

2014

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
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AGENDA

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

**Monday, February 24, 2014
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 December 2, 2013 LAFCO Regular Meeting
Recommended Action: Approve minutes.
2. Notes from Budget and Finance Committee Meeting of February 14, 2014
Recommended Action: Accept meeting notes.

3. Anticipated Agenda Items
Recommended Action: Accept report.
4. California Association of Local Agency Formation Commissions Activities Report
Recommended Action: Accept report.
5. Draft Financial Statements for Period Ending December 31, 2013
Recommended Action: Approve financial statements.
6. Approve the Register of Checks for December 2013 and January 2014
Recommended Action: Approve register of checks.
7. Mid-Year Budget Review and Budget Amendment No. 1 for Fiscal Year 2013-2014
Recommended Action: Approve amendment.
8. Amendment No. 4 to Executive Officer's Employment Agreement
Recommended Action: Approve amendment.
9. Amendment No. 1 to Agreement for Professional Audit Services with Bianchi, Kasavan & Pope, LLP
Recommended Action: Approve amendment.

New Business

10. Draft Records Management Policy
Recommended Action: Adopt a Resolution approving the policy.
11. Fee Waiver Request from the Castroville Community Services District for the Proposed Consolidation of Castroville Community Services District and Moss Landing County Sanitary District.
Recommended Action: Adopt a resolution approving the requested fee waiver.

Executive Officer's Report

The Executive Officer may make brief announcements in the form of a written report or verbal update, and may not require Commission action. The public may address the Commission on these informational items.

12. Notice of Administrative Approval of Services Outside of District Boundaries by Carmel Area Wastewater District. (LAFCO File No. 14-01) – Information Only.
Receive as information.

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. The public may address the Commission on these informational items.

Adjournment To The Next Meeting

The next Regular LAFCO Meeting – Monday, March 24, 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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Draft **MINUTES**

**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**

Roll Call

Members Present

Commissioner Calcagno (Chair)
Commissioner Snodgrass (Vice Chair)
Commissioner Darington
Commissioner Gourley
Commissioner Gunter
Commissioner Poitras
Commissioner Rubio
Commissioner Salinas
Commissioner Stephens

Members Absent (Excused Absences)

Commissioner Orozco

Members Not Present (Presence Not Required)

Commissioner Armenta

Call To Order

The Local Agency Formation Commission was called to order by Chair Calcagno at 4:05 p.m. in the Monterey County Board of Supervisors Chambers.

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 Gunter to lead the Pledge of Allegiance.

Publics Comments

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

Consent Calendar

1. Approve the Draft Minutes of December 2, 2013.
2. Approve the Meeting Notes of the Budget and Finance Committee of November 7, 2013.
3. Approve Expenditures for the Month of October 2013.
4. Accept List of Anticipated Future Agenda Items.
5. Adopt Schedule of Regular LAFCO Meetings for 2014.

There were no Commissioner or public comments for the Consent Items

Commission Action

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

New Business

6. Receive Presentation from Karen Campbell, CPA, Bianchi, Kasavan and Pope, LLP, and approve the Audit for the Fiscal Year Ending June 30, 2013.

Executive Officer McKenna introduced Ms. Campbell, who gave a presentation. There were no public comments.

Commission Action

Upon motion by Commissioner Rubio, seconded by Commissioner Darington, the Audit for Fiscal Year Ending June 30, 2013, was unanimously approved and accepted. Absent: Commissioner Orozco.

7. Receive Presentation from Mike Briley, CPA, Managing Partner, Hayashi – Wayland Accounting and Consulting, LLP, and approve the Financial Statements for Period Ending June 30, 2013.

Executive Officer McKenna introduced Mr. Briley, who gave a presentation. There were no public comments.

Commission Action

Upon motion by Commissioner Salinas, seconded by Commissioner Snodgrass, the Financial Statements for Period Ending June 30, 2013, were unanimously approved and accepted. Absent: Commissioner Orozco.

8. Approve Financial Statements for Period Ending September 30, 2013.

Executive Officer McKenna presented a report. There were no public comments.

Commission Action

Upon motion by Commissioner Snodgrass, seconded by Commissioner Salinas, the Financial Statements for Period Ending September 30, 2013, were unanimously approved and accepted. Absent: Commissioner Orozco.

9. Receive Legislative Report from the California Association of Local Agency Formation Commission (CALAFCO).

Mari Rodin, Associate Analyst, presented a report. There were no public comments.

Commission Action

The Commission unanimously voted to accept the report for information only. Absent: Commissioner Orozco.

Public Hearing (Continued)

Continued Public Hearing from October 28 2013, to Consider the “**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 No. 13-04) (Continued from October 28, 2014 Meeting).

Darren McBain, Senior Analyst, provided a report. There were public comments from Carl Holmes and Robert Carver.

Commission Action

Upon motion by Commissioner Salinas, seconded by Commissioner Stephens, the Commission unanimously adopted the Resolution, approved the Negative Declaration adopted for the project by the California Environmental Quality Act (CEQA) guidelines, approved the update of the Sphere of Influence of the Carmel Wastewater District, approved the proposed annexation, and Waived Conducting Authority (“protest”) proceedings for Agenda Item “**Highlands Point Sanitary Association Annexation**”. Absent: Commissioner Orozco.

Executive Officer Reports

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

Executive Officer McKenna provided information. No Commission action was necessary.

Public Comments

Don Rosa, Pajaro/Sunny Mesa, provided comments to the Commission.

Announcements

There were no Commissioner announcements.

Adjournment To Next Meeting

Chair Calcagno adjourned the meeting at 4:20 pm. The next regular LAFCO meeting is scheduled for Monday, January 27, 2014 at 4:00 p.m. (*This meeting was canceled*). The next regular LAFCO meeting is scheduled for February 24, 2014 at 4:00 p.m.

**2014
Committee**

Chair
Simón Salinas
County Member

Ralph Rubio
City Member

Graig R. Stephens
Special District Member

**MEETING NOTES
BUDGET AND FINANCE COMMITTEE MEETING**

Monday, February 14, 2014, 11:00 a.m.

LAFCO Office

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

Roll Call

Staff

Kate McKenna, AICP
Executive Officer

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Members Present

Commissioner Ralph Rubio
Commissioner Simón Salinas
Commissioner Graig Stephens

Staff Present

Kate McKenna, Executive Officer
Stephanie Gonzalez, Hayashi Wayland

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 11:02 a.m.

Public Comment

There were no public comments.

Special Business

I. **Election of Budget and Finance Committee Chair.**

After discussion and upon motion by Commissioner Rubio, seconded by Commissioner Stephens, the Committee unanimously selected Commissioner Salinas to be Committee Chair.

Old Business

2. Continued Discussion from November 7, 2013 Budget and Finance Committee Meeting to Consider a Report on Funding the Comprehensive Program for Preparation of Municipal Service Reviews

Executive Officer McKenna presented an oral report. After discussion, the Committee unanimously accepted the report for information only.

New Business

3. Receive 2012 Actuarial Valuation Report as of June 30, 2012 for LAFCO's CalPERS Retirement Plan.

Executive Officer McKenna presented a report. After discussion, the Committee unanimously accepted the report for information only.

4. Amendment to Agreement for Professional Audit Services with Bianchi, Kasavan and Pope, LLP.

Executive Officer McKenna presented a report. After discussion, the Committee unanimously voted to recommend approval of Amendment No. 1 to the subject Agreement.

5. Consider Draft Year-End Financial Statements for the Period Ending December 31, 2013.

Executive Officer McKenna and Stephanie Gonzalez, Hayashi Wayland, presented a report. After discussion, the Committee unanimously voted to recommend approval of the draft Financial Statements for the Period Ending December 31, 2013. The Committee also gave direction to explain the Unreserved Fund equity shown on the Balance Sheets.

6. Profit/Loss Budget vs. Actuals Worksheet Date January 31, 2014.

Executive Officer McKenna and Stephanie Gonzalez, Hayashi Wayland, presented a report. After discussion, the Committee unanimously accepted the Worksheet dated January 31, 2014.

7. Mid-Year Budget Review and Budget Amendment No 1 for FY 2013-14.

Executive Officer McKenna presented a report. After discussion, the Committee unanimously voted to recommend approval of the Mid-Year Budget Review and proposed Budget Amendment No. 1 for FY 2013-2014. In addition, the Committee provided unanimous direction in support of a Senior Analyst recruitment to fill the vacant Analyst position.

8. Preliminary Draft Annual Work Program for FY 2014-15.

Executive Officer McKenna presented a report. After discussion, the Committee unanimously voted to recommend approval of the proposed Annual Work Program for Fiscal Year 2014-2015.

9. Preliminary Draft Annual Budget for FY 2014-2015.

Executive Officer McKenna presented a report. After discussion, the Committee unanimously voted to recommend approval of the proposed Annual Budget for Fiscal Year 2014-2015, modified to include a \$20,000 revenue contribution from the Unreserved Fund Balance.

10. Three Year Financial Forecast (FY 2014-2015 through 2016-2017).

Executive Officer McKenna and Stephanie Gonzalez, Hayashi Wayland, presented a 3-year forecast. After discussion, the Committee unanimously accepted the Worksheet for information only.

Adjournment to the Next Meeting.

The meeting was adjourned at 12:15 p.m. The next Budget and Finance Committee Meeting is scheduled for May 16, 2014 at 11:00 a.m. in the LAFCO Conference Room.

LOCAL AGENCY FORMATION COMMISSION

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KATE McKENNA, AICP
Executive Officer

DATE: February 24, 2014
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **ANTICIPATED FUTURE AGENDA ITEMS**

SUMMARY OF RECOMMENDATION:

This report is for information only.

EXECUTIVE OFFICER'S REPORT:

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

Anticipated Agenda Items within Three Months

1. Municipal Services Review and Sphere of Influence Update for Castroville Community Services District (*Initiated by LAFCO*).
2. Castroville Community Services District and Moss Landing County Sanitation District – Consolidation of Districts (*Application is on file and under review; action expected in March 2014*).
3. South Monterey County Fire Protection District – Sphere of Influence Amendment and Annexation of 5,000+ acres in South County. (*LAFCO Application No. 13-05 was filed on July 10, 2013. Incomplete status, pending the District-County approval of a property tax transfer agreement*).

Anticipated Agenda Items within Six Months

1. Municipal Service Review and Sphere of Influence Update for Monterey Regional Waste Management District (*Initiated by LAFCO. Hearing expected by June 2014*).
2. Municipal Service Review for Marina Coast Water District (*Initiated by LAFCO. Administrative draft was prepared by LAFCO staff and reviewed with District in 2013. In February 2014, MCWD formed an ad hoc committee to meet with Seaside County Sanitation District to resolve ongoing issues*).

Anticipated Future Agenda Items
February 24, 2014

regarding establishment of an appropriate boundary between the two districts. MSR and SOI adoption schedule is dependent on the districts.).

3. Municipal Service Review for the Seaside County Sanitation District (*Initiated by LAFCO. Administrative draft was prepared by LAFCO staff and reviewed with District in 2013. See MCWD notes, above).*
4. Municipal Service Review and Sphere of Influence Update for Carmel Area Wastewater District (*Initiated by LAFCO).*
5. 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).*

Anticipated Agenda Items through December 2014

1. Municipal Service Review and Sphere of Influence Update for City of Soledad (*will potentially be initiated by LAFCO, if determined necessary depending on the scope of subareas under consideration in #2, below*)
2. City of Soledad – Sphere of Influence Amendment and Annexation of Miravale IIB Subdivision. (*Additional potential inclusions: Front Street freeway interchange safety improvements, 4.35-acre expansion area within the “Soledad Entry Commercial Annexation,” Metz Road bypass, Los Coches Adobe site; possibly others).*
3. Prepare a comprehensive set of Policies and Procedures for all LAFCO office functions, including human resources rules and regulations.
4. City of Greenfield – Potential Commercial/Industrial and Residential Annexation Proposals (Franscioni, Scheid, Rich, and others).
5. Municipal Service Review and Sphere of Influence Update for Pajaro-Sunny Mesa Community Services District (*MSR Initiated by LAFCO. SOI application initiated by County and PSMCSD).*
6. Pajaro/Sunny Mesa Community Services District –Consolidation with Pajaro County Sanitation District (*Initiated by County and PSMCSD).*
7. Municipal Service Review for the City of Gonzales (*Initiated by LAFCO).*
8. Municipal Service Review for the City of Seaside (*Initiated by LAFCO).*

Anticipated Agenda Items, January – June 2015

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.
3. Marina Coast Water District – Sphere of Influence Amendment and Annexation of Portions of the Former Fort Ord to Provide Water and Wastewater Services.
4. Seaside County Sanitation District – Sphere of Influence Amendment to Include Portions of the Former Fort Ord to Provide Wastewater Services.

Anticipated Future Agenda Items
February 24, 2014

5. City of Seaside – Sphere of Influence Amendment and Annexation of the Monterey Downs Project, Horse Park and Central Coast Veterans Cemetery.
6. Municipal Service Review and Sphere of Influence Update for Salinas Valley Memorial Healthcare System (Initiated by LAFCO).
7. Municipal Service Review and Sphere of Influence Update for San Ardo Water District (Initiated by LAFCO).
8. Municipal Service Review and Sphere of Influence Update for San Lucas County Water District (Initiated by LAFCO).
9. Municipal Service Review and Sphere of Influence Update for Boronda County Sanitation District (Initiated by LAFCO).
10. Municipal Service Review and Sphere of Influence Update for Monterey County Regional Sanitation District (Initiated by LAFCO).
11. Municipal Service Review and Sphere of Influence Update for Monterey Peninsula Water Management District (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. Soledad Community Health Care District – Comprehensive Sphere of Influence Amendment and Annexation. May include a Municipal Services Review update.
4. Mission Soledad Rural Fire Protection District – Sphere of Influence Amendment and Annexation to include build-out of the proposed Paraiso Springs Resort.

Respectfully Submitted,



Kate McKenna, AICP,
Executive Officer

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KATE McKENNA, AICP
Executive Officer

DATE: February 24, 2014
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **QUARTERLY REPORT ON ACTIVITIES OF THE CALIFORNIA ASSOCIATION OF
LOCAL AGENCY FORMATION COMMISSIONS (CALAFCO)**

SUMMARY OF RECOMMENDATION:

This report is for information only.

EXECUTIVE OFFICER'S REPORT:

Attached is a report from the November 2013 meeting of the CALAFCO Board of Directors, and an update on legislative activities. No action is required at this time.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachment: CALAFCO Quarterly Report, November 2013

News from the Board of Directors

CALAFCO QUARTERLY

ATTACHMENT 1

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.



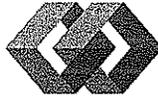
**Local Agency Formation Commission
of Monterey County
Financial Statements
December 31, 2013**

DRAFT

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

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HAYASHI | WAYLAND

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 six months ended December 31, 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.

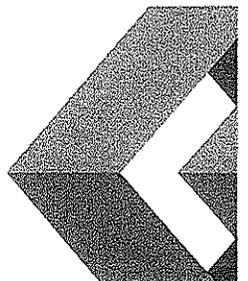
Management is responsible for the preparation and fair presentation of the financial statements included in the form prescribed by LAFCO and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

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**.

