference to a previously prepared or outside document should, where appropriate, include a reference to the page or pages where the statement is substantiated.
- 7) Supporting Information Sources: A source list should be attached, and other sources used or individuals contacted should be cited in the discussion.
- 8) The explanation of each issue should identify:
 - a) The significance criteria or threshold, if any, used to evaluate each question; and
 - b) The mitigation measure identified, if any, to reduce the impact to less than significance.

VI. ENVIRONMENTAL CHECKLIST

1. AESTHETICS

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Have a substantial adverse effect on a scenic vista? (Source: IX.1, 2, 3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway? (Source: IX.1, 2, 3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Substantially degrade the existing visual character or quality of the site and its surroundings? (Source: IX.1, 2, 3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area? (Source: IX.1, 2, 3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion/Conclusion/Mitigation:

See Section IV

2. AGRICULTURAL AND FOREST RESOURCES

In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Dept. of Conservation as an optional model to use in assessing impacts on agriculture and farmland. In determining whether impacts to forest resources, including timberland, are significant environmental effects, lead agencies may refer to information compiled by the California Department of Forestry and Fire Protection regarding the state's inventory of forest land, including the Forest and Range Assessment Project and the Forest Legacy Assessment project; and forest carbon measurement methodology provided in Forest Protocols adopted by the California Air Resources Board.

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use? (Source: IX.1, 2, 3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract? (Source: IX.1, 2, 3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104(g))? (Source: IX.1, 2, 3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Result in the loss of forest land or conversion of forest land to non-forest use? (Source: IX.1, 2, 3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use or conversion of forest land to non-forest use? (Source: IX.1, 2, 3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion/Conclusion/Mitigation:

See Section IV

3. AIR QUALITY

Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations.

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Conflict with or obstruct implementation of the applicable air quality plan? (Source: IX.1,5)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation? (Source: IX.1,5)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)? (Source: IX.1,5)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Result in significant construction-related air quality impacts? (Source: IX.1,5)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Expose sensitive receptors to substantial pollutant concentrations? (Source: IX.1,5)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Create objectionable odors affecting a substantial number of people? (Source: IX.1,5)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion/Conclusion/Mitigation:

See Section IV

4. BIOLOGICAL RESOURCES

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, or regulations or by the California Department of Fish and Game or US Fish and Wildlife Service? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion/Conclusion/Mitigation:

See Section IV

5. CULTURAL RESOURCES

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Cause a substantial adverse change in the significance of a historical resource as defined in 15064.5? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to 15064.5? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Disturb any human remains, including those interred outside of formal cemeteries? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Discussion:

According to the Monterey County Geographic Information System, the project site identified as an area of high archaeological sensitivity and is located within 750 feet of an identified archaeological resource, CA-MNT-1348. County staff requested that an archaeological report be prepared for the Cappo project (PLN090359) to evaluate the potential for significant archaeological resources on-site and the potential for impacts to existing resources as a result of the project. A Preliminary Archaeological Reconnaissance of Assessor's Parcel 241-182-004, 005-000 was prepared by Archaeological Consulting (July 2011). The archaeological report found that while the site is in proximity to an identified archaeological site, there was not evidence that resources existed on the property.

The Carmel Area Land Use Plan states that when other site planning constraints do not permit avoidance of construction on archaeological or other types of a cultural site, adequate preservation measures shall be required. (Policy 2.8.4)

Conclusion/Mitigation:

5 (a), (b), (c) No Impact

The installation of a narrow shallow trench under an existing private road does not have the potential to cause a substantial adverse change in the significance of a historical resource, to an archaeological resource site, or to a unique paleontological site, therefore there will be no impact in these areas.

5 (d) Less than Significant

It is not possible to know what is under the existing road. It is possible that the trenching may expose archeological resources. The shallow depth of the trench will serve to mitigate the potential impact to any archaeological resource which may exist. In circumstances like this the

County imposes a standard condition of approval requires that an archaeological monitor be on site during the period of trenching. With the shallow trench, presence of an archaeological monitor reviewing the trench and material removed from the trench; the potential impact would be Less than Significant.

