

**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

AGENDA

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

Monday, March 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 February 24, 2014 LAFCO Regular Meeting
Recommended Action: Approve minutes.
2. Anticipated Agenda Items
Recommended Action: Accept report.

3. Quarterly Report on Activities of the California Association of Local Agency Formation Commissions
Recommended Action: Accept report.
4. Register of Checks for February 2014
Recommended Action: Approve register.

Public Hearings

5. Consider the Draft 2014 Municipal Services Review and Sphere of Influence Study for the Castroville Community Services District.
Recommended Action: Adopt a Resolution to:
 - a) Find that the action is exempt from provisions of the California Environmental Quality Act (CEQA) as “information collection” under Sections 15306 and 15061(b)(3) of the State CEQA Guidelines;
 - b) Adopt the *2014 Municipal Service Review and Sphere of Influence Study for the Castroville Community Services District*; and
 - c) Adopt the *Study’s* determinations that support updating the Castroville Community Services District’s Sphere of Influence to reflect consolidation with the Moss Landing County Sanitation District and designation of a Future Study Area on the east side of Highway 1 in Moss Landing.
6. Consider the Proposed Consolidation of the Castroville Community Services District and Moss Landing County Sanitation District (LAFCO File No. 14-02).
Recommended Action: Adopt a Resolution to:
 - a) Find that this proposal is exempt from environmental review pursuant to California Environmental Quality Act Guidelines section 15320;
 - b) Approve the Consolidation of the Castroville Community Services District and Moss Landing County Sanitation District, based on the analysis and determinations in the *2014 Municipal Service Review and Sphere of Influence Study for the Castroville Community Services District*; and
 - c) Set April 28, 2014 at 4:00 p.m. as the Conducting Authority hearing to consider any protests of this consolidation.
7. Consider the Proposed Annual Work Program for Fiscal Year 2014-2015.
Recommended Action: Adopt a Resolution Approving the Annual Work Program for Fiscal Year 2014-2015.
8. Consider the Proposed Annual Budget for Fiscal Year 2014-2015.
Recommended Action:
 - a) Discuss and adopt a proposed budget for Fiscal Year 2014-2015, including a finding that the work of the Commission can be accomplished with a reduced overall budget in Fiscal Year 2014-2015;
 - b) Direct the Executive Officer to Distribute the Adopted Proposed Budget to the County, Cities and Independent Special Districts for Review and Comments; and
 - c) Direct the Executive Officer to Schedule a Public Hearing on April 28, to Consider Adoption of a Final Budget for Fiscal Year 2014-2015.

New Business

9. Consider a Comment Letter Prepared by LAFCO for the Draft 2035 Metropolitan Transportation Plan/Sustainable Communities Strategy and Draft Environmental Impact Report (Association of Monterey Bay Area Governments)
Recommended Action: Approve comment letter.

10. Consider a Comment Letter Prepared by LAFCO on Draft Regional Housing Needs Allocation Plan (Association of Monterey Bay Area Governments)
Recommended Action: Approve comment letter.

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.

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, April 28, 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

2014

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DRAFT MINUTES

**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**

Roll Call

Members Present

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

Members Absent (Excused Absences)

Commissioner Rubio

Members Not Present (Presence Not Required)

Commissioner Armenta

Call To Order

The Local Agency Formation Commission was called to order by Chair Calcagno at 4:04 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

Pledge of Allegiance

Commissioner Chair Calcagno asked Commissioner Stephens 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 February 14, 2014.
3. Accept List of Anticipated Future Agenda Items.
4. California Association of Local Agency Formation Commissions Activities Report.
5. Draft Financial Statements for Period Ending December 31, 2013 and January 2014.
6. Approve the Register of Checks for December 2013 and January 2014.
7. Mid-Year Budget Review and Budget Amendment No. 1 for Fiscal Year 2013-2014.
8. Amendment No. 4 to Executive Officer's Employment Agreement.
9. Amendment No. 1 to Agreement for Professional Audit Services with Bianchi, Kasavan & Pope, LLP.

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

Commission Action

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

New Business

10. Draft Records Management Policy.

Senior Analyst Darren McBain gave a report. There were no public comments.

Commission Action

Upon motion by Commissioner Salinas, seconded by Commissioner Stephens, the Commission adopted the Resolution approving the Records Management Policy and Records Retention Schedule. Absent: Commissioner Rubio.

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. (LAFCO File No. 14-02)

Senior Analyst Darren McBain gave a report. There were no public comments.