January 29, 2014



LAFCO of Monterey County
Balance Sheets
December 2013 and 2012

ASSETS			
	<u>ACCT #</u>	<u>2013</u>	<u>2012</u>
CURRENT ASSETS:			
Cash Held in Rabobank:			
Rabobank Operating	1000	\$ 224,814.50	\$ 120,113.07
Total Cash Held in Rabobank		<u>224,814.50</u>	<u>120,113.07</u>
Cash Held in County Treasury:			
Cash Held for Operating Expenses	1010	421,549.94	398,846.26
Designated Cash for Reserve for Litigation	1012	300,036.51	299,936.51
Designated Cash for Accrued Leave	1013	44,378.66	65,787.47
Designated Cash for Post Retirement (GASB 45)	1014	9,084.00	11,536.00
Designated Cash for Reserve for Contingency	1015	156,779.00	165,000.00
Total Cash Held in County Treasury		<u>931,828.11</u>	<u>941,106.24</u>
Petty Cash	1100	100.00	100.00
Total Cash		<u>1,156,742.61</u>	<u>1,061,319.31</u>
Other Current Assets:			
Prepaid Insurance	1400	3,977.27	5,921.70
Prepaid Expenses	1405	2,241.98	2,027.66
Total Other Current Assets		<u>6,219.25</u>	<u>7,949.36</u>
Total Current Assets		<u>1,162,961.86</u>	<u>1,069,268.67</u>
PROPERTY AND EQUIPMENT:			
Equipment	1500	23,906.06	21,915.38
Accumulated Depreciation	1550	(21,149.65)	(19,535.53)
Total Property and Equipment		<u>2,756.41</u>	<u>2,379.85</u>
TOTAL ASSETS		<u>\$ 1,165,718.27</u>	<u>\$ 1,071,648.52</u>
LIABILITIES AND EQUITY			
	<u>ACCT #</u>	<u>2013</u>	<u>2012</u>
CURRENT LIABILITIES:			
Accounts Payable	2000	\$ 3,360.55	\$ 8,995.82
Payroll Liabilities	2200	210.00	-
Accrued Leave	2220	44,378.66	65,787.47
Post Retirement (GASB 45)	2230	9,084.00	11,536.00
Total Current Liabilities		<u>57,033.21</u>	<u>86,319.29</u>
Total Liabilities		<u>57,033.21</u>	<u>86,319.29</u>
EQUITY:			
Invested in Capital Assets	3700	2,756.41	2,379.85
Encumbered Funds	3710	6,895.00	6,395.00
Reserve for Litigation	3800	300,036.51	299,936.51
Reserve for Contingency	3810	156,779.00	165,000.00
Unreserved Fund*	3850	642,218.14	511,617.87
Total Equity		<u>1,108,685.06</u>	<u>985,329.23</u>
TOTAL LIABILITIES AND EQUITY		<u>\$ 1,165,718.27</u>	<u>\$ 1,071,648.52</u>

* Includes revenue received in the current year to be used for operating expenses through 6/30/14

LAFCO of Monterey County
Income and Expense Budget Performance - Summary
December 31, 2013

ACCT #	Income:	Dec 13	Dec 12	% of Budget		July 13 - Dec 13	July 12 - Dec 12	Adopted 13/14 Budget	Remaining Budget Balance	% of Remaining Budget Balance
				Received/ Spent Dec 13	Spent Dec 12					
4000	Fees: Project	\$ -	\$ 8,400.00	0.00%		\$ 9,446.47	\$ 11,415.00	\$ 10,000.00	\$ (553.53)	-5.54%
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	-	121.03	0.00%		870.57	915.92	1,500.00	(629.43)	-41.96%
	Total Income	-	8,521.03	0.00%		760,811.05	658,522.92	761,991.00	(1,179.95)	-0.15%
	Expense:									
VAR	Employee Salaries	28,096.09	24,879.16	6.87%		182,582.17	154,114.24	408,946.00	226,363.83	55.35%
VAR	Employee Benefits	12,436.99	9,398.42	6.24%		74,392.34	56,564.64	199,445.00	125,052.66	62.70%
7000	Postage and Shipping	158.77	140.58	6.35%		878.09	472.16	2,500.00	1,621.91	64.88%
7010	Books and Periodical	60.00	-	6.00%		766.28	739.63	1,000.00	233.72	23.37%
7030	Copy Machine	1,122.01	304.55	24.93%		2,670.95	2,066.56	4,500.00	1,829.05	40.65%
7040	Outside Printers	-	-	0.00%		1,972.28	366.36	4,000.00	2,027.72	50.69%
7060	Office Supplies	904.92	574.55	20.11%		2,902.76	2,137.92	4,500.00	1,597.24	35.49%
7080	Computer Hardware/Peripherals	-	-	0.00%		-	97.41	7,000.00	7,000.00	100.00%
7085	Computer Support Svcs Fixed Costs	628.67	378.00	8.98%		2,529.68	1,478.00	7,000.00	4,470.32	63.86%
7090	Computer Support Svcs Variable Costs	1,352.00	1,108.80	22.53%		2,202.00	2,158.80	6,000.00	3,798.00	63.30%
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%		2,046.84	2,280.18	5,500.00	3,453.16	62.78%
7120	Office Maintenance Services	-	-	0.00%		-	-	400.00	400.00	100.00%
7140	Travel	206.10	-	2.94%		6,042.47	504.15	7,000.00	957.53	13.68%
7150	Training, Conferences & Workshops	-	-	0.00%		4,465.31	4,890.00	8,500.00	4,034.69	47.47%
7160	Vehicle Mileage	-	141.53	0.00%		1,036.50	389.62	2,000.00	963.50	48.18%
7170	Rental of Buildings	1,926.28	2,027.66	8.27%		11,557.68	12,165.96	23,300.00	11,742.32	50.40%
7200	Telephone Communications	479.74	446.40	9.59%		2,638.23	2,150.08	5,000.00	2,361.77	47.24%
7230	Temporary Help Services (Clerical)	720.35	-	36.02%		720.35	-	2,000.00	1,279.65	63.98%
7242	Outside Prof. Services: Accounting	3,000.00	3,000.00	8.00%		15,900.00	15,000.00	37,500.00	21,600.00	57.60%
7245	General and Special Legal Services	-	-	0.00%		1,196.46	4,365.96	13,000.00	11,803.54	90.80%
7248	Outside Prof. Services: Annual Audit	-	1,000.00	0.00%		13,000.00	12,000.00	13,000.00	-	0.00%
7250	Miscellaneous Office Expense	53.38	-	8.90%		548.47	451.03	600.00	51.53	8.50%
7260	Legal Notices	470.28	545.50	11.76%		961.49	661.26	4,000.00	3,038.51	75.96%
7280	LAFCO Memberships	-	-	0.00%		4,116.00	3,041.00	4,400.00	284.00	6.45%
7285	Records Storage & Security	294.13	-	5.88%		5,000.00	-	5,000.00	-	0.00%
7290	Litigation Reserve	-	-	0.00%		-	-	100.00	100.00	100.00%
7300	Depreciation	117.00	138.00	0.00%		698.00	831.00	-	(698.00)	0.00%
	Total Expense	52,367.85	44,463.18	6.70%		340,824.35	278,925.96	781,991.00	441,166.65	56.42%
	Net Ordinary Income (Loss)	(52,367.85)	(35,942.15)			419,986.70	379,596.96	(20,000.00)		
	Other Income/(Expense):									
8106	Prior Year Project Fees Returned	-	-			(3,100.00)	-	-	-	
8107	Use of Contingency Reserve	-	-			(13,221.00)	-	-	-	
8110	From Unreserved Funds	-	-			-	-	20,000.00	-	
	Total Other Income/(Expense)	-	-			(16,321.00)	-	20,000.00		
	Net Income (Loss)	\$ (52,367.85)	\$ (35,942.15)			\$ 403,665.70	\$ 379,596.96	\$ -		

LAFCO of Monterey County
Income and Expense Budget Performance - Detail
December 31, 2013

ACCT #	Income:	% of Budget				Adopted 13/14 Budget	Remaining Budget Balance	% of Remaining Budget Balance		
		Dec 13	Dec 12	July 13 - Dec 13	July 12 - Dec 12					
4000	Fees: Project	\$ -	\$ 8,400.00	0.00%	\$ 9,446.47	\$ 11,415.00	\$ 10,000.00	\$ (533.53)	-5.94%	
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	-	121.03	0.00%	870.57	915.92	1,500.00	(629.43)	-41.96%	
	Total Income	-	8,521.03	0.00%	760,811.05	658,522.92	761,991.00	(1,179.95)	-0.15%	
	Expense:									
6000	Employee Salaries-Other	-	5,629.56		4,000.01	28,991.84				
6002	Regular Earnings	28,096.09	19,249.60		178,582.16	125,122.40	154,114.24	408,946.00	226,363.83	55.35%
6006	Employee Salaries	28,096.09	24,879.16	6.87%	182,582.17	1,708.26				
	Flex Plan Cash	270.06	284.71		1,535.01	300.00				
6007	Management Expense Allowance	50.00	50.00		300.00	6,497.25				
6010	Accrued Leave	1,505.50	1,637.07		(22,621.94)	2,400.00				
6011	Car Allowance	400.00	400.00		2,400.00	1,954.89				
6101	Payroll Expenses	433.83	301.57		3,655.18	1,840.00				
6102	Worker's Compensation Insurance	616.66	306.66		3,977.17	1,198.00				
6103	Employee Memberships	-	-		718.00	7,565.12				
6104	Deferred Comp Plan Contribution	1,741.95	1,193.48		11,072.04	18,727.45				
6105	PERS Retirement	3,205.78	2,829.32		20,748.81	25.15				
6110	PERS Health - Other	15.23	4.19		81.57	1,344.00				
6111	PERS Health - Med ER Non-Elective	575.00	224.00		3,105.00	8,722.50				
6112	PERS Health - Med ER Pre Tax	2,778.77	1,453.75		16,797.75	72.00				
6131	LIFE	95.20	61.35		547.40	2,113.32				
6132	ADD	16.00	12.00		92.00	1,251.60				
6133	Dental	388.12	321.41		2,314.00	160.80				
6134	Vision	45.67	35.22		267.12	289.74				
6135	LTD	223.31	208.60		1,303.11	271.36				
6136	EAP	26.80	26.80		160.80					
6139	STTD	47.11	48.29		271.36					
7294	Accrued Leave Reserve				27,567.96					
	Employee Benefits	12,436.99	9,398.42	6.24%	74,592.34	56,564.64	199,445.00	125,052.66	62.70%	
7000	Postage and Shipping	138.77	140.58	6.35%	878.09	472.16	2,500.00	1,621.91	64.88%	
7010	Books and Periodical	60.00	-	6.00%	766.28	739.63	1,000.00	233.72	23.37%	
7030	Copy Machine	1,122.01	304.55	24.93%	2,670.95	2,066.56	4,500.00	1,829.05	40.65%	
7040	Outside Printers	904.92	574.55	20.11%	1,972.28	366.36	4,000.00	2,027.72	50.69%	
7060	Office Supplies	628.67	378.00	8.00%	2,902.76	2,137.92	4,500.00	1,597.24	35.49%	
7085	Computer Hardware/Peripherals	628.67	378.00	8.98%	2,529.68	97.41	7,000.00	7,000.00	100.00%	
7090	Computer Support Svcs Fixed Costs	1,352.00	1,108.80	22.53%	2,202.00	1,478.00	7,000.00	4,470.32	63.86%	
7100	Computer Support Svcs Variable Costs	-	-	0.00%	-	2,158.80	6,000.00	3,798.00	63.30%	
7105	Computer Software	-	-	0.00%	-	-	2,500.00	2,500.00	100.00%	
7105	Meeting Broadcast Services	341.14	380.03	6.20%	2,046.84	2,280.18	3,300.00	3,300.00	100.00%	
7110	Property and Gen Liability Insurance	-	-	0.00%	-	-	3,453.16	3,453.16	62.78%	
7120	Office Maintenance Services	206.10	-	2.94%	6,042.47	504.15	7,000.00	957.53	13.68%	
7140	Travel	-	-	0.00%	-	-	400.00	400.00	100.00%	
7150	Training, Conferences & Workshops	-	-	0.00%	-	-	7,000.00	7,000.00	100.00%	
7160	Vehicle Mileage	-	-	0.00%	-	-	4,890.00	4,034.69	47.47%	
7170	Rental of Buildings	1,926.28	2,027.66	0.00%	4,465.31	3,893.62	8,000.00	963.50	48.18%	
7200	Telephone Communications	479.74	446.40	8.27%	11,557.68	12,165.96	23,300.00	11,742.32	50.40%	
7230	Temporary Help Services (Clerical)	720.35	-	9.59%	2,638.23	2,159.08	5,000.00	2,361.77	47.24%	
7245	General and Special Legal Services	3,000.00	3,000.00	36.02%	720.35	-	2,000.00	1,279.65	63.98%	
7248	Outside Prof. Services: Annual Audit	-	-	8.00%	15,900.00	15,000.00	37,500.00	21,600.00	57.60%	
7250	Miscellaneous Office Expense	-	1,000.00	0.00%	1,196.46	4,365.96	13,000.00	11,803.54	90.80%	
7260	Legal Notices	53.38	-	8.90%	13,000.00	12,000.00	13,000.00	-	0.00%	
7280	LAFCO Memberships	470.28	545.50	11.76%	548.47	451.03	600.00	51.53	8.59%	
7285	Records Storage & Security	-	-	0.00%	961.49	661.26	4,000.00	3,038.51	75.96%	
7290	Litigation Reserve	294.13	-	5.88%	4,116.00	3,041.00	4,400.00	284.00	6.45%	
7300	Depreciation	-	-	0.00%	5,000.00	-	5,000.00	-	0.00%	
	Total Expense	117.00	138.00	0.00%	698.00	831.00	100.00	(698.00)	0.00%	
	Net Ordinary Income (Loss)	52,367.85	44,463.18	6.70%	340,824.35	278,925.96	781,991.00	441,166.65	56.42%	
	Other Income/(Expense):									
8106	Prior Year Project Fees Returned	-	-	-	(3,100.00)	-	-	-	-	
8107	Use of Contingency Reserve	-	-	-	(13,221.00)	-	-	-	-	
8110	From Unreserved Funds	-	-	-	(16,321.00)	-	-	-	-	
	Total Other Income/(Expense)	-	-	-	(32,642.00)	-	-	-	-	
	Net Income (Loss)	\$ (52,367.85)	\$ (35,942.15)		\$ 403,665.70	\$ 379,596.96	\$ -			