6. GEOLOGY AND SOILS	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
Would the project:				
a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:				
i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? (Source: IX.1) Refer to Division of Mines and Geology Special Publication 42.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
ii) Strong seismic ground shaking? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
iii) Seismic-related ground failure, including liquefaction? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
iv) Landslides? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Result in substantial soil erosion or the loss of topsoil? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Be located on expansive soil, as defined in Chapter 18A of the 2007 California Building Code, creating substantial risks to life or property? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion/Conclusion/Mitigation:

See Section IV

7. GREENHOUSE GAS EMISSIONS

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion/Conclusion/Mitigation:

See Section IV

8. HAZARDS AND HAZARDOUS MATERIALS

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

8. HAZARDS AND HAZARDOUS MATERIALS

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
h) Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion/Conclusion/Mitigation:

See Section IV

9. HYDROLOGY AND WATER QUALITY

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Violate any water quality standards or waste discharge requirements? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

9. HYDROLOGY AND WATER QUALITY

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial <u>erosion</u> or <u>siltation</u> on- or off-site? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in <u>flooding</u> on- or off-site? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Otherwise substantially degrade water quality? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
h) Place within a 100-year flood hazard area structures which would impede or redirect flood flows? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
i) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
j) Inundation by seiche, tsunami, or mudflow? (Source: IX.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion/Conclusion/Mitigation:

See Section IV

10. LAND USE AND PLANNING

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Physically divide an established community? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Conflict with any applicable habitat conservation plan or natural community conservation plan? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion/Conclusion/Mitigation:

See Section IV

11. MINERAL RESOURCES

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion/Conclusion/Mitigation:

See Section IV

12. NOISE

Would the project result in:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion/Conclusion/Mitigation:

See Section IV

13. POPULATION AND HOUSING

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion/Conclusion/Mitigation:

13 (a) Less than Significant.

There are a total of 13 lots which could be served by the sewer if all lots in the neighborhood were added. Three of the lots have not been approved for development and are currently vacant. It has not been determined that these lots will support new development with or without the sewer line extension. The sewer could make these existing lots slightly more developable, but there are also other constraints including slope, environmentally sensitive habitat, visual impacts in the critical view shed, and the availability of water. These lots will not be annexed into the Carmel Area Wastewater District. The existing lots in this area are of such a size that no further subdivision could be considered under the Local Coastal Program. Future development of the undeveloped lots will require approval of a Coastal Development Permit and connection to the sewer would be considered at that time. The undeveloped lots will not be placed within the CAWD sphere or annexed into the district as part of the LAFCO action. As a result the potential growth inducing impact is considered less than significant.

13 (b), (c) No Impact.

The action to approve the sewer line and expand the Sphere of Influence of the CAWD will not displace any existing resident or require any replacement housing therefore there is No Impact in these areas.

14. PUBLIC SERVICES

Would the project result in:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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Substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:

a) Fire protection? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Police protection? (Source: IX.1, 2, 3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Schools? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Parks? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Other public facilities? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion/Conclusion/Mitigation:

See Section IV

15. RECREATION

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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a) Increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion/Conclusion/Mitigation:

See Section IV

16. TRANSPORTATION/TRAFFIC

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with the goals, objectives, and policies of the 2010 Regional Transportation Plan for Monterey County, including, but not limited to level of service standards and travel demand measures, or other standards established by the Transportation Agency for Monterey County (TAMC) for designated roads or highways? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that result in substantial safety risks? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Result in inadequate emergency access? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities? (Source: IX.1,2,3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion/Conclusion/Mitigation:

See Section IV

17. UTILITIES AND SERVICE SYSTEMS

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board? (Source: IX.1, 7)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects? (Source: IX.1, 7)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects? (Source: IX.1, 7)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed? (Source: IX.1, 7)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments? (Source: IX.1, 7)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs? (Source: IX.1, 7)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Comply with federal, state, and local statutes and regulations related to solid waste? (Source: IX.1, 7)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion/Conclusion/Mitigation:

17 (a), (b), (c), (d), (f), (g) No Impact

Placing sewage discharge into a sewer system rather than in an onsite treatment system is a preferred method of treating sewage. There is adequate capacity to treat the sewer discharge from all the residences to be annexed into the CAWD. No new storm water facilities will be needed associated with extending sewer service to existing and approved development. The extension of the sewer will not require any additional use of water. The extension of the sewer will not place any additional demand on a landfill and will not be inconsistent with any federal state or local regulations related to solid waste. Based upon these factors there will be No Impact.

17 (e) Less than Significant Impact.

The CAWD has determined that there is sufficient capacity within the existing treatment plant to treat the discharge from the 10 lots to be annexed. The existing lift station near the Highlands Inn has a capacity of 60,000 gallons per day and is currently conveying 30,000 gallons per day. The CAWD uses 235 gallons per day as the estimated discharge for a single family residence. Adding 10 new connections associated with the annexation would result in an additional 2,350 gallons per day which would not result in a need to improve the existing facilities.

VII. MANDATORY FINDINGS OF SIGNIFICANCE

NOTE: If there are significant environmental impacts which cannot be mitigated and no feasible project alternatives are available, then complete the mandatory findings of significance and attach to this initial study as an appendix. This is the first step for starting the environmental impact report (EIR) process.

Does the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory? (Source:)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Have impacts that are individually limited, but cumulatively considerable? (Source:) ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)? (Source:)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly? (Source:)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion/Conclusion/Mitigation:

a) The extension of a sewer line within a private road, and the expansion of the Carmel Area Wastewater District to serve these 10 existing or approved residences will not degrade the quality of the environment, the habitat value of any fish and wildlife species, or threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or

endangered plant or animal or eliminate important examples of the major periods of California history or prehistory.

- b) The extension of a sewer line within a private road, and the expansion of the Carmel Area Wastewater District will not result in cumulative impacts which are individually limited but cumulatively considerable. The project will incrementally add to the demand of the CAWD, but not to such an extent as to require the construction of new facilities. The project will not impact areas that are currently undeveloped.
- c) The project will not pose significant impact to human beings either directly or indirectly as the proposed sewer extension and annexation for the CAWD will only serve existing development. Treatment of sewage in a treatment facility is preferable to onsite treatment and discharge.

Note: Authority cited: Sections 21083 and 21083.05, Public Resources Code. Reference: Section 65088.4, Gov. Code; Sections 21080(c), 21080.1, 21080.3, 21082.1, 21083, 21083.05, 21083.3, 21093, 21094, 21095, and 21151, Public Resources Code; *Sundstrom v. County of Mendocino*, (1988) 202 Cal.App.3d 296; *Leonoff v. Monterey Board of Supervisors* (1990) 222 Cal.App.3d 1337; *Eureka Citizens for Responsible Govt. v. City of Eureka* (2007) 147 Cal.App.4th 357; *Protect the Historic Amador Waterways v. Amador Water Agency* (2004) 116 Cal.App.4th at 1109; *San Franciscans Upholding the Downtown Plan v. City and County of San Francisco* (2002) 102 Cal.App.4th 656.

VIII. FISH AND GAME ENVIRONMENTAL DOCUMENT FEES

Assessment of Fee:

The State Legislature, through the enactment of Senate Bill (SB) 1535, revoked the authority of lead agencies to determine that a project subject to CEQA review had a "de minimis" (minimal) effect on fish and wildlife resources under the jurisdiction of the Department of Fish and Game. Projects that were determined to have a "de minimis" effect were exempt from payment of the filing fees.

SB 1535 has eliminated the provision for a determination of "de minimis" effect by the lead agency; consequently, all land development projects that are subject to environmental review are now subject to the filing fees, unless the Department of Fish and Game determines that the project will have no effect on fish and wildlife resources.