Commission Action

Upon motion by Commissioner Salinas, seconded by Commissioner Stephens, the Commission adopted the Resolution approving a waiver of LAFCO staff fees for processing an application by the Castroville Community Services District. Absent: Commissioner Rubio.

Executive Officer Reports

12. Notice of Administrative Approval of Services Outside of District Boundaries by Carmel Area Wastewater District -Information Only.

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

There were no public comments.

Announcements

Commissioner Snodgrass announced the opening of Pajaro Park on March 16, 2014 at 12:00 Noon.

Adjournment To Next Meeting

Chair Calcagno adjourned the meeting at 4:12 pm. The next regular LAFCO meeting is scheduled for Monday, March 24, 2014 at 4:00 p.m.

LOCAL AGENCY FORMATION COMMISSION
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KATE McKENNA, AICP
Executive Officer

DATE: March 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 by June 2014

1. Municipal Service Review and Sphere of Influence Update for Monterey Regional Waste Management District (*Initiated by LAFCO. Hearing expected by June 2014*).
2. 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 by October 2014

3. 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 regarding establishment of an appropriate boundary between the two districts. MSR and SOI adoption schedule is dependent on the districts*).
4. Municipal Service Review for the Seaside County Sanitation District (*Initiated by LAFCO. Administrative draft MSR was prepared by LAFCO staff and reviewed with District. As of*

Anticipated Future Agenda Items
March 24, 2014

March 2014, SCS D intends to meet with MCWD to resolve ongoing issues, and then will arrange a stakeholders meeting to discuss a proposed Sphere of Influence. MSR and SOI adoption schedule is dependent on the two districts).

5. Municipal Service Review for the City of Gonzales (*Will be initiated by LAFCO after County/City adopt a pre-SOI agreement in March/April 2014*).
6. City of Gonzales – Comprehensive Sphere of Influence Amendment (*Will be initiated by City after County/City adopt a pre-SOI agreement in March/April 2014*).
7. Municipal Service Review and Sphere of Influence Update for Carmel Area Wastewater District (*Initiated by LAFCO in March 2014*).
8. 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 by December 2014

9. 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*).
10. City of Soledad – Sphere of Influence Amendment and Annexation of Miravale IIB Subdivision. (*Additional potential inclusions: Existing 10-Unit Residential Development Near Gabilan Drive, Front Street freeway interchange safety improvements, 4.35-acre expansion area within the "Soledad Entry Commercial Annexation," Metz Road bypass, Los Coches Adobe vicinity; possibly others*).
11. Prepare a comprehensive set of Policies and Procedures for all LAFCO office functions, including human resources rules and regulations.
12. City of Greenfield – Potential Commercial/Industrial and Residential Annexation Proposals (Franscioni, Scheid, Rich, and others). (Initial Preliminary Discussion)
13. 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*).
14. Pajaro/Sunny Mesa Community Services District – Consolidation with Pajaro County Sanitation District (*Initiated by County and PSMCSD*).

Anticipated Agenda Items by June 2015

15. Carmel Area Wastewater District – Sphere of Influence Amendment and Annexation of the September Ranch property in Carmel Valley (*to be initiated by District*).
16. Marina Coast Water District – Sphere of Influence Amendment and Annexation of Portions of the Former Fort Ord to Provide Water and Wastewater Services (*to be initiated by District. See MSR discussion above*).

Anticipated Future Agenda Items

March 24, 2014

17. Seaside County Sanitation District – Sphere of Influence Amendment to Include Portions of the Former Fort Ord to Provide Wastewater Services *(to be initiated by District. See MSR discussion above).*
18. Municipal Service Review for the City of Seaside *(Will be initiated by LAFCO at such time as warranted by schedule for potential SOI Amendment, see description below).*
19. City of Seaside – Sphere of Influence Amendment and Annexation of the Proposed Monterey Downs Project, Horse Park and Central Coast Veterans Cemetery *(to be initiated by City).*
20. Municipal Service Review and Sphere of Influence Update for Salinas Valley Memorial Healthcare System *(to be initiated by LAFCO).*
21. Municipal Service Review and Sphere of Influence Update for San Ardo Water District *(to be initiated by LAFCO).*
22. Municipal Service Review and Sphere of Influence Update for San Lucas County Water District *(to be initiated by LAFCO).*
23. Municipal Service Review and Sphere of Influence Update for Boronda County Sanitation District *(to be initiated by LAFCO).*
24. Municipal Service Review and Sphere of Influence Update for Monterey County Regional Sanitation District *(to be initiated by LAFCO).*
25. Municipal Service Review and Sphere of Influence Update for Monterey Peninsula Water Management District *(to be initiated by LAFCO).*