LAFCO of Monterey County
Income and Expense by Month
December 31, 2013

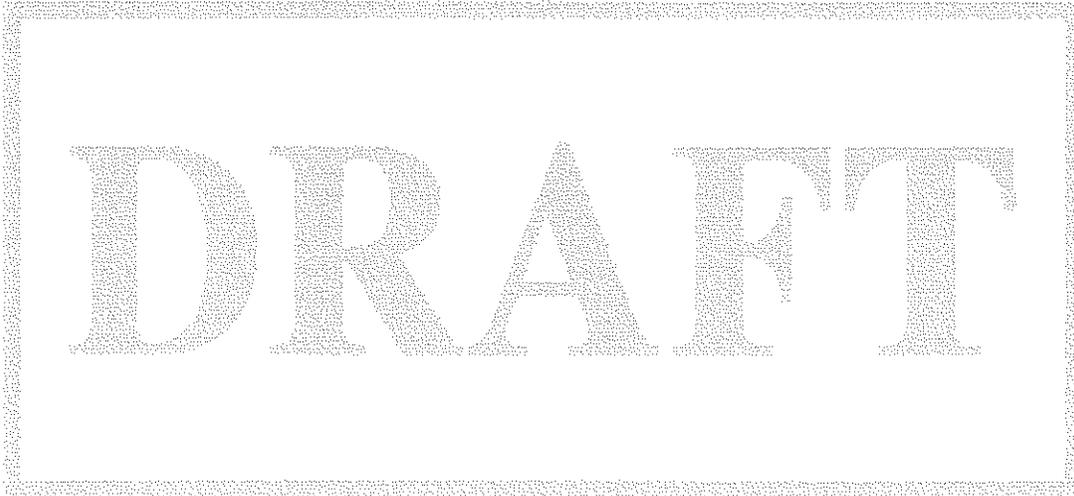
	July 13	Aug 13	Sept 13	Oct 13	Nov 13	Dec 13	Total
Ordinary Income/Expense							
Income:							
4000 · Fees: Project	7,927.27	\$ 2,625.00	\$ -	(1,000)	\$ (1,104.80)	\$ -	9,446.47
4205 · County Contributions	250,164.00	-	-	-	-	-	250,164.00
4210 · City Contributions	250,164.01	-	-	-	-	-	250,164.01
4220 · District Contributions	250,166.00	-	-	-	-	-	250,166.00
4300 · Interest	-	-	-	870.57	-	-	870.57
Total Income	758,421.28	2,625.00	-	869.57	(1,104.80)	-	760,811.05
Expense:							
6000 · Employee Salaries	31,421.22	38,796.02	28,212.70	27,901.74	28,154.40	28,096.09	182,582.17
6100 · Employee Benefits	8,849.52	15,837.26	14,243.65	10,293.22	12,731.70	12,436.99	74,392.34
7000 · Postage and Shipping	97.20	35.80	387.03	140.00	59.29	158.77	878.09
7010 · Books and Periodical	238.00	-	-	-	468.28	60.00	766.28
7030 · Copy Machine	286.14	315.70	315.70	315.70	315.70	1,122.01	2,670.95
7040 · Outside Printers	607.52	269.49	269.49	480.26	615.01	-	1,972.28
7060 · Office Supplies	531.99	438.88	180.06	109.40	717.51	904.92	2,902.76
7085 · Computer Support Svcs Fixed Costs	-	-	1,298.34	-	602.67	628.67	2,529.68
7090 · Computer Support Svcs Variable Cost	-	-	600.00	-	250.00	1,352.00	2,202.00
7110 · Property and Gen Liability Insurance	341.14	341.14	341.14	341.14	341.14	341.14	2,046.84
7140 · Travel	169.00	1,216.46	4,285.95	15.00	149.96	206.10	6,042.47
7150 · Training, Conferences & Workshops	3,545.07	630.00	80.12	-	210.12	-	4,465.31
7160 · Vehicle Mileage	-	-	501.49	335.00	200.01	-	1,036.50
7170 · Rental of Buildings	1,926.28	1,926.28	1,926.28	1,926.28	1,926.28	1,926.28	11,557.68
7200 · Telephone Communications	170.74	381.10	650.40	805.28	150.97	479.74	2,638.23
7230 · Temp Help Services (Clerical)	-	-	-	-	-	720.35	720.35
7242 · Outside Prof. Services: Accounting	-	3,000.00	3,000.00	3,000.00	3,900.00	3,000.00	15,900.00
7245 · General and Special Legal Services	-	-	414.96	207.48	103.74	470.28	1,196.46
7248 · Outside Prof. Services: Annual Audit	-	-	5,000.00	7,000.00	1,000.00	-	13,000.00
7250 · Miscellaneous Office Expense	-	227.79	143.73	26.66	96.91	53.38	548.47
7260 · Legal Notices	381.15	264.54	-	307.80	8.00	-	961.49
7280 · LAFCO Memberships	3,111.00	-	-	-	1,005.00	-	4,116.00
7285 · Records Storage & Security	1,021.02	994.84	785.40	582.51	1,322.10	294.13	5,000.00
7300 · Depreciation	118.00	114.00	117.00	116.00	116.00	117.00	698.00
8106 · Prior Year Project Fees Returned	-	-	-	-	3,100.00	-	3,100.00
8107 · Use of Contingency Reserve	-	-	-	13,221.00	-	-	13,221.00
Total Expense	52,921.48	64,431.73	62,755.03	67,124.47	57,544.79	52,367.85	357,145.35
Net Income/(Loss)	\$ 705,499.80	\$ (61,806.73)	\$ (62,755.03)	\$ (66,254.90)	\$ (58,649.59)	\$ (52,367.85)	\$ 403,665.70

**LAFCO of Monterey County
Accounts Receivable Summary
As of December 31, 2013**

Accounts Receivable-For Fiscal Year Ending 6/2014:

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

*All 2013-2014 fees have been collected.



LAFCO of Monterey County
Equipment Summary
As of December 31, 2013

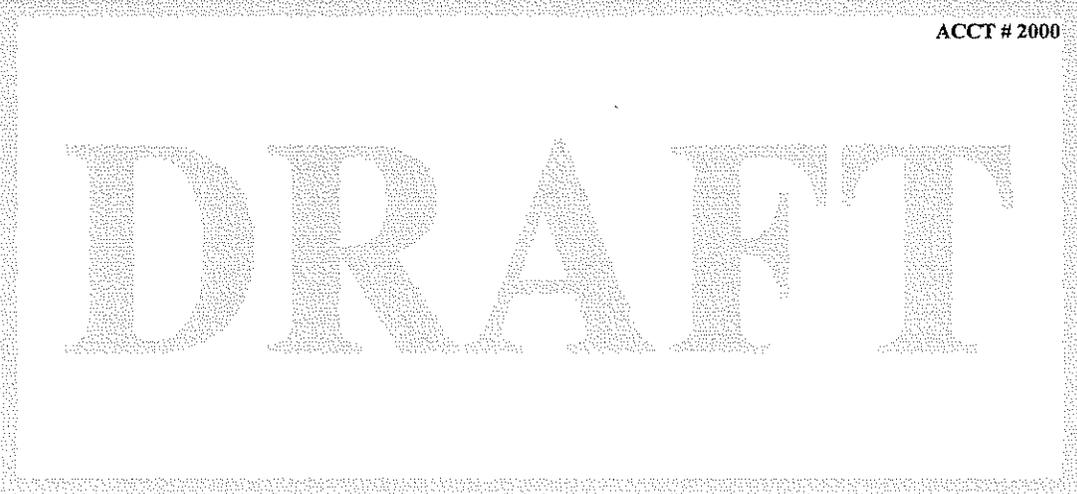
Equipment and Accumulated Depreciation:

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	933.00
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	346.00
ThinkPad W510 Laptop	6/30/2010	2,146.73	1,807.00
SNAP OUT Telephone System	7/28/2010	2,185.00	1,480.00
Apple Mbair 13.3 CTO Laptop	6/14/2013	1,990.68	478.00
	ACCT # 1500	\$ 23,906.06	
		ACCT # 1550	\$ 21,149.65

LAFCO of Monterey County
 Accounts Payable Summary
 As of December 31, 2013

Accounts Payable:

Vendor	Description	Date	Inv#	Amount
Alhambra	Water dispenser rental	12/31/2013	5133500 010114	\$ 26.66
AT&T	Telephone service from 11/12/13-12/11/13	12/12/2013	4945837	144.94
AT&T Mobility	Telephone service from 11/22/13-12/21/13	11/30/2013	177906	174.92
Corporate Express	Credit on returned supplies	6/17/2008	88070801	(43.97)
Monterey Bay Systems	Photocopier overage charges 8/8/13-11/7/13	12/26/2013		806.31
Office Depot	Office supplies: keyboard tray, pinnacle arms	12/31/2013	688427853001	262.54
Office of County Counsel-County of Monterey	Legal services through 11/30/13	12/18/2013	13-000969	470.28
Rabobank Visa Card	Telephone service 10/21-11/22; CaLafco travel; office supplies	12/26/2013	P/E 12/26 X3302	430.76
SlingShot Connections	Temporary help: Jimenez, Alma for week ending 12/15/13	12/18/2013	2496	209.44
SlingShot Connections	Temporary help: Jimenez, Alma for week ending 12/22/13	12/26/2013	2535	196.35
SlingShot Connections	Temporary help: Jimenez, Alma for week ending 12/29/13	12/31/2013	2574	104.72
Staples Advantage	Office supplies: paper, tape	12/13/2013	3217341841	97.45
Staples Advantage	Office supplies: ready tabs	12/13/2013	3217341842	30.88
Staples Advantage	Office supplies: filing cabinet	12/21/2013	3218143229	449.27
ACCT # 2000				\$ 3,360.55



**LAFCO of Monterey County
Accrued Leave Summary
As of December 31, 2013**

Executive Officer and Analyst Positions:

Employee	Title	Total Hours of Accrued Annual Leave *	Hourly Rate	Annual Leave Book Value
Kate McKenna	Executive Director	532.38	75.00	\$ 39,928.50
Darren McBain	Senior Analyst	36.96	39.15	1,446.98
Mari Rodin	Associate Analyst	31.72	33.84	1,073.40
				\$ 42,448.88

Clerk / Administrative Secretary Position:

Employee	Accrued Sick Leave	Accrued Vacation **	Hourly Rate	Sick Leave Book Value	Vacation Book Value
Gail Lawrence	33.92	40.56	25.91	\$ 878.87	\$ 1,050.91
				Annual Leave	\$ 42,448.88
				Sick Leave	878.87
				Vacation	1,050.91
				ACCT # 2220	\$ 44,378.66

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 December 31, 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 December 31, 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	<u>\$ 300,036.51</u>

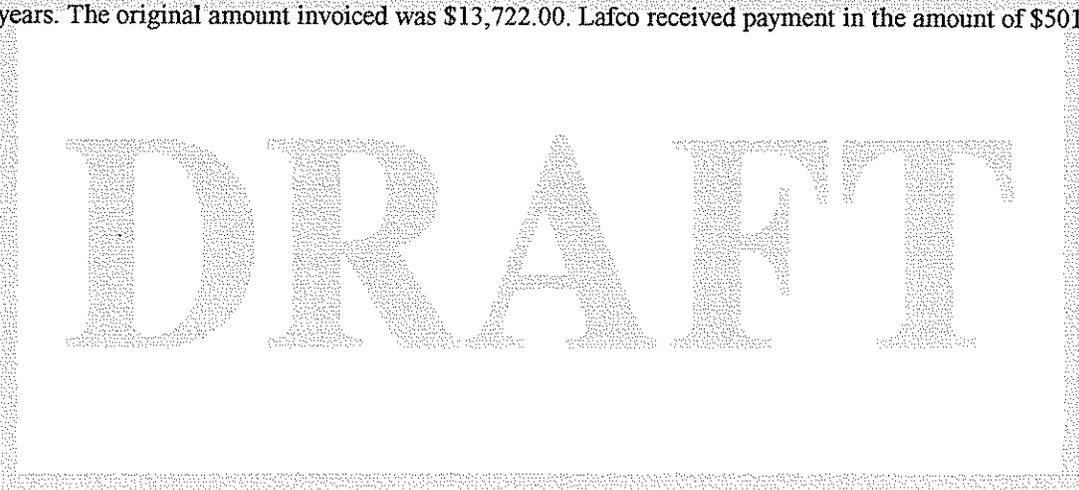
*The original invoice is greater than the amount stated above. This is the amount allocated to the litigation reserve. The remaining balance is allocated to general and special legal services.

LAFCO of Monterey County
 Detail of Reserve for Contingency Account
 As of December 31, 2013

Reserve for Contingency:

Date	Vendor/Description	Invoice #	Amount
	Beginning Balance as of 7/1/13		\$ 170,000.00
10/8/2013	Soledad Community Health Care District*		<u>(13,221.00)</u>
		ACCT # 3800	<u>\$ 156,779.00</u>

*The Executive Director of Lafco along with the Commission approved a one time contribution from the Contingency Reserve to go toward the 2013-2014 fees due from Soledad Community Health Care District. This was intended to provide short term relief from hardships of a sudden 200-fold increase as compared to previous years. The original amount invoiced was \$13,722.00. Lafco received payment in the amount of \$501.00.



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

DATE	CK#	NAME	DESCRIPTION	CHECK AMOUNT	DEPOSIT AMOUNT	ACCOUNT BALANCE
Beginning Balance 12/1/13						\$ 126,664.71
12/02/2013	EFT	CalPERS Health	December 2013 Health Insurance	3,769.00		122,895.71
12/05/2013	EFT	QuickBooks Payroll Service	For Payroll Period Ending 11/29/13 Paid 12/6/13	9,319.85		113,575.86
12/06/2013	4491	Darren J McBain	For Payroll Period Ending 11/29/13 Paid 12/6/13	0.00		113,575.86
12/06/2013	4492	Gail M Lawrence	For Payroll Period Ending 11/29/13 Paid 12/6/13	0.00		113,575.86
12/06/2013	4493	Kathryn M. McKenna	For Payroll Period Ending 11/29/13 Paid 12/6/13	0.00		113,575.86
12/06/2013	4494	Mari L Rodin	For Payroll Period Ending 11/29/13 Paid 12/6/13	0.00		113,575.86
12/06/2013	EFT	CalPERS 457 Program	CalPers 457 Deferred Compensation Contribution	2,257.18		111,318.68
12/06/2013	EFT	CalPERS Retirement	CalPers Retirement Contribution	2,224.98		109,093.70
12/06/2013	EFT	EDD	State Payroll Tax Deposit	848.90		108,244.80
12/06/2013	EFT	EFTPS	Federal Payroll Tax Deposit	2,476.96		105,767.84
12/06/2013	4495	AT&T	Telephone Service from 10/12/13-11/11/13	150.97		105,616.87
12/06/2013	4496	Copymat	Outside Printing Customer#L01004	568.03		105,048.84
12/06/2013	4497	Herbert Rubenstein	Rotunda Drive Annexation Refund File No. 13-06	1,410.95		103,637.89
12/06/2013	4498	Office of County Counsel - Co of Monterey	Legal Services October 2013	103.74		103,534.15
12/06/2013	4499	SlingShot Connections	Temp Services: Jimenez, Alma for W/E 11/17 and 11/24	373.07		103,161.08
12/06/2013	4500	Cash	Replenish Petty Cash	95.35		103,065.73
12/06/2013	4501	Rabobank Visa Card	Office Supplies; Travel; Workshops; Telephone Expense	992.58		102,073.15
12/19/2013		QuickBooks Payroll Service	For Payroll Period Ending 12/13/13 Paid 12/20/13	9,200.21		92,872.94
12/20/2013	4502	Darren J McBain	For Payroll Period Ending 12/13/13 Paid 12/20/13	0.00		92,872.94
12/20/2013	4503	Gail M Lawrence	For Payroll Period Ending 12/13/13 Paid 12/20/13	0.00		92,872.94
12/20/2013	4504	Kathryn M. McKenna	For Payroll Period Ending 12/13/13 Paid 12/20/13	0.00		92,872.94
12/20/2013	4505	Mari L Rodin	For Payroll Period Ending 12/13/13 Paid 12/20/13	0.00		92,872.94
12/20/2013	EFT	CalPERS 457 Program	CalPers 457 Deferred Compensation Contribution	2,242.72		90,630.22
12/20/2013	EFT	CalPERS Retirement	CalPers Retirement Contribution	2,224.98		88,405.24
12/20/2013	EFT	EDD	State Payroll Tax Deposit	769.23		87,636.01
12/20/2013	EFT	EFTPS	Federal Payroll Tax Deposit	2,234.70		85,401.31
12/20/2013	4506	Bruce Lindsey	Monthly Building Rent	1,926.28		83,475.03
12/20/2013	4507	Alhambra	Water Dispenser Rental	26.72		83,448.31
12/20/2013	4508	Bianchi, Kasavan & Pope, LLP	Final Billing for 2012-2013 Audit Services	1,000.00		82,448.31
12/20/2013	4509	CALAFCO	5 Cortese-Knox-Hertzberg update Editions	60.00		82,388.31
12/20/2013	4510	County of Monterey, Information Technology	Computer Support Services through 10/18/13	878.67		81,509.64
12/20/2013	4511	Hayashi & Wayland, LLP	Accounting Services #72520	3,000.00		78,509.64
12/20/2013	4512	Magellan Behavioral Health	EAP Insurance Jan 2014-Mar 2014	80.40		78,429.24
12/20/2013	4513	Monterey County Resource Mgmt Agency	GIS Mapping Services	1,102.00		77,327.24
12/20/2013	4514	Pitney Bowes	postage machine rental	158.77		77,168.47
12/20/2013	4515	SDRMA	2013-14 3rd Quarter W/C Premium	1,850.00		75,318.47
12/20/2013	4516	SlingShot Connections	Temp Services: Jimenez, Alma for W/E 12/1 & 12/8	503.97		74,814.50
12/24/2013	TFR		Funds Transfer		150,000.00	224,814.50
				<u>\$ 49,337.47</u>	<u>\$ -</u>	
Ending Balance 12/31/13						<u>\$ 224,814.50</u>