To be considered for determination of "no effect" on fish and wildlife resources, development applicants must submit a form requesting such determination to the Department of Fish and Game. Forms may be obtained by contacting the Department by telephone at (916) 631-0606 or through the Department's website at www.dfg.ca.gov.

Conclusion: The project will not be required to pay the fee.

Evidence: Based on the record as a whole as embodied in the Planning Department files pertaining to PLN120558 and the attached Initial Study / Proposed (Mitigated) Negative Declaration.

IX. REFERENCES

1. Project Application/Plans
2. 1982 Monterey County General Plan
3. Carmel Land Use Plan
4. Title 20 of the Monterey County Code (Zoning Ordinance)
5. CEQA Air Quality Guidelines, Monterey Bay Unified Air Pollution Control District, Revised February 2008
6. Site Visit conducted by the project planner on September 13, 2012.
7. Email Communications with the CAWD dated 9/11.2012.
8. Archaeological Report Prepared by Archaeological Consulting (July 2011)

companion study -- the District's Municipal Services Review. We anticipate that these items will be presented for consideration by the Commission in 2014.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachment: Administrative Determination Approving Request for Out-of-District Services,
including Map Exhibit of Water Systems Owned and Operated by the District

cc: Don Rosa, Pajaro/Sunny Mesa Community Services District
Benny Young and Ed Muniz, County of Monterey Public Works Dept.
Nikki Fowler and Roger Van Horn, County of Monterey Environmental Health Bureau

KATE MCKENNA, AICP
Executive Officer

**ADMINISTRATIVE APPROVAL OF REQUEST FOR EXTENSION OF SERVICES,
OUTSIDE OF DISTRICT BOUNDARIES, BY PAJARO/SUNNY MESA COMMUNITY
SERVICES DISTRICT TO CERTAIN AREAS FORMERLY SERVED BY ALISAL
WATER CORPORATION. (LAFCO FILE NO. 13-07)**

Government Code Section 56133 provides that a city or district may extend services by contract or agreement to areas outside its jurisdictional boundaries only if it first receives written approval from the Local Agency Formation Commission (LAFCO).

LAFCO of Monterey County's Policies and Procedures provide that "The Executive Officer may administratively approve requests for service extension outside an agency's jurisdictional boundary if the applicant has satisfactorily demonstrated the existence of a public health or safety issue as identified in writing from the local public health officer. The Executive Officer is required to inform LAFCO at the next available meeting of any administratively approved service agreements." (*Section XV.1.e*)

On November 22, 2013 the LAFCO Executive Officer approved extension of domestic water services by the Pajaro/Sunny Mesa Community Services District ("District") to five existing small water systems formerly serviced by the Alisal Water Corporation ("ALCO"). The five subject water systems are located in unincorporated northern Monterey County, outside of the District's current boundaries and sphere of influence, and include Moss Landing and Prunedale areas of Blackie Road, Berta Canyon, Vierra Canyon, and Langley Canyon, the specific parcels of which are mapped in Exhibit A to this determination. The combined total of these areas includes approximately 1,300 residents, 550 service connections, and 3,000 acres of territory.

The Executive Officer's administrative approval was based on the following reasons:

1. The District's application for proposed extension of potable water services to five existing small water systems was heretofore filed and accepted for filing by the Executive Officer of this Local Agency Formation Commission, pursuant to Title 6, Division 1, commencing with Section 56000, et seq. of the Government Code; and
2. The District operates (since 2005) and owns (since 2007) the subject water systems, having been authorized by the United States District Court in 2004 to purchase and take over operations of these five water systems previously operated by ALCO. The Court's action followed several years of legal proceedings and federal receivership stemming from ALCO's

failure to conform to federal Safe Drinking Water Act requirements, thereby creating an acute public health threat; and