**LAFCO
LOCAL AGENCY FORMATION COMMISSION
OF MONTEREY COUNTY
WARRANT REGISTER
FOR JANUARY 2014**

DATE	CK#	NAME	DESCRIPTION	CHECK AMOUNT	DEPOSIT AMOUNT	ACCOUNT BALANCE
Beginning Balance 1/1/14						\$ 224,814.50
01/02/2014	EFT	QuickBooks Payroll Service	For Payroll Period Ending 12/27/13 Paid 1/3/14	9,191.45		215,623.05
01/02/2014	EFT	CalPERS Health	Jan 2014 Health Insurance EFT#1000381266	3,724.03		211,899.02
01/03/2014	4517	Darren J McBain	For Payroll Period Ending 12/27/13 Paid 1/3/14	0.00		211,899.02
01/03/2014	4518	Gail M Lawrence	For Payroll Period Ending 12/27/13 Paid 1/3/14	0.00		211,899.02
01/03/2014	4520	Mari L Rodin	For Payroll Period Ending 12/27/13 Paid 1/3/14	0.00		211,899.02
01/03/2014	4519	Kathryn M. McKenna	For Payroll Period Ending 12/27/13 Paid 1/3/14	0.00		211,899.02
01/03/2014	EFT	CalPERS 457 Program	CalPers 457 Deferred Compensation Contribution	2,247.54		209,651.48
01/03/2014	EFT	CalPERS Retirement	CalPers Retirement Contribution	2,224.98		207,426.50
01/03/2014	EFT	EDD	State Payroll Tax Deposit	823.89		206,602.61
01/03/2014	EFT	EFTPS	Federal Payroll Tax Deposit	2,225.82		204,376.79
01/03/2014	4521	AT&T	Telephone Service from 11/12/13-12/11/13	144.94		204,231.85
01/03/2014	4522	AT&T Mobility	VOID: Telephone Expense 11/22/13-12/21/13	0.00		204,231.85
01/03/2014	4523	Monterey Bay Systems	VOID: Incorrect Amount on Check	0.00		204,231.85
01/03/2014	4524	Principal Life	January 2013 Benefits: LTD,ADD,STD,Life	381.62		203,850.23
01/03/2014	4525	SlingShot Connections	Temp Services: Jimenez, Alma for W/E 12/15 & 12/22	405.79		203,444.44
01/03/2014	4526	Staples Advantage	Office Supplies; Filing Cabinet	577.60		202,866.84
01/03/2014	4527	United Group Insurance Trust	Jan 2014 Dental \$388.12; Vision\$47.29	435.41		202,431.43
01/03/2014	4528	Monterey Bay Systems	Photocopier Overage Charge 8/8/13-11/7/13	806.31		201,625.12
01/03/2014	EFT	AT&T Mobility	Telephone Expense 11/22/13-12/21/13	174.92		201,450.20
01/06/2014	EFT	Department of the Treasury	940 Federal Payroll Tax Deposit	525.00		200,925.20
01/16/2014	EFT	QuickBooks Payroll Service	For Payroll Period Ending 1/10/14 Paid 1/17/14	16,014.96		184,910.24
01/17/2014	4529	Gail M Lawrence	For Payroll Period Ending 1/10/14 Paid 1/17/14	0.00		184,910.24
01/17/2014	4530	Kathryn M. McKenna	For Payroll Period Ending 1/10/14 Paid 1/17/14	0.00		184,910.24
01/17/2014	4531	Mari L Rodin	For Payroll Period Ending 1/10/14 Paid 1/17/14	0.00		184,910.24
01/17/2014	4532	Kathryn M. McKenna	Direct Deposit-160 Hour Accrued Leave Payout	0.00		184,910.24
01/17/2014	4533	Darren J McBain	For Payroll Period Ending 1/10/14 Paid 1/17/14	0.00		184,910.24
01/17/2014	EFT	CalPERS 457 Program	CalPers 457 Deferred Compensation Contribution	1,948.66		182,961.58
01/17/2014	EFT	CalPERS Retirement	CalPers Retirement Contribution	2,050.70		180,910.88
01/17/2014	EFT	EDD	State Payroll Tax Deposit	2,042.08		178,868.80
01/17/2014	EFT	EFTPS	Federal Payroll Tax Deposit	5,575.28		173,293.52
01/17/2014	4534	Alhambra	Water Dispenser Rental	26.66		173,266.86
01/17/2014	4535	Hayashi & Wayland, LLP	Accounting Services #72520	3,000.00		170,266.86
01/17/2014	4536	IBM Corporation	Leased Computers for Lafco Staff	171.16		170,095.70
01/17/2014	4537	Office Depot	Office Supplies	262.54		169,833.16
01/17/2014	4538	Office of County Counsel - Co of Monterey	Legal Services November 2013	470.28		169,362.88
01/17/2014	4539	Principal Life Company	Policy #P666 140 12 Month Premium	1,913.87		167,449.01
01/17/2014	4540	SlingShot Connections	Temp Services: Jimenez, Alma for W/E 12/29/13	104.72		167,344.29

**LAFCO
LOCAL AGENCY FORMATION COMMISSION
OF MONTEREY COUNTY
WARRANT REGISTER
FOR JANUARY 2014**

DATE	CK#	NAME	DESCRIPTION	CHECK AMOUNT	DEPOSIT AMOUNT	ACCOUNT BALANCE
01/17/2014	4541	Rabobank Visa Card	Telephone Expense; Travel; Office Supplies	430.76		166,913.53
01/21/2014	DEP		Lafco File No. 14-01-Ext-CAWD of Services 26425 Via Petra		750.00	167,663.53
01/30/2014	EFT	QuickBooks Payroll Service	For Payroll Period Ending 1/24/14 Paid 1/31/14	7,654.26		160,009.27
01/31/2014	4542	Darren J McBain	For Payroll Period Ending 1/24/14 Paid 1/31/14	0.00		160,009.27
01/31/2014	4543	Gail M Lawrence	For Payroll Period Ending 1/24/14 Paid 1/31/14	0.00		160,009.27
01/31/2014	4544	Kathryn M. McKenna	For Payroll Period Ending 1/24/14 Paid 1/31/14	0.00		160,009.27
01/31/2014	EFT	CalPERS 457 Program	CalPers 457 Deferred Compensation Contribution	1,694.90		158,314.37
01/31/2014	EFT	CalPERS Retirement	CalPers Retirement Contribution	1,885.65		156,428.72
01/31/2014	EFT	EDD	State Payroll Tax Deposit	701.35		155,727.37
01/31/2014	EFT	EFTPS	Federal Payroll Tax Deposit	1,797.14		153,930.23
01/31/2014	4545	Bruce Lindsey	Monthly Building Rent	1,926.28		152,003.95
01/31/2014	4546	Hunt Bros. Construction, Inc.	PY Project Fee Overpayment Refunded Lafco File No. 13-04	3,279.25		148,724.70
01/31/2014	4547	AT&T	Telephone Service from 12/12/13-1/11/14	146.81		148,577.89
01/31/2014	4548	AT&T Mobility	Telephone Service 12/22/13-1/21/14	174.19		148,403.70
01/31/2014	4549	County of Monterey, Information Technology	Computer Support Services through 11/29/13	1,405.67		146,998.03
01/31/2014	4550	Office of County Counsel - Co of Monterey	Legal Services December 2013	414.96		146,583.07
01/31/2014	4551	SlingShot Connections	Temp Services: Jimenez, Alma for W/E 1/12/14 and 1/19/14	209.44		146,373.63
				<u>\$ 79,190.87</u>	<u>\$ 750.00</u>	
Ending Balance 1/31/14						<u><u>\$ 146,373.63</u></u>

KATE McKENNA, AICP
Executive Officer

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

DATE: February 24, 2014
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: MID-YEAR BUDGET REVIEW AND BUDGET AMENDMENT NO. 1

SUMMARY OF RECOMMENDATION:

The Budget and Finance Committee recommends approval of a Resolution to:

1. Adopt Amendment No. 1 to the Fiscal Year 2013-14 Budget, to transfer \$16,000 *from* Line Items 6100 (Employee Benefits) and 7245 (Outside Professional Services – General Counsel and Special Counsel) *to* Line Items 7030 (Copy Machine Charges), 7090 (Computer Support Services-Variable Costs), 7270 (Recruitment Advertising) and 7285 (Records Storage and Security), with no net change to the overall budget.

EXECUTIVE OFFICER’S REPORT:

The practice of the Budget and Finance Committee is to conduct a mid-year review of LAFCO’s budget and finances, in consultation with the Executive Officer and Hayashi Wayland. The Committee conducted this review at a meeting on February 14, 2014. Overall revenue is on target and overall expenses are slightly under the expected levels. Salaries and Benefits Expenses are under budget due to an unexpected mid-year vacancy. Balance sheet reserves are at or near target policy levels. No litigation expenses or other adverse trends are noted at this time.

The recommended Amendment will fund: (1) replacement of failing website software that is no longer supported by the manufacturer, and the redesign of LAFCO’s 12-year old website to meet current needs; (3) high volume copy machine usage for presentations and other production work; (2) recruitment advertising to fill an unexpected mid-year vacancy in a staff position, and (3) clerical work to implement a new Records Management Policy that the Commission will consider adopting on February 24, 2014. The total cost of this Amendment is

\$16,000. The proposed actions can be accomplished by moving funds between budget line items, with no overall net change to the adopted budget.

The Budget and Finance Committee also gave direction to the Executive Officer regarding a Senior Analyst recruitment to fill the vacant staff position.

FISCAL IMPACT

Amendment No. 1 moves funds between line items, and will have no effect on the overall budget for Fiscal Year 2013-2014.

Respectfully Submitted,



Kate McKenna, AICP
LAFCO Executive Officer

Attachments: Resolution and Draft Budget Amendment No. 1

cc: Ms. Stephanie Gonzalez, Hayashi Wayland

THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

RESOLUTION NO. XX-XX

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION

AMENDMENT NO. 1 TO FY 2013-2014 BUDGET

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

WHEREAS, the Local Agency Formation Commission of Monterey County adopted the FY 2013-2014 budget on May 20, 2013; and

WHEREAS, the Budget & Finance Committee of the Local Agency Formation Commission of Monterey County met on February 14, 2014 to conduct a periodic review of the adopted budget, and recommended a budget amendment to address mid-year needs;

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

1. The Commission amends the adopted Fiscal Year 2013-2014 budget by transferring \$16,000 from Line Items 6100 (Employee Benefits) and 7245 (Outside Professional Services – General Counsel and Special Counsel) to Line Items 7030 (Copy Machine Charges), 7090 (Computer Support Services - Variable Costs), 7270 (Recruitment Advertising) and 7285 (Records Storage and Security), as shown in the Attachment, with no net change to the overall budget.

UPON MOTION of Commissioner _____, seconded by Commissioner _____, the foregoing resolution is adopted this 24th day of February 2014 by the following vote:

AYES:	Commissioners:
NOES:	Commissioners:
ABSENT:	Commissioners:
ABSTAIN:	Commissioners:

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 ____ day of February 2014
By:

Kate McKenna, AICP, Executive Officer

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
 Draft BUDGET WORKSHEET - AMENDMENT NO. 1
 FISCAL YEAR 2013-2014

		Adopted Budget Fiscal Year 2013-14	Proposed Budget Amendment No. 1	Proposed Amended Budget FY 2013-14
6000	Employee Salaries	\$ 408,946.00	\$ -	\$ 408,946.00
6100	Employee Benefits	\$ 199,445.00	(\$8,000)	\$ 191,445.00
	2220-Accrued Leave Reserve	\$ -	\$ -	\$ -
	2230-Post-Retirement Healthcare Obligation Reserve	\$ -	\$ -	\$ -
2001	Litigation Settlement Agreement Costs	\$ -	\$ -	\$ -
7000	Postage and Shipping	\$ 2,500.00	\$ -	\$ 2,500.00
7010	Books and Periodicals	\$ 1,000.00	\$ -	\$ 1,000.00
7030	Copy Machine Charges	\$ 4,500.00	\$ 2,000.00	\$ 6,500.00
7040	Outside Printers	\$ 4,000.00	\$ -	\$ 4,000.00
7060	Office Supplies	\$ 4,500.00	\$ -	\$ 4,500.00
7070	Office Equipment and Furnishings	\$ -	\$ -	\$ -
7080	Computer/Hardware/Peripherals	\$ 7,000.00	\$ -	\$ 7,000.00
7085	Computer Support Services (Fixed Costs)	\$ 7,000.00	\$ -	\$ 7,000.00
7090	Computer Support Services (Variable Costs)	\$ 6,000.00	\$ 5,000.00	\$ 11,000.00
7100	Computer Software	\$ 2,500.00	\$ -	\$ 2,500.00
7105	Meeting Broadcast Services	\$ 3,300.00	\$ -	\$ 3,300.00
7110	Property and General Liability Insurance	\$ 5,500.00	\$ -	\$ 5,500.00
7120	Office Maintenance Services	\$ 400.00	\$ -	\$ 400.00
7130	Other Equipment Maintenance	\$ -	\$ -	\$ -
7140	Travel	\$ 7,000.00	\$ -	\$ 7,000.00
7145	CALAFCO Travel Expenses	\$ -	\$ -	\$ -
7150	Training, Conferences and Workshops	\$ 8,500.00	\$ -	\$ 8,500.00
7160	Vehicle Mileage	\$ 2,000.00	\$ -	\$ 2,000.00
7170	Rental of Buildings	\$ 23,300.00	\$ -	\$ 23,300.00
7200	Telephone Communications	\$ 5,000.00	\$ -	\$ 5,000.00
7230	Temporary Help Services (Clerical)	\$ 2,000.00	\$ -	\$ 2,000.00
7240	Outside Professional Services - Total for Line Items 7242 - 7249	\$ 63,500.00	\$ -	\$ 55,500.00
	7242 Accounting and Financial Services	37,500	\$ -	\$ 37,500.00
	7245 General Counsel and Special Counsel	\$ 13,000.00	(\$8,000)	\$ 5,000.00
	7247 Human Resources	\$ -	\$ -	\$ -
	7248 Annual Audit	\$ 13,000.00	\$ -	\$ 13,000.00
	7249 Temporary In-House Professional Services	\$ -	\$ -	\$ -
7250	Miscellaneous Office Expenses	\$ 600.00	\$ -	\$ 600.00
7260	Legal Notices	\$ 4,000.00	\$ -	\$ 4,000.00
7261	Pass-Through Expenses	\$ -	\$ -	\$ -
7270	Recruitment Advertising	\$ -	\$ 4,000.00	\$ 4,000.00
7280	LAFCO Memberships	\$ 4,400.00	\$ -	\$ 4,400.00
7290	Litigation Reserve	\$ 100.00	\$ -	\$ 100.00
XXXX	Records Storage and Security	\$ 5,000.00	\$ 5,000.00	\$ 10,000.00
7295	Contingency Reserve	\$ -	\$ -	\$ -
	SUB TOTAL EXPENDITURES (see Note 1)	\$ 781,991.00	\$ -	\$ -
	LESS PASS-THROUGH EXPENSES (Acct. 7261)	\$ -	\$ -	\$ -
	TOTAL EXPENDITURES (NET) (see Note 1)	\$ 781,991.00	\$ -	\$ 781,991.00

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

2014

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

www.monterey.lafco.ca.gov

DATE: February 24, 2014
TO: Members of the Commission
FROM: LAFCO Chair Louis R. Calcagno
**SUBJECT: AMENDMENT NO. 4 TO EXECUTIVE OFFICER'S
EMPLOYMENT AGREEMENT**

SUMMARY OF RECOMMENDATION:

Louis R. Calcagno, LAFCO Chair, and Steve Snodgrass, LAFCO Vice Chair, recommend approval of Amendment No. 4 to the Executive Officer's Employment Agreement.

DISCUSSION:

In May 2013, the Commission conducted its annual evaluation of the performance of the Executive Officer. Executive Officer Kate McKenna earned an overall performance rating of "exceptional", the highest possible rating. LAFCO Chair Calcagno and Vice Chair Snodgrass were authorized to negotiate a three-year extension and a salary adjustment, the first since a freeze was imposed in 2008.

Attached for consideration is Amendment No. 4 to the Executive Officer's Employment Agreement, providing a three-year extension to the term, and salary adjustments of 1.75 percent retroactive to July 1, 2013, 2 percent effective July 1, 2014, and 3 percent effective July 1, 2015. All other terms and conditions remain in effect, including the phased reduction of retirement benefits that began in July 2012. Effective July 1, 2014, LAFCO will pay zero percent to the employee contribution to the retirement program. The Amendment also makes minor, non-substantive clarifications to a few other provisions of the Agreement.

The proposed Amendment was reviewed for form by LAFCO Counsel Leslie Girard.

Respectfully Submitted,

Louis R. Calcagno
LAFCO Chair, District 2 Supervisor

Attachment:
Amendment No. 4

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

AMENDMENT NO. 4
TO EMPLOYMENT AGREEMENT

This Amendment No. 4 to Employment Agreement is made and entered into between the Local Agency Formation Commission of Monterey County, a state-mandated agency of the State of California (hereinafter "LAFCO") and Kathryn McKenna, an individual (hereinafter "Ms. McKenna").

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

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

WHEREAS, the term of the Agreement was extended to June 30, 2011 by Amendment No. 1, as approved by LAFCO in January 2010; and

WHEREAS, the term of the Agreement was further extended to June 30, 2011 by Amendment No. 2, as approved by LAFCO in June 2011; and

WHEREAS, the term of the Agreement was further extended to June 30, 2015 by Amendment No. 3, as approved by LAFCO in June 2012; and

WHEREAS, Ms. McKenna's basic salary effective July 1, 2007, was One Hundred and Fifty Thousand dollars (\$150,000) per year; and

WHEREAS, Ms. McKenna received a cost of living increase of 4% effective July 1, 2008, making her basic salary One Hundred and Fifty-Six Thousand dollars (\$156,000) per year, which basic salary remains in effect; and

WHEREAS, LAFCO and Ms. McKenna desire to further extend the term of and make other changes to the provisions of the Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein and in the Agreement, the parties agree as follows:

A. Section 3 of the Agreement is amended as follows:

3. **Term.** This Agreement shall commence on July 1, 2007 (the "effective date") and unless earlier terminated or extended pursuant to the terms hereof, shall expire on June 30, 2018. Ms. McKenna's continued service as LAFCO's Executive Officer shall be at the sole discretion of LAFCO, in accordance with Section 7 of this Agreement.

B. Section 4 of the Agreement is amended as follows:

4. **Compensation.** As consideration for all services to be rendered by Ms. McKenna pursuant hereto, LAFCO shall compensate Ms. McKenna as follows:

A. For the period July 1, 2013 - June 30, 2014, LAFCO shall pay Ms. McKenna the basic salary of One Hundred Fifty Eight Thousand, Seven Hundred Thirty Dollars (\$158,730).

For the period July 1, 2014 - June 30, 2015, LAFCO shall pay Ms. McKenna the basic salary of One Hundred Sixty One Thousand, Nine Hundred and Five Dollars (\$161,905).

For the period July 1, 2015 - June 30, 2018, LAFCO shall pay Ms. McKenna the basic salary of One Hundred Sixty Six Thousand, Seven Hundred Sixty Two Dollars (\$166,762).

The basic salary shall be payable annually in twenty six (26) installments and in accordance with LAFCO's payroll practice as established from time-to-time. LAFCO is authorized to deduct from Ms. McKenna's compensation those amounts required by Federal and State law and those amounts authorized by Ms. McKenna for payment of costs of any benefits; and

B. [No change.]

C. Exhibit A to the Agreement is amended as set forth in the attached Exhibit A.

Subject to the foregoing amendments, all other terms and conditions of the Agreement shall remain in full force and effect. If there is any conflict or inconsistency between provisions of this Amendment No. 4 and the Agreement, the provisions of this Amendment No. 4 shall control in all respects.

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

LAFCO of Monterey County

Kate McKenna, AICP

Approved as to Form, LAFCO General Counsel

By: _____

By: _____

Date: _____

Date: _____

Approved as to Content, LAFCO Chair

By:

Date:

EXHIBIT A
BENEFITS SUMMARY

1. PERS retirement

2% @ 55 Plan Formula

LAFCO to pay 100% of Employer Contribution

LAFCO to pay 50% of Employee Contribution for the period July 1, 2012 – June 30, 2013 of the Agreement; Ms. McKenna to pay 50% of Employee Contribution for the same period.

LAFCO to pay 50% of Employee Contribution for the period July 1, 2013 – June 30, 2014 of the Agreement; Ms. McKenna to pay 50% of Employee Contribution for the same period.

LAFCO to pay 0% of Employee Contribution for the period July 1, 2014 – June 30, 2018 of the Agreement; Ms. McKenna to pay 100% of Employee Contribution for the same period.

2. Paid Leave

Annual Leave – 27 days per calendar year.

Unused Annual Leave may accrue to a maximum of 850 hours. Accrued Annual Leave may be redeemed up to 160 hours per calendar year based upon basic salary. Accrued Annual Leave remaining upon termination of employment shall be redeemed to Ms. McKenna based upon basic salary.

Bereavement Leave – 5 days per calendar year.

Unused Bereavement Leave does not accrue.

Professional Leave – 7 days per fiscal year through the term of this Agreement

Unused Professional Leave does not accrue. Professional leave shall not be used for general vacation but for professional or educational purposes.

3. Paid Holidays

11 regular (scheduled) and 1 floating per calendar year.

4. Deferred Compensation (457 (b)) Plan

Provided in lieu of Social Security at standard Employer Social Security tax rate; Employee to match the Employer's contribution.

5. Other

LAFCO shall provide and pay for the following:

PERS Medical, Dental Insurance, and Vision Insurance Flexible Benefit Plan;

Life Insurance – \$50,000 Term Policy;

Short Term Disability Insurance;

Long Term Disability Insurance;

Monthly Expense Allowance – \$50 per month, Ms. McKenna to track actual expenses to determine if monthly allowance is appropriate;

Monthly Vehicle Allowance – \$400 per month, Ms. McKenna to track actual expenses to determine if monthly allowance is appropriate;

Professional Organization (AICP) Membership;

Counseling and Referral Program;

Educational Assistance Program;

Mandatory Employer – Paid State and Federal Payroll Taxes and Insurances, including Medicare, Unemployment Tax, State Disability Insurance, and Worker's Compensation Insurance.

annual budget for audit services (Line Item 7248) in Fiscal Years 2013-2014 and 2014-2015.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Kate McKenna". The signature is fluid and cursive, with the first name "Kate" and last name "McKenna" clearly legible.

Kate McKenna, AICP
LAFCO Executive Officer

Attachment:

Amendment No. 1

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

AMENDMENT NO. 1 TO PROFESSIONAL SERVICES AGREEMENT

This Amendment No. 1 to a Professional Services Agreement is made and entered into this ___ day of _____, 2014, between the Local Agency Formation Commission of Monterey County, a state-mandated agency of the State of California (hereinafter "LAFCO") and Bianchi, Kasavan and Pope, LLP, a California Limited Liability Partnership (hereinafter "CONTRACTOR").

Whereas, LAFCO and CONTRACTOR have heretofore entered into a Professional Services Agreement ("AGREEMENT") executed July 2, 2010 to provide Annual Audit Services for the fiscal years ending June 30, 2010, 2011, and 2012; and

Whereas, the AGREEMENT allows a one year extension and the parties agreed in writing to exercise their option to extend the AGREEMENT to the fiscal year ending June 30, 2013; and

Whereas, the parties desire to further extend the AGREEMENT and make other changes to the terms and conditions thereof; and

Whereas, the LAFCO Budget and Finance Committee received and recommended approval of the proposed Amendment on February 14, 2014;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein and in the AGREEMENT, the parties agree as follows:

Section 2 and 3 of the AGREEMENT are hereby amended to read as follows:

- 2. PAYMENTS BY LAFCO.** The Local Agency Formation Commission of Monterey County agrees to pay CONTRACTOR in accordance with the payment provisions set forth in Exhibit A (Standard Provisions), subject to the limitations set forth in this Agreement. The total amount payable by LAFCO to CONTRACTOR under this AGREEMENT shall not exceed the sum of \$13,000 for the fiscal year ending June 30, 2014; \$13,000 for the fiscal year ending June 30, 2015; \$13,500 for the fiscal year ending June 30, 2016; and \$13,500 for the (optional) fiscal year ending June 30, 2017.
- 3. TERM OF AGREEMENT.** The term of this Agreement is for fiscal years 2014-2015 through 2016-2017, inclusive of the option to extend the AGREEMENT for one year upon mutual written agreement.

Except as specifically amended, all other terms and conditions of this Agreement remain in effect.

IN WITNESS WHEREOF, LAFCO and CONTRACTOR have executed this Amendment No. 1 as of the day and year first above written.

LAFCO of Monterey County

Approved as to Content, LAFCO Executive Officer

By: _____
Kate McKenna, Executive Officer

Date: _____

Approved as to Form, LAFCO Counsel

By: _____

Date: _____

CONTRACTOR:

Bianchi, Kasavan and Pope, LLP
Signature of Chair, President or Vice President

By: _____

Date: _____

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

AGREEMENT FOR PROFESSIONAL SERVICES

This Professional Services Agreement ("Agreement") is made and entered into by and between the Local Agency Formation Commission of Monterey County, a state mandated agency of the State of California (hereinafter "LAFCO") and Bianchi, Kasavan & Pope LLP (hereinafter "CONTRACTOR").

In consideration of the mutual covenants and conditions set forth in this Agreement, the Parties agree as follows:

1. SERVICES TO BE PROVIDED. LAFCO hereby engages CONTRACTOR, and CONTRACTOR hereby agrees to perform the services described in Exhibit A in conformity with the terms of this Agreement. These services are generally described as follows:

Audit the financial statements of LAFCO for the fiscal years ending June 30, 2010, 2011, and 2012 with the option to extend this Agreement for one additional year (2013) at the discretion of the Contract Administrators. The audits are to be conducted in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

2. PAYMENTS BY LAFCO. LAFCO shall pay the CONTRACTOR in accordance with the payment provisions set forth in Exhibit A, subject to the limitations set forth in this Agreement. The total amount payable by LAFCO to the CONTRACTOR under this Agreement shall not exceed the sum of \$10,000 for the fiscal year ending June 30, 2010; \$12,000 for the fiscal year ending June 30, 2011; \$12,500 for the fiscal year ending June 30, 2012; and \$13,000 for the (optional) fiscal year ending June 30, 2013.

3. TERM OF AGREEMENT. The term of this Agreement is for fiscal years 2009-2010 through 2012-2013, inclusive of the option to extend the Agreement for one year.

4. ADDITIONAL PROVISIONS AND EXHIBITS. The following attached exhibits are incorporated herein by reference and constitute a part of this Agreement. If inconsistencies are found between Exhibits A and B, these shall be immediately identified by either party and reconciled.

Exhibit A Scope of Services
Exhibit B Standard Provisions of Agreement

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

LAFCO of Monterey County

Approved as to Form, LAFCO Counsel

By: 

Date: 7/2/10

CONTRACTOR:

Bianchi, Kasavan & Pope, LLP
Signature of Chair, President, or Vice
President*

By: 

Date: 7/8/10

Approved as to Content, LAFCO Exec.
Officer

By: 

Date: 7/6/2010

Secretary, Asst. Secretary, CFO, or Asst.
Treasurer*

By: _____

Date: _____

INSTRUCTIONS: If CONTRACTOR is a corporation, including a limited liability and nonprofit corporations, the full legal name of the corporation shall be set forth above together with the signatures of two specified officers. If CONTRACTOR is a partnership, the name of the partnership shall be set forth above together with the signature of a partner who has authority to execute this Agreement on behalf of the partnership. If CONTRACTOR is contracting in an individual capacity, the individual shall set forth the name of the business, if any, and shall personally sign the Agreement

CONTRACT ADMINISTRATORS

FOR LAFCO:

Kate McKenna, AICP, LAFCO Executive Officer
132 W. Gabilan St., Ste. 102
P.O. Box 1369
Salinas, CA 93902
Phone: (831) 754-5838
Fax: (831) 754-5831

FOR CONTRACTOR:

Karen Campbell, CPA
Bianchi, Kasavan & Pope, LLP
450 Lincoln Avenue, Suite 200
Salinas, CA 93901
Phone: (831) 757-5311

EXHIBIT A

SCOPE OF SERVICES

LAFCO desires its General Purpose Financial Statements and separate "management letter" to be prepared by a local Independent Auditor experienced in public agency audits, and to be fully compliant with GASB #34 and #45 for the fiscal years under the Agreement.

The following is a summary of the scope of services described in the May 17, 2010 proposal prepared by CONTRACTOR and made part of this Agreement by reference:

1. The CONTRACTOR will perform an audit of all funds of LAFCO using budget and financial reporting information provided by LAFCO's accountant, the CPA firm of Hayashi and Wayland. The audit will be conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller of the United States. LAFCO's General Purpose Financial Statements (GPFS) will be prepared and word processed by the audit firm. The GPFS will be in full compliance with GASB #34 and #45. The CONTRACTOR will render its auditors' report on the basic financial statements, which will include both Government-Wide Financial Statements and Fund Financial Statements. The CONTRACTOR will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information pertaining to the General Fund and each major fund of LAFCO.
2. The CONTRACTOR shall issue a separate "management letter" that includes recommendations for improvements in internal control that are considered to be nonreportable conditions.
3. The CONTRACTOR will attend and present its findings and recommendations at one meeting of the LAFCO Budget and Finance Committee and one meeting of the Local Agency Formation Commission.

LAFCO and its accountant will provide normal cooperation and assistance during the audit including typing of confirmation requests, pulling and refilling of supporting documents and reconciliations of major asset and liability balances. At LAFCO's discretion, LAFCO staff and accountant will prepare the Management's Discussion & Analysis (MD&A). All other information and financial statements are the responsibility of the CONTRACTOR. CONTRACTOR will be responsible for making working papers available to LAFCO.

TIMETABLE OF WORK TO BE PERFORMED AND DELIVERABLE REPORTS

LAFCO's books will be closed and ready for audit approximately August 31 of each year. CONTRACTOR will begin audit fieldwork in August with preliminary requests for information. CONTRACTOR shall be responsible for the preparation of General Purpose Financial Statements and a separate "management letter". By approximately mid-October, CONTRACTOR will provide draft deliverables for preliminary review by the Executive Officer, and then provide 10 copies for review by the LAFCO Budget and Finance Committee. By approximately mid-November, CONTRACTOR shall provide final deliverables in electronic form and hard copy form (20 copies) for review and approval by the LAFCO Commission.