3. The District provides appropriate water quality testing, treatment, filtration, maintenance, and other similar services that have alleviated the water quality and supply problems that existed under ALCO's ownership of these five water systems; and
4. During the time that ALCO's water systems were in federal receivership, various entities wrote letters of support for the District to be allowed to acquire the water systems that are the subject of this proposal. The Monterey County Board of Supervisors, homeowner associations, the Moss Landing Harbor District, Moss Landing Chamber of Commerce, and others submitted letters supporting the District. Copies are on file in the LAFCO office. In addition, the 2004 court order regarding the sale of these five water systems to the District noted that the customers of these systems "overwhelmingly favor[ed] sale of the systems to PSMCSD, a non-profit public agency"; and
5. The District has determined that the proposal qualifies for exemption from the California Environmental Quality Act (CEQA) under Sections 15061(b)(3), "the general rule that CEQA only applies to projects which have the potential for causing a significant effect on the environment"; 15319 ("Annexation of Existing Facilities and Lots for Exempt Facilities"); and 15320 ("Changes in Organization of Local Agencies") of the CEQA Guidelines. LAFCO staff has reviewed the record and concurs with these previous environmental determinations; and
6. Provision of out-of-district services to these five areas is an interim step toward an eventual Sphere of Influence amendment and annexation of these areas into the District's boundaries. On September 24, 2007, the Commission unanimously voted to waive LAFCO application fees for future Sphere of Influence amendment and annexation actions to bring these five areas into the District's boundaries (Resolution 07-13). LAFCO policy is that a fee waiver may be approved if it is in the "...public's best interest and/or is necessary for public health and safety reasons." Staff has not billed the District for processing this interim out-of-district service extension request for these same five areas. Waiver of LAFCO's application processing fees for this interim out-of-district service extension is consistent with the intent of the Commission's 2007 fee waiver determination; and
7. The LAFCO Executive Officer has considered the parameters set forth in the Cortese-Knox-Hertzberg Act, Section 56133, for LAFCO approval of out-of-district provision of services and found them to be consistent with the current proposal, as discussed below.

- *Govt. Code 56133(c): The commission may authorize a city or district to provide new or extended services outside its jurisdictional boundaries and outside its sphere of influence to respond to an existing or impending threat to the public health or safety of the residents of the affected territory if both of the following requirements are met:*

(1) The entity applying for the contract approval has provided the commission with documentation of a threat to the health and safety of the public or the affected residents.

The District acquired the five subject water systems as a result of a 2004 federal court order following several years of legal proceedings and receivership, resulting from acute water-quality public health problems under the previous ownership. The then-existing

public health threat is well documented in records that are on file in the LAFCO office.

(2) The commission has notified any alternate service provider, including any water corporation as defined in Section 241 of the Public Utilities Code, or sewer system corporation as defined in Section 230.6 of the Public Utilities Code, that has filed a map and a statement of its service capabilities with the commission.

No alternative service providers are known to have filed such maps or statements.