PAYMENT FOR SERVICES

The following is a summary of annual costs as described in Section 4 of the CONTRACTOR'S May 17, 2010 proposal and made part of this Agreement by reference:

Not to Exceed Maximum Fee (Including Expenses) –

For fiscal year ending June 2010	\$ 10,000
For fiscal year ending June 2011	\$ 12,000
For fiscal year ending June 2012	\$ 12,500
Optional Extension:	
For fiscal year ending June 2013	\$13,000

EXHIBIT B

STANDARD PROVISIONS OF AGREEMENT WITH LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

1. PERFORMANCE STANDARDS

- 1.01. CONTRACTOR warrants that CONTRACTOR and CONTRACTOR'S agents and employees performing services hereunder are specially trained, experienced, competent, and appropriately licensed to perform the work and deliver the services required under this agreement.
- 1.02. CONTRACTOR, its agents and employees will comply with all applicable laws and regulations except as where LAFCO retains responsibility. All work performed under this Agreement that is required by law to be performed or supervised by licensed personnel shall be performed in accordance with such licensing requirements.
- 1.03. CONTRACTOR shall furnish, at its own expense, all materials, equipment, and personnel necessary to carry out the terms of this Agreement, except as otherwise specified in this Agreement. CONTRACTOR shall not use LAFCO premises, property (including equipment, instruments, or supplies) or personnel for any purpose other than in the performance of its obligations under this Agreement.

2. PAYMENT CONDITIONS

- 2.01. CONTRACTOR shall submit to the LAFCO Executive Officer (Contract Administrator) an invoice on a form acceptable to LAFCO. If not otherwise specified, the CONTRACTOR may submit such invoice periodically or at the completion of services, but in any event, not later than 30 days after completion of services. The invoice shall set forth the amounts claimed by CONTRACTOR for the previous period, and such other information pertinent to the invoice as LAFCO may require. The Contract Administrator or designee shall certify the invoice within 10 days of receipt, either in the requested amount or in such other amount as LAFCO approves in conformity with this Agreement, and shall promptly submit such for payment. LAFCO shall pay the certified amount within 30 days of receiving the certified invoice. If any portion of an invoice is in dispute, the other non-disputed portion(s) shall be certified and paid while disputed charges are mediated.
- 2.02. If, as of the date of signing this Agreement, CONTRACTOR has already received payment from LAFCO for services rendered under this Agreement, such amounts shall be deemed to have been paid out under this Agreement and shall be counted towards LAFCO's maximum liability under this Agreement.
- 2.03. CONTRACTOR shall not receive reimbursement for travel expenses unless set forth in this Agreement.

3. TERMINATION

- 3.01. During the term of this Agreement, either party may terminate the Agreement by giving written notice of termination to the other party at least thirty (30) days prior to the effective date of termination. Such notice shall set forth the effective date of termination. In the event of such termination, the amount payable under this Agreement shall be reduced in proportion to the services provided prior to the date of termination.
- 3.02. LAFCO may cancel and terminate this Agreement for good cause effective immediately upon written notice to CONTRACTOR. "Good cause" includes but is not limited to the failure of CONTRACTOR to perform the required services at the time and in the manner provided herein. If LAFCO terminates this Agreement for good cause, LAFCO may be relieved of the payment of any consideration to CONTRACTOR, and LAFCO may proceed with the work in any manner which LAFCO deems proper. The cost to LAFCO shall be deducted from any sum due the CONTRACTOR under this Agreement. CONTRACTOR shall receive payment only for those services provided up to the date of written termination.

4. INDEMNIFICATION

CONTRACTOR shall indemnify, defend, and hold harmless the Local Agency Formation Commission of Monterey County and its officers, agents, and employees from and against the following:

- (a) any and all third party claims and liabilities for compensation (together with any expenses related thereto, including but not limited to damages, court costs, and attorneys' fees) on account of CONTRACTOR'S non-payment for any work, services, materials, or supplies furnished or supplied by such third parties to or for CONTRACTOR subcontractors in connection with the performance of this Agreement, and
- (b) any and all claims, liabilities, and losses whatsoever (together with any expenses related thereto, including but not limited to damages, court costs, and attorneys' fees) occurring or resulting to any person, firm, or corporation for damage, injury, or death, to the extent that such claims liabilities, or losses arise out of, are alleged to arise out of, or are connected with the wrongful, willful, or negligent act or omission of the CONTRACTOR, its officers, employees, and agents in the performance of this Agreement.

5. INSURANCE

- 5.01. Insurance Coverage Requirements: Without limiting CONTRACTOR'S duty to indemnify, CONTRACTOR shall maintain in effect throughout the term of this Agreement a policy or policies of insurance with the following minimum limits of liability:

- (a) Commercial general liability, including but not limited to premises, personal injuries, products, and completed operations, with a combined single limit of not less than \$1,000,000 per occurrence.
- (b) Comprehensive automobile liability covering all motor vehicles, including owned, leased, non-owned, and hired vehicles, used in providing services under this Agreement, with a combined single limit of not less than \$500,000 per occurrence.
- (c) Workers' Comprehensive Insurance. If CONTRACTOR employs others in the performance of this Agreement, CONTRACTOR shall maintain workers' compensation insurance in accordance with California Labor Code Section 3700 and with a minimum of \$100,000 per occurrence for employer's liability.
- (d) Professional Liability Insurance.

Instructions: Check YES or NO. Professional liability insurance is usually required for contractors rendering professional services such as but not limited to medical services, legal services, engineering, accounting, and software design.

YES, professional liability insurance is required, pursuant to the following terms:

CONTRACTOR shall maintain in effect throughout the term of this Agreement professional liability insurance in the amount of not less than \$1,000,000 per claim and \$3,000,000 in the aggregate, to cover liability for malpractice or errors or omissions made in the course of rendering professional services. If professional liability insurance is written on a "claims-made" basis rather than an occurrence basis, the CONTRACTOR shall, upon the expiration or earlier termination of this Agreement, obtain extended reporting coverage ("tail coverage") with the same liability limits. Any such tail coverage shall continue for at least three years following the expiration or earlier termination of this Agreement.

NO, professional liability insurance not required.

- 5.02. Other Insurance Requirements: All insurance required by this Agreement shall be with a company acceptable to LAFCO and authorized by law to transact Insurance business in the State of California. Unless otherwise specified by this Agreement, all such insurance shall be written on an occurrence basis, or, if the policy is not written on an occurrence basis, such policy with the coverage required herein shall continue in effect for a period of two years following the date CONTRACTOR completes its performance of services under this Agreement.

Each liability policy shall provide that LAFCO shall be given notice in writing at least thirty days in advance of any change, cancellation, or non-renewal thereof. Each policy shall provide identical coverage for each subcontractor, if any, performing work under this Agreement, or be accompanied by a certificate of insurance showing each subcontractor has identical insurance coverage.

Commercial general liability and automobile liability policies shall provide an endorsement naming the Local Agency Formation Commission of Monterey County, its officers, agents, and employees as Additional Insureds and shall further provide that such insurance is primary insurance to any insurance or self-insurance maintained by LAFCO and that the insurance of the Additional Insureds shall not be called upon to contribute to a loss covered by the CONTRACTOR'S insurance.

Prior to the execution of this Agreement by LAFCO, CONTRACTOR shall file certificates of insurance with LAFCO showing that the CONTRACTOR has in effect the insurance required by this Agreement. The CONTRACTOR shall file a new or amended certificate of insurance promptly after any change is made in any insurance policy which would alter the information on the certificate then on file. Acceptance or approval of insurance shall in no way modify or change the indemnification clause in this Agreement, which shall continue in full force and effect.

6. RECORDS AND CONFIDENTIALITY

- 6.01. Confidentiality. CONTRACTOR and its officers, employees, agents and subcontractors shall comply with any and all federal, state, and local laws which provide for the confidentiality of records and other information. CONTRACTOR shall not disclose any confidential records or other confidential information received from LAFCO or prepared in connection with the performance of this Agreement, unless LAFCO specifically permits CONTRACTOR to disclose such records or information. CONTRACTOR shall promptly transmit to LAFCO any and all requests for disclosure of any such confidential records or information. CONTRACTOR shall not use any confidential information gained by CONTRACTOR in the performance of this AGREEMENT except for the sole purpose of carrying out CONTRACTOR'S obligations under this Agreement.
- 6.02. LAFCO Records. When this Agreement expires or terminates, CONTRACTOR shall return to LAFCO any records which CONTRACTOR utilized or received from LAFCO to perform services under this Agreement.
- 6.03. Maintenance of Records. CONTRACTOR shall prepare, maintain, and preserve all reports and records that may be required by federal, state, county, and LAFCO rules and regulations related to services performed under this Agreement. CONTRACTOR shall maintain such records for a period of at least three years after receipt of final payment under this Agreement. If any litigation, claim, negotiation, audit exception, or other action relating to this Agreement is pending at the end of the three year period, then CONTRACTOR shall retain said records until such action is resolved.
- 6.04. Access to and Audit of Records. LAFCO shall have the right to examine, monitor and audit all records, documents, conditions, and activities of the CONTRACTOR and its subcontractors related to services provided under this Agreement. Pursuant to Government Code Section 8546.7, if this Agreement involves the expenditure of public funds in excess of \$10,000, the parties to this Agreement may be subject, at the request of LAFCO or as part of any audit of LAFCO, to the examination and audit of the State Auditor pertaining to matters connected with the performance of this Agreement for a period of three years after final payment under

the Agreement. LAFCO shall have access to records at the contractor's place of business and be responsible for those audit costs.

6.05. Royalties and Inventions. LAFCO shall have a royalty-free, exclusive and irrevocable license to reproduce, publish, and use, and authorize others to do so, all original computer programs, writings, sound recordings, pictorial reproductions, drawings, and other works of similar nature produced in the course of or under this Agreement. CONTRACTOR shall not publish any such material without the prior written approval of LAFCO. CONTRACTOR shall not be held responsible for the use of the CONTRACTOR'S work product beyond the provisions of this agreement.

7. NON-DISCRIMINATION

During the performance of this Agreement, CONTRACTOR shall not unlawfully discriminate against any person because of race, color, religion, sex, national origin, ancestry, physical disability, medical condition, marital status, age (over 40), or sexual preference, either in CONTRACTOR'S employment practices or in the furnishing of services to recipients. CONTRACTOR shall ensure that the evaluation and treatment of its employees and applicants for employment and all persons receiving and requesting services are free of such discrimination. CONTRACTOR and any subcontractor shall, in the performance of this Agreement, fully comply with all federal, state, and local laws and regulations that prohibit discrimination. The provision of services primarily or exclusively to such target population as may be designated in this Agreement shall not be deemed to be prohibited discrimination.

8. INDEPENDENT CONTRACTOR

In the performance of work, duties, and obligations under this Agreement, CONTRACTOR is at all times acting and performing as an independent contractor and not as an employee of LAFCO. No offer or obligation on permanent employment with LAFCO is intended in any manner, and CONTRACTOR shall not become entitled by virtue of this Agreement to receive from LAFCO any form of employee benefits including but not limited to sick leave, vacation, retirement benefits, workers' compensation coverage, insurance or disability benefits. CONTRACTOR shall be solely liable for and obligated to pay directly all applicable taxes, including but not limited to federal and state income taxes and social security, arising out of CONTRACTOR'S performance of this Agreement. In connection therewith, CONTRACTOR shall defend, indemnify, and hold LAFCO harmless from any and all liability which LAFCO may incur because of CONTRACTOR'S failure to pay such taxes.

9. NOTICES

Notices required under this Agreement shall be delivered personally or by first-class, postage pre-paid mail to LAFCO's and CONTRACTOR'S contract administrators at the addresses listed at page 2 of this Agreement.

10. GENERAL PROVISIONS

10.01. Conflict of Interest. CONTRACTOR covenants that he or she presently has no interest and shall not acquire any interest during the term of this Agreement which would directly or indirectly conflict in any manner or to any degree with the

full and complete performance of the professional services required to be rendered under this Agreement.

- 10.02. Amendment. This Agreement may be amended or modified only by an instrument in writing signed by all the parties hereto.
- 10.03. Waiver. Any waiver of any terms and conditions hereof must be in writing and signed by the parties hereto. A waiver of any of the terms and conditions hereof shall not be construed as a waiver of any other terms or conditions in this Agreement.
- 10.04. Contractor. The term "CONTRACTOR" as used in this Agreement includes CONTRACTOR'S officers, agents and employees acting on CONTRACTOR'S behalf in the performance of this Agreement.
- 10.05. Assignment and Subcontracting. The CONTRACTOR shall not assign, sell, mortgage, hypothecate or otherwise transfer its interest or obligations in this Agreement without the prior written consent of LAFCO. None of the services covered by this Agreement shall be subcontracted without the prior written approval of LAFCO. Notwithstanding any such subcontract, CONTRACTOR shall continue to be liable for the performance of all requirements of this Agreement.
- 10.06. Successors and Assigns. This Agreement and the rights, privileges, duties, and obligations of the parties hereunder, to the extent assignable or delegable, shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, and heirs.
- 10.07. Compliance with Applicable Law. The parties shall comply with all applicable federal, state, and local laws and regulations in performing this Agreement.
- 10.08. Headings. The section and paragraph headings are for convenience only and shall not be used to interpret the terms of this Agreement.
- 10.09. Time is of the Essence. Time is of the essence in each and all of the provisions of this Agreement.
- 10.10. Governing Law. This Agreement shall be governed by and interpreted under the laws of the State of California.
- 10.11. Non-exclusive Agreement. This Agreement is non-exclusive and both parties expressly reserve the right to contract with other entities for the same or similar services.
- 11.12. Construction of Agreement. The parties agree that each party has fully participated in the review and revision of this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendment hereto.

- 10.13. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.
- 10.14. Authority. Any individual executing this Agreement on behalf of an entity represents and warrants hereby that he or she has the requisite authority to enter into this Agreement on behalf of such entity and bind the entity to the terms and conditions of the same.
- 10.15. Integration. This Agreement, including the exhibits hereto, shall represent the entire Agreement between the parties with respect to the subject matter hereof and shall supersede all prior negotiations, representations, or agreements, either written or oral, between the parties as of the effective date hereof.

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: February 24, 2014
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **POLICY RELATED TO LAFCO RECORDS MANAGEMENT**

SUMMARY OF RECOMMENDATION:

It is recommended that the Commission adopt a resolution (Attachment 1) approving the proposed policy entitled "Records Management Policy and Records Retention Schedule" (Attachment 2).

EXECUTIVE OFFICER'S REPORT:

Purpose and Legislative Authority

The purpose of the proposed policy is to establish a program of responsible and efficient recordkeeping in accordance with applicable law. This policy will provide staff with guidance on how to manage, reduce and retain LAFCO records and other documents. The attached policy and schedule are modeled on those adopted by the County of Monterey (2013) and by LAFCO of Santa Clara County (2009). Development of the policy and schedule has been coordinated with LAFCO General Counsel Girard.

The Cortese-Knox-Hertzberg (CKH) Act, specifically Section 56382, requires that certain LAFCO records be kept indefinitely in original, photographic, or electronic form. The CKH Act also authorizes the destruction of original (paper) versions of records more than two years old, provided that photographic or electronic copies of the record are first made and preserved as the official record in compliance with the standards specified in that section.

While the CKH Act requires retention and authorizes destruction of records, it does not define the term "record" or provide direction as to what types of documents should be kept permanently. However, the State of California's Records Management Act (Government Code, Section 14740) authorizes agencies to establish time-specific records retention schedules. The State's guidelines state that records should be kept "only as long as they have some administrative, fiscal, or legal value. When records no longer fulfill the value for which they were created, they should be destroyed unless they also have some historic or research significance."

The proposed Records Management Policy therefore provides a definition of LAFCO records to include: Meeting minutes, resolutions, documents related to proposals for LAFCO approval, certain financial management-related documents (Adopted Annual Budget, General Ledger, and Final Audit Report), Policies and Procedures adopted by LAFCO of Monterey County, and LAFCO General Counsel legal opinions. Only these LAFCO records are subject to the CKH requirements for permanent preservation (on paper and/or electronically). Other LAFCO documents are subject to minimum retention periods based on other legal requirements and guidelines, as referenced in the attached records retention schedule.

Retention Schedule

LAFCO of Monterey County has 50 years of records to date. Records as defined in the proposed policy will be kept permanently. Other documents (not defined herein as LAFCO records) will be retained for at least a minimum specified period, and then may be disposed of, in accordance with a retention schedule attached to the proposed policy. Documents of historic value or other special significance may be retained indefinitely at the discretion of the Executive Officer.

Electronic Imaging and Archiving

In accordance with the CKH Act, the attached policy includes provisions that allow for the future destruction of original paper versions of:

- Permanent records more than two years old, and
- Other, non-permanent, “non-record” LAFCO documents before their specified retention period has expired,

-- provided that the paper records or documents to be discarded have first been reformatted into an electronic medium (i.e. “imaged”) and archived in accordance with all applicable requirements and standards.

Imaging and archiving tasks will begin on a small scale in Quarter 4 of this fiscal year, and continue as ongoing clerical tasks into the future. Some documents of special significance may be retained indefinitely in paper as well as electronic format. LAFCO has adequate on-site storage capacity for current and future paper documents, and for fire-proof storage of imaged records. Arrangements will also be made for off-site storage of imaged records (in disk and electronic file formats).

The attached policy also includes provisions for the routine retention and deletion of email communications.

If the Commission approves the proposed policy, the policy will become effective immediately. LAFCO staff will update the LAFCO Policies and Procedures manual and web site to include the new policy.

Environmental Review

The proposed policy is not a project per the California Environmental Quality Act, Guidelines Section 15378(b)(5), relating to organizational or administrative governmental activities that will not affect the environment.

Public Notice

LAFCO staff has posted this report and the proposed draft policy on the LAFCO web site. Staff has also provided email notification of the February 24 meeting packet's availability to all parties who normally receive such notice.

Alternative Actions

In lieu of adopting the attached policy, the Commission may modify the policy's provisions or decline to take action.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Kate McKenna". The signature is fluid and cursive, with the first name "Kate" and last name "McKenna" clearly legible.

Kate McKenna, AICP
Executive Officer

- Attachments: 1. Draft Resolution
2. Proposed Records Management Policy and Records Retention Schedule

RESOLUTION NO. 14 – XX
RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
ADOPTING A RECORDS MANAGEMENT POLICY
AND RECORDS RETENTION SCHEDULE

WHEREAS, the purpose of the proposed Records Management Policy is to establish a program of responsible and efficient recordkeeping in accordance with applicable law; and

WHEREAS, The Cortese-Knox-Hertzberg (CKH) Act, specifically Section 56382, requires that certain LAFCO records be kept indefinitely in original, photographic, or electronic form.; and

WHEREAS, The CKH Act also authorizes the destruction of original (paper) versions of records more than two years old, provided that photographic or electronic copies of the record are first made and preserved as the official record in compliance with the standards specified in Section 56382; and

WHEREAS, the CKH Act does not define the term “record” or provide direction as to what types of documents should be kept permanently; and

WHEREAS, the State of California’s Records Management Act (Government Code, Section 14740) authorizes agencies to establish time-specific records retention schedules; and

WHEREAS, the State’s guidelines state that records should be kept “only as long as they have some administrative, fiscal, or legal value. When records no longer fulfill the value for which they were created, they should be destroyed unless they also have some historic or research significance”; and

WHEREAS, the proposed Records Management Policy provides a definition of LAFCO records to include: Meeting minutes, resolutions, documents related to proposals for LAFCO approval, certain financial management-related documents (Adopted Annual Budget, General Ledger, and Final Audit Report), Policies and Procedures adopted by LAFCO of Monterey County, and LAFCO General Counsel legal opinions; and

WHEREAS, only these LAFCO records are subject to the CKH requirements for permanent preservation (on paper and/or electronically). Other LAFCO documents are subject to minimum retention periods based on other legal requirements and guidelines, as referenced in the attached records retention schedule; and

WHEREAS, records as defined in this policy will be kept permanently. Other documents (not defined herein as LAFCO records) will be retained for at least a minimum specified period, and then may be disposed of, in accordance with a retention schedule attached to the proposed policy; and

WHEREAS, documents of historic value or other special significance may be retained indefinitely at the discretion of the Executive Officer;

NOW, THEREFORE, BE IT RESOLVED that the Local Agency Formation Commission of Monterey County adopts this resolution adopting the attached Records Management Policy and Records Retention Schedule (Attachment 1).

UPON MOTION of Commissioner _____, seconded by Commissioner _____, the foregoing resolution is adopted this ____ day of _____, 2014 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 ____ day of February, 2014

By: _____
Kate McKenna, AICP, Executive Officer

LOCAL AGENCY FORMATION COMMISSION
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RECORDS MANAGEMENT POLICY

The purpose of this policy is to establish a program of responsible and efficient recordkeeping in accordance with applicable law.

Records must be kept indefinitely in original, photographic, or electronic form pursuant to Government Code Section 56382 within the Cortese-Knox-Hertzberg Act. For purposes of compliance with Government Code §56382 and implementation of the Commission's Records Retention Schedule as set forth in Exhibit A, "records" include the following:

1. Meeting Minutes
2. Resolutions
3. Documents related to LAFCO proposals such as the:
 - Application, Petition or other initiating documents
 - Map and Legal Description
 - Certificate of Filing
 - Project-related correspondence
 - Environmental Review/CEQA documents
 - Notices
 - Executive Officer Report(s)
 - Certificate of Completion
 - Statement of Boundary Change
4. The following financial management-related documents:
 - Adopted Annual Budget
 - General Ledger
 - Final Audit Report
5. Policies and Procedures adopted by LAFCO of Monterey County
6. LAFCO General Counsel legal opinions (note: not a public record for purposes of the Public Records Act)

Documents that are not herein defined as "records" are not records pursuant to Government Code section 56382, and will be retained for specific periods and then disposed of according to the Records Retention Schedule in Exhibit A.

The Commission authorizes destruction of original paper versions of permanent records more than two years old, and other, non-permanent, "non-record" LAFCO documents before their specified retention period has expired, provided that the paper records or documents to be discarded have first been reformatted into an electronic medium (i.e. "imaged") and archived in

accordance with all applicable requirements and standards as specified in Government Code section 56382. Such records or documents shall be considered permanently retained pursuant to the Records Retention Schedule.

Electronic Mail (“email”) Communications: It is the Commission’s policy that LAFCO email and email systems are intended to be a medium of communication. LAFCO email systems are not intended to be, and may not be used for, electronic storage or maintenance of LAFCO records. The email system, to function as intended, anticipates or requires that employees regularly delete communications from the system.

Email messages and attachments comparable to hard copy documents that would be retained under this policy should be retained as follows: The document must be categorized in the appropriate record series and converted to the appropriate electronic format or printed in hard copy and retained for the required time period as outlined in LAFCO’s Records Retention Schedule. Regardless of the form in which the record is retained, proper procedures as outlined in this Policy must be followed prior to the destruction of any record.

Routine email messages are comparable to telephonic communications and are non-records. They are not intended to be retained in the ordinary course of LAFCO business, and the informational content of such communications is neither necessary nor intended to be preserved for future LAFCO use or reference. Each user will have the responsibility to remove such non-records from folders within LAFCO’s email system on a regular basis. This includes items in “inbox” and “sent” folders as well as any folders set up by individual users. Upon removal from the system, the non-records will be destroyed in LAFCO’s ordinary course of business. An email is considered destroyed as soon as it has been deleted from a user’s inbox or other folder, even though it may be temporarily stored in a “trash/recycled items” folder before being purged from the email system.

Each email user will be trained in the application and implementation of this policy. This policy does not prohibit employees from maintaining temporary working files or folders to allow for quick reference to recent emails.

RECORDS RETENTION SCHEDULE

Type of Record/ Document	Description or Example of Record/Document	Legal Authority	Minimum Legal Retention Period
1. Application Processing Functions			
LAFCO Proposals-Annexations, Reorganizations, or other proposals	Application forms, Petition/Resolution of initiation, Map and Legal Description, Certificate of Filing, Project-related correspondence, Environmental Review/CEQA documents, Notices, Executive Officer Report(s), Certificate of Completion, Statement of Boundary Change	GC 34090 GC 60201(d)(1), CEQA Guidelines	Permanent*
2. Special Studies			
LAFCO-Prepared Special Studies	Municipal Service Reviews, Sphere of Influence Studies; Retain selected documents for historic value	GC 34090	Current + 2 years (keep selected items of significance permanently)
3. Government and Community Relations			
Correspondence (General)	General correspondence, including email correspondence; various files not otherwise specifically covered by the retention schedule or related to a specific LAFCO proposal file; Referrals from other public agencies	GC 34090	While current; until relevant issues have been completed or resolved
Educational, informational, marketing, and promotional materials	Brochures, newsletters, documents prepared for public presentations, etc.	GC 34090	2 years
Political Support/Opposition	Related to legislation	GC 34090	2 years
4. Commission and Committee Functions			
Affidavits of Publication/Posting	Proof of publication of legal notices for public hearings	GC 34090	2 years
Agenda Packets	Agendas, agenda packets, staff reports and related attachments, supplemental items and documentation submitted by staff or public in relation to agenda items.	GC 34090 GC 34090.5	2 years (keep selected items of significance permanently)

* After 2 years, records may be imaged for permanent preservation and original destroyed.

CCP Code of Civil Procedure (CA)
GC Government Code (CA)
CFR Code of Federal Regulations

Minutes	Meeting minutes	GC 34090	Permanent*
Notices	Public notices for regular and special meetings	GC 34090	2 years
Recordings – audiotapes or videotaped meetings of legislative bodies	Taped recordings of Commission meetings for preparation of meeting minutes	GC 34090 64 Ops.Atty.Gen 317; GC 54953.5	Until no longer required for preparation of minutes (i.e., after Commission approval of minutes)
Resolutions	Meeting resolutions	GC 34090	Permanent*
5. Administrative and Human Resources Management			
A. General Administration			
Agreements/ Contract	Original contracts and agreements and back-up materials, including leases, rentals and any amendments	CCP 337, CCP 337.2	4 years after termination/ completion
Economic Interest Statements - Form 700	Originals of statements	GC 81009(c), (g)	7 years (can image after 2 years)
Ethics Training Compliance	Note: records should contain date of training and name of training provider	GC 53235.2	5 years after receipt of training
Forms	Applications and other administrative - blank		Until superseded
Grants Federal, State, or other grants	Grants, applications, and all supporting documents	24 CFR 570.502 24 CFR 85.42	Until completed +4 years
Insurance Certificates and Other Insurance Policy Documents	Liability, performance bonds, employee bonds, property	GC 34090	10 Years
Insurance, Risk Management Reports	Federal OSHA forms; loss analysis report; safety reports; actuarial studies	29 CFR 1904.44 GC 34090	5 years (Federal) 2 years (State)

* After 2 years, records may be imaged for permanent preservation and original destroyed.

CCP Code of Civil Procedure (CA)
GC Government Code (CA)
CFR Code of Federal Regulations

Oaths of Office	Elected and public officials -commissioners	GC 34090 29 USC 1113 Secretary of State Guidelines	Current plus 6 years
Policies & Procedures	All policies and procedures adopted by the Commission; directives rendered by the agency not assigned a resolution number; Commission Bylaws	GC 34090	Permanent*
Procedure Manuals	Administrative	GC 34090	Current + 2 years
Public Records Requests	Requests from the public to inspect or copy public documents	GC 34090	2 years
Records Retention Schedules		GC 34090	Current + 2 years
Requests for Qualifications (RFQs); Requests for Proposals (RFPs)	Requests for Qualifications, Requests for Proposals, and related responses	GC 34090	Current + 2 years
B. Human Resources-Related			
Deferred Compensation Reports	Records of employee contributions and agency payments	29 CFR 516.5 29 CFR 1627.3	Until terminated + 5 years
Employee Information, Confidential	May include commendations, disciplinary actions, terminations, evaluations, pre- employment screening (Not a public record)	29 CFR 1627.3 GC 12946	Length of employment + 3 years
Employee Information, General	Name, address, date of birth, occupation	GC 12946 29 CFR 1627.3 LC 1174	Length of employment + 3 years
Employee Information, Payment	Rate of pay and weekly compensation earned	GC 60201	7 years

* After 2 years, records may be imaged for permanent preservation and original destroyed.

- CCP Code of Civil Procedure (CA)
- GC Government Code (CA)
- CFR Code of Federal Regulations

Employment Eligibility Verification (I-9 Forms)	Federal Immigration and Nationality Act; Immigration Reform/Control Act 1986	8 USC 1324a (b)(3) Pub. Law 99-603	3 years after date of hire, or 1 year after date of termination, whichever is later
Payroll - Federal/State Reports	Annual W-2's, W-4's, Form 1099s, etc.; quarterly and year-end reports	GC 60201	Until audited + 4 years
Payroll Deductions/ Authorizations	Finance	29 CFR 516.6(c) GC 60201	Until audited + 6 years
Payroll, registers	Labor costs, by employee	29 CFR 516.5(a) GC 60201	Until audited + 6 years
Payroll, time cards/sheets		GC 60201	Until audited + 6 years
Personnel Records	Other records (not payroll) containing name, address, date of birth, occupation, etc., including records relating to promotion, demotion, transfer, lay-off, termination	29 CFR 1627.3	3 years
Recruitment	Records relating to hiring, examination materials, examination answer sheets, job bulletins; Applications submitted for existing or anticipated job openings	GC 12946 GC 34090 29 CFR 1602 et. seq. 29 CFR 1627.3	Current + 2 years
Recruitment/ Employment – Surveys and Studies	Includes classification, wage rates, surveys of other agencies	GC 12946 GC 34090 29 CFR 516.6	2 years
Unemployment Insurance Records		IRC 3301-3311	4 years
Workers Compensation Files	Work-injury claims (including denied claims); claim files, reports	8 CCR 10102 8 CCR 15400.2	Until settled + 5 years

* After 2 years, records may be imaged for permanent preservation and original destroyed.

CCP Code of Civil Procedure (CA)
GC Government Code (CA)
CFR Code of Federal Regulations

6. Financial Management			
Accounts Payable/ Receivable	Invoices and back-up documents, purchase orders, travel expense reimbursements, petty cash, postage, checks (Includes payroll, canceled and voided checks), check requests, receipt books, etc.	CCP 337; 26 CFR 31.6001-1(e)(2); Sec. of State Guidelines Recommendations; GC 34090; 26CFR31.6001-1(e)(2)	Until audited + 4 Years
Audit Reports	Financial services; internal and/ or external reports; independent auditor analyses	“ “	Permanent*
Bank Account Reconciliations	Bank statements, receipts, certificates of deposit, etc.	26 CFR 31.6001-1(e)(2)	Until audited + 4 years;
Budget, Annual	Adopted budget	GC 34090	Permanent*
Deposits, Receipts	Receipts for deposited checks, currency	GC 34090, CCP 337	Until audited + 4 years
General Ledgers	All annual financial summaries	GC 34090, CCP 337, Sec. of State Local Gov't. Records Retention Guidelines	Permanent*
Warrant Register/Check Register	Record of checks issued; approved by legislative body (copy is normally retained as part of agenda packet information)	GC 34090	Until audited + 2 years
Other Records / Documents			
Legal Opinions	Confidential - not for public disclosure (attorney-client privilege)	GC 34090	Permanent*
Litigation	Case files, including matters in mediation and/ or arbitration		10 years after completion

* After 2 years, records may be imaged for permanent preservation and original destroyed.