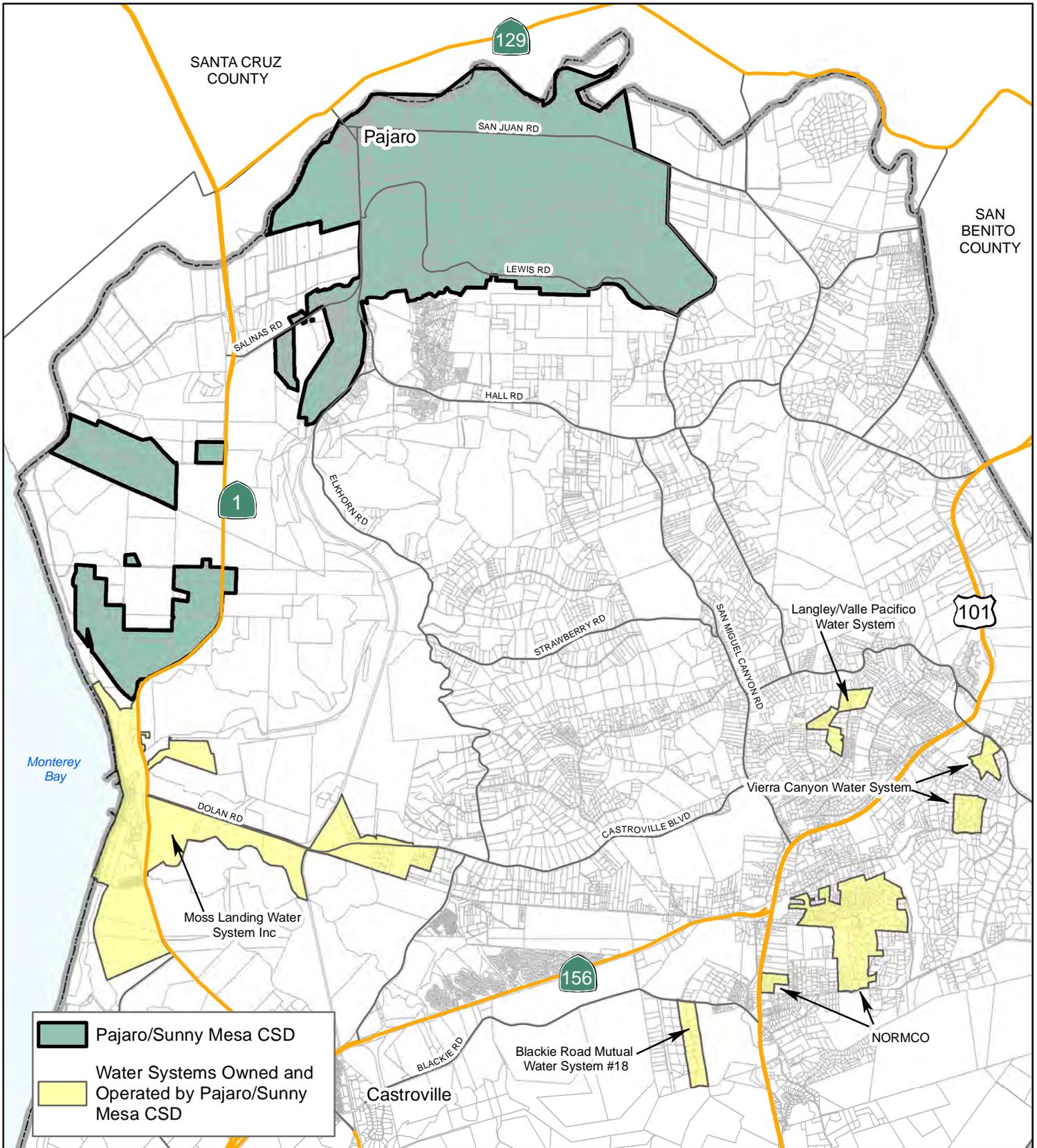
Section XV.1.e of LAFCO of Monterey County's Policies and Procedures delegate to the Executive officer the authority to administratively approve requests for service extension outside an agency's jurisdictional boundary pursuant to Section 56133(c) cited above; and

8. The applicant District agrees, as a condition of the approval of this application, to defend at their sole expense any action brought against LAFCO, the Commission and its staff, because of the approval of this application. The applicant will reimburse LAFCO for any court costs and attorneys' fees which may be required by a court to pay as a result of such action. LAFCO may, at its sole discretion, participate in the defense of any such action; but such participation shall not relieve applicant of his obligations under this condition. The obligation on the part of the applicant to indemnify LAFCO is effective upon the signing of this document and does not require any further action.

For these reasons and with these conditions, the proposal is consistent with State law and with Commission policy regarding service extension agreements.

Kate McKenna, AICP, Executive Officer

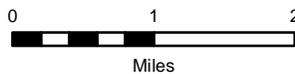
Date



LAFCO of Monterey County
 LOCAL AGENCY FORMATION COMMISSION

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SPECIAL DISTRICTS

**PAJARO/SUNNY MESA
 COMMUNITY SERVICES DISTRICT**

Map prepared:11/14/2013