CCP Code of Civil Procedure (CA)
GC Government Code (CA)
CFR Code of Federal Regulations

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KATE McKENNA, AICP
Executive Officer

DATE: February 24, 2014
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **REQUEST FOR WAIVER OF LAFCO STAFF PROCESSING FEES FOR A
CONSOLIDATION PROPOSAL (MOSS LANDING COUNTY SANITATION DISTRICT
AND CASTROVILLE COMMUNITY SERVICES DISTRICT, LAFCO FILE No. 14-02)**

SUMMARY OF RECOMMENDATION:

It is recommended that the Commission adopt a resolution (Attachment 1) approving a waiver of LAFCO staff fees for processing an application by the Castroville Community Services District and the County of Monterey.

EXECUTIVE OFFICER'S REPORT:

Background

LAFCO staff is processing an application to consolidate the Moss Landing County Sanitation District into the Castroville Community Services District (LAFCO File No. 14-02). This action is requested by the Castroville Community Services District Board of Directors (November 2013) and the Monterey County Board of Supervisors (February 2014), and follows a year of informal discussion and collaboration between the agencies and LAFCO. A formal application was received by LAFCO on February 4 and will be scheduled for a public hearing at the Commission's meeting on March 24.

Description of the Request

Attachment 2 is a letter from the Castroville Community Services District, dated January 2, 2014, requesting a waiver of LAFCO staff processing fees for the application. The initial deposit amount is \$1,250 per the LAFCO fee schedule. The estimated total cost of staff time to process this formal application is \$3,000. This amount does not include the extensive pre-application

time spent in working with the County and District to ready this application for consideration by LAFCO. By policy, LAFCO does not bill individual agencies for pre-application staff time.

Analysis of Request

LAFCO's adopted fee schedule includes the following policy about fee waivers and reductions: *"The Commission may waive LAFCO fees upon a finding that the proposed action would be in the public's best interest and/or is necessary for public health and safety reasons."*

The attached letter provides justification for the requested fee waiver. Given the public benefits of consolidation in general, the significant operational and capital costs to the Castroville Community Services District associated with this consolidation, and socioeconomic conditions in the affected area, it is the opinion of the Executive Officer that the Commission can make the necessary findings to waive the staff processing fees. Out-of-pocket costs for legal notices, State Board of Equalization fees, etc. will be paid by the Castroville Community Services District.

The recommended action is consistent with previous Commission-approved fee waivers. These include: an anticipated future consolidation of Pajaro County Sanitation District into the Pajaro-Sunny Mesa Community Services District (2013); the City of Soledad extension of out-of-area service to the Camphora Apartments (2012), and an anticipated application by the Pajaro/Sunny Mesa Community Services District to provide out-of-area service to ALCO Water System areas (2007).

Fiscal Impact

Staff time spent processing the formal application, estimated to be approximately \$3,000 if billed to the applicant agencies, will be absorbed as a general operating cost by local agencies that contribute to LAFCO's annual budget.

Environmental Review

This request for a waiver of fees is not a project per the California Environmental Quality Act, Guidelines Section 15060(c)(2).

Alternative Actions

The Commission may reduce the processing fees (with findings) or deny the fee waiver request.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

cc: Castroville Community Services District
County of Monterey

Attachments: Draft Resolution
Letter of Request

RESOLUTION NO. 14 – XX

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
ADOPTING FINDINGS SUPPORTING THE WAIVER OF STAFF PROCESSING FEES
RELATING TO A PROPOSAL TO CONSOLIDATE THE MOSS LANDING COUNTY
SANITATION DISTRICT INTO THE CASTROVILLE COMMUNITY SERVICES DISTRICT**

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

WHEREAS, Moss Landing County Sanitation District provides sanitary sewer collection service to the Moss Landing unincorporated community; and

WHEREAS, Castroville Community Services District is authorized by LAFCO to provide water, sewer, storm water, recreation facilities, community recreation, street lighting, street maintenance, pest control, and acquisition of land for habitat mitigation within its jurisdiction; and

WHEREAS, the Boards of Directors of the Castroville Community Services District and the Moss Landing County Sanitation District have passed resolutions requesting that LAFCO initiate proceedings for the consolidation of Moss Landing County Sanitation District into Castroville Community Services District, and an application for such consolidation is on file with LAFCO (file no. 14-02); and

WHEREAS, the Commission may waive LAFCO fees upon a finding that the proposed action would be in the public's best interest and/or is necessary for public health and safety reasons.

WHEREAS, the Castroville Community Services District has submitted a letter requesting a waiver of LAFCO staff processing fees for the proposed consolidation proposal, and describes the basis for the request; and

WHEREAS, the letter provides justification for the requested fee waiver, including significant operational and capital costs to the Castroville Community Services District associated with this consolidation; and

WHEREAS, the Moss Landing community's median annual household income of \$39,107 meets the state's definition of a Disadvantaged Unincorporated Community (less than 80% of the statewide median annual household income, or \$49,120) and Castroville's \$52,771 median is slightly above the Disadvantaged Unincorporated Community level;

NOW, THEREFORE, the Local Agency Formation Commission of Monterey County does HEREBY RESOLVE, DETERMINE AND ORDER that the LAFCO Commission finds that the proposed action is in the public's best interest and shall waive staff processing fees for the pending

application to consolidate the Moss Landing County Sanitation District into the Castroville Community Services District.

UPON MOTION of Commissioner _____, seconded by Commissioner _____, the foregoing resolution is adopted this ____ day of _____, 2014 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 ____ day of February, 2014

By: _____
Kate McKenna, AICP, Executive Officer

JAN 7 2013



**CASTROVILLE
COMMUNITY
SERVICES DISTRICT**

P.O. BOX 1065

OFFICE: 11499 GEIL STREET

CASTROVILLE, CA 95012

FAX (831) 633-3103

24-HOUR TELEPHONE: (831) 633-2560

January 2, 2014

Monterey County Local Area Formation Commission
Attn: Ms. Kate McKenna
132 W. Gabilan Street, Suite 102
Salinas, CA 93901

Re: Waiver of LAFCO Fees

Dear LAFCO Commissioners:

The purpose of this letter is to request a waiver of LAFCO fees for the proposed consolidation of the Moss Landing County Sanitation District (MLCSD) with the Castroville Community Services District (CCSD). The CCSD is requesting a waiver of fees directly charged by LAFCO and is willing to pay for direct out of pocket expenses.

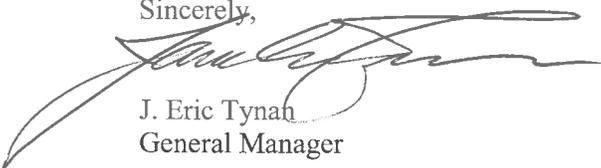
The District's rationale in requesting the fee waiver is the financial and physical condition of the MLCSD system. The MLCSD has approximately \$257,766 in fund balance; however, the immediate requirements necessary to bring the system back to a reasonable condition far outweigh the available funding. The CCSD has been operating the Moss Landing system for close to four years and has an intimate knowledge of the challenges facing this system.

Currently, the MLCSD needs to replace or repair fifteen badly corroded manholes, install a system for control and monitoring the pumps and alarms, disconnect seven illegal storm water hookups and replace several pumps and rail assemblies. Most of the MLCSD infrastructure is badly out-dated and no significant effort was made to set aside adequate funds for the asset replacements necessary.

Finally, the residents of Moss Landing are already charged significantly far more for service than any of the other MRWPCA members, therefore raising fees would not be fair to the community. A fee waiver would be in the best interest and is necessary for public health and safety of the Moss Landing community.

The CCSD and the Moss Landing community is appreciative of the LAFCO's Commissioners consideration of this request.

Sincerely,


J. Eric Tynan
General Manager

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KATE MCKENNA, AICP
Executive Officer

MEMORANDUM

DATE: February 24, 2014
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **NOTICE OF ADMINISTRATIVE APPROVAL OF SERVICES OUTSIDE OF DISTRICT BOUNDARIES BY CARMEL AREA WASTEWATER DISTRICT TO 26425 VIA PETRA (LAFCO FILE NO. 14-01)**

SUMMARY OF RECOMMENDATION:

This item is for information only.

EXECUTIVE OFFICER'S REPORT:

This report provides notice of an administrative action.

Legal Context

The Cortese-Knox-Hertzberg Act requires LAFCO approval of services provided outside of a special district's boundaries. By local LAFCO policy, the Commission has authorized the Executive Officer to approve out-of-district extensions of services when there is a public health or safety issue. The policy also requires the Executive Officer to inform the Commission at the next available meeting of any administratively approved service actions (*Reference: LAFCO Policies and Procedures, Section XV.1.e*).

Notice of Action

This report provides notice of an administrative LAFCO approval, on January 28, 2014, for the out-of-district extension of services by Carmel Area Wastewater District to one existing single-family house located at 26425 Via Petra in the Carmel Valley area. The house's septic system has failed. The site is located adjacent to the District's boundaries. Please see the attached approval action with location map.

This action complies with the requirement for LAFCO approval to extend services outside of boundaries. It is also compatible with a planned Sphere of Influence amendment for the District, which will facilitate the District's annexation of this site and other appropriate parcels in the nearby area. District staff is currently working to prepare that application. LAFCO staff

also has an update to a companion study, the District's Municipal Services Review, in its work plan. We anticipate that these items will be presented for consideration by the Commission in mid- to late 2014.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachment: Administrative Determination Approving Request for Out-of-District Services

cc: Applicant
Drew Lander, Carmel Area Wastewater District
Nicki Fowler, County of Monterey Environmental Health Bureau

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KATE MCKENNA, AICP
Executive Officer

ADMINISTRATIVE APPROVAL OF REQUEST FOR EXTENSION OF SERVICES, OUTSIDE OF DISTRICT BOUNDARIES, BY CARMEL AREA WASTEWATER DISTRICT (LAFCO FILE NO. 14-01)

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 January 28, 2014 the LAFCO Executive Officer approved extension of sanitary sewer services by Carmel Wastewater District ("District") to one existing single-family residential property located at 26425 Via Petra in Carmel Valley, APN 015-271-016. The site is located in unincorporated Monterey County, outside of the District's current boundaries and sphere of influence, and is approximately one acre in size.

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

1. The property owner's application for extension of the District's sanitary sewer services to the subject site 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
2. The site is located adjacent to parcels that are within the District's boundaries and served by the District, and is within 200 feet of an existing sewer main within the public street (Via Petra); and
3. The existing septic system on the site has failed and has been determined by the County of Monterey Health Bureau to be unusable. County ordinances require connection to sanitary sewer when an existing septic system has failed and the parcel is within 200 feet of an existing sewer main; and
4. Provision of out-of-district services to this parcel is an interim step toward an eventual Sphere of Influence amendment and annexation into the District's boundaries. The District

is currently preparing a comprehensive Sphere of Influence amendment and annexation proposal for the Carmel Valley area. The property owner/applicant has agreed in writing to participate in, and not to protest, a potential future Sphere of Influence amendment and annexation proposal that would bring this site into the District's boundaries; and

5. District and County Health staff have expressed support for the proposed out-of-District service extension to this parcel; and
6. LAFCO staff has reviewed the record and 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; 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.*

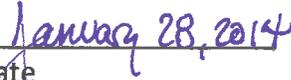
The County of Monterey Environmental Health Bureau has provided a letter documenting that a failing septic system on the subject site represents a public health and safety hazard.
 - (2) *The commission has notified any alternate service provider, including any water corporation as defined in Section 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; and
8. 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
9. 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.

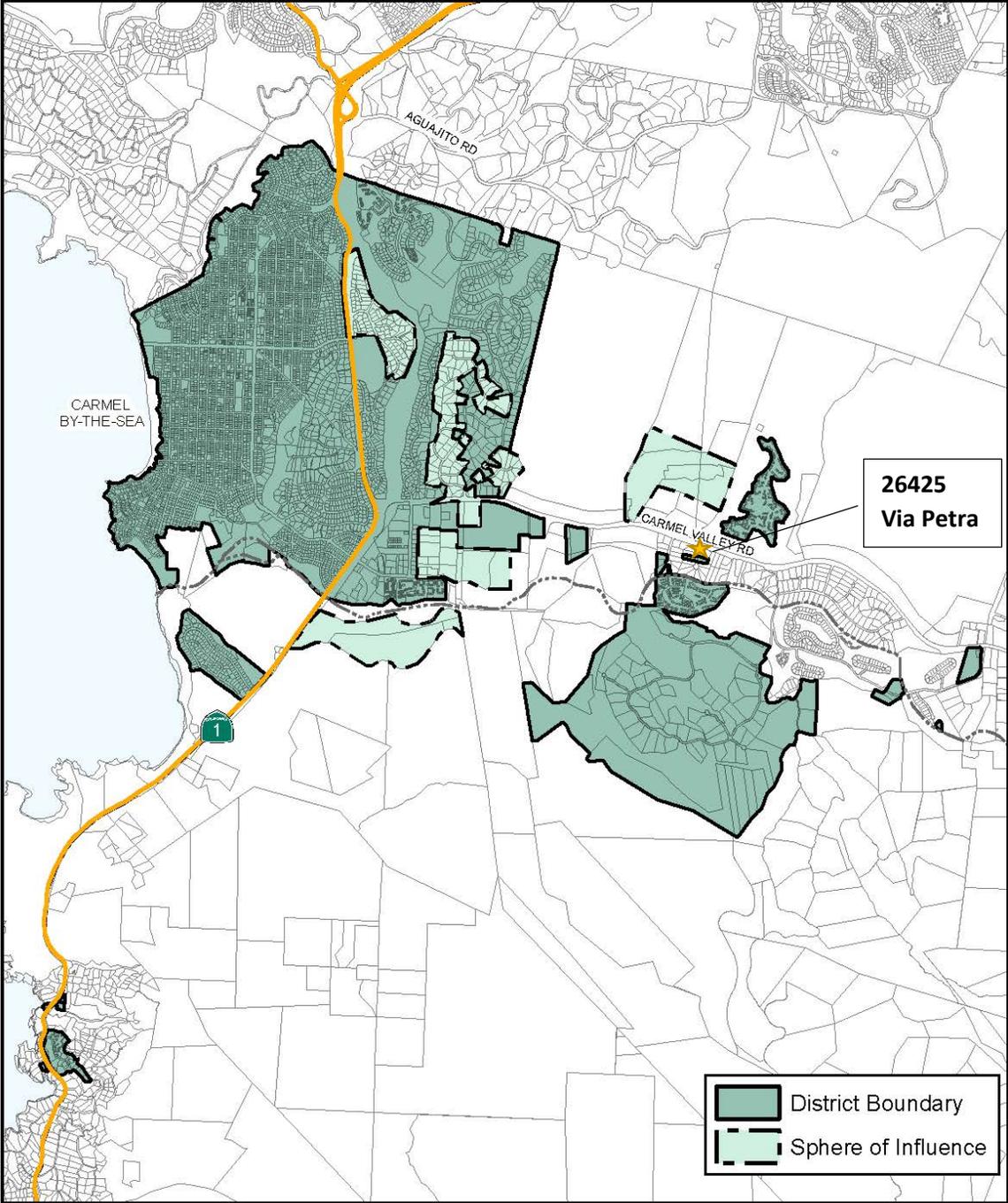


Kate McKenna, AICP, Executive Officer



Date

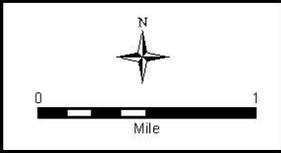
Exhibit A to Attachment 1:
Location Map



LAFCO of Monterey County
LOCAL AGENCY FORMATION COMMISSION

P.O. Box 1369
Salinas, CA 99902
Telephone (831) 754-5838

132 W. Gabilan St., Suite 102
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WASTEWATER DISTRICTS

**CARMEL AREA
WASTEWATER DISTRICT**

Last LAFCO-Approved Change 3/25/2013
Map Prepared 6/3/2013