Anticipated Agenda Items with No Timeline Estimate

26. City of Marina – Annexation of Portions of the former Fort Ord within the City's Sphere of Influence.
27. County Service Area 15 (Serra Village/Toro Park) – Possible reorganization of government structure and services.
28. Soledad Community Health Care District – Comprehensive Sphere of Influence Amendment and Annexation. May include a Municipal Services Review update.
29. 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

News from the Board of Directors

CALAFCO QUARTERLY

Attachment 1 to Item 2

March 2014



2014 Staff Workshop Update

The 2014 Staff Workshop is scheduled for **April 23 - 25, 2014** at the



Building Bridges to the Future: Collaboration and Cooperation

DoubleTree by Hilton in the Berkeley Marina. Our host for the workshop is Alameda LAFCo with support from the Bay area LAFCos, and the theme is *Building Bridges to the Future: Collaboration and Cooperation*. The program is strong with a special luncheon speaker, Dr. Frances Malamud-Roam, co-author of the book titled, *The West without Water: What Past Floods, Droughts, and Other Climatic Clues Tell Us about Tomorrow*. Registration is open and can be accessed through the CALAFCO website. Early registration discounted rates are available through March 21st, and hotel reservations should be made by March 31st for the best rates.

2014 Annual Conference Update

Mark your calendars for **OCTOBER 15 - 17, 2014** in Ontario! The host and program committees are under way beginning to plan another great annual conference. The theme for the conference is *LAFCO The Next 50 Years: Shaping Communities of Tomorrow - Innovative Ideas Today*. Under the leadership of San Bernardino LAFCo's Commissioner Jim Curatalo, Executive Officer Kathy Rollings-McDonald, and Asst. EO Sam Martinez, the host committee is busy planning an exciting mobile workshop, pre-con activities, and even a few special surprises! The program committee, led by Marjorie Blom and Paul Novak, have begun the work of searching out speakers and selecting the highest value topics for another fantastic program. More information will follow.



CALAFCO U Courses for 2014

On February 13 in Ontario, CALAFCO held its first of four sessions for 2014. The session's topic was *Navigating the New Protest Provisions: Charting Future Changes*. The schedule for the rest of the year is noted below (and can be found on the 2014 Calendar of Events, located on the CALAFCO website). All remaining sessions will be held at the CALAFCO offices in Sacramento:

- ◆ **June 16** - *LAFCO Best Practices*
- ◆ **August 11** - *Ag Mitigation*
- ◆ **December 8** - *Legal Interpretations of C-K-H*

CALAFCO Board Actions

During their regular meeting on February 7, the Board addressed several administrative issues including:

- ◆ The Board considered the 2014-15 dues. CALAFCO Bylaws call for the dues to automatically increase annually by the state CPI, unless the Board takes action otherwise. After careful consideration, the Board did not take any action on this matter, which means the LAFCo member dues for the FY 2014-15 will be increased by the projected CPI of 1.5%.

- ◆ The Board adopted the CALAFCO 2014 Legislative Policies with the amendments as recommended by the Legislative Committee. The policies are available on the website. The Board also ratified the policies adopted by the Legislative Committee that codified existing practices of determining which legislative bills CALAFCO will track, and the respective priorities given to those bills.
- ◆ Accepted the 2014 Conflict of Interest Statements from all appropriate Board and staff.
- ◆ The Board began a conversation regarding the events sponsorship and Associate Member models currently in place within CALAFCO, and further discussion and consideration will be given to these two areas in the future.
- ◆ The November 7, 2014 scheduled Board meeting has been changed to November 14, 2014 and will be in Sacramento.
- ◆ The Board gave great consideration to the Legislative Committee's recommendations regarding the prioritization of CALAFCO's 2014 legislative platform, including potential future legislation regarding §56133 (service outside boundaries), Protest Provisions Phase II, Rev & Tax Code Section 99, Disincorporations, and JPAs. After much discussion, the Board made the decision to move forward with the exploration of legislation to address the antiquated legislation that governs disincorporations through an already-established sub-committee of the Leg. Committee; directed the Leg. Committee to explore potential legislative options around JPAs having greater accountability for public service delivery through LAFCo; and approved a sub-committee headed by Mike Ott and San Diego LAFCo to begin exploring the continuation of cleaning up the protest provisions within C-K-H. The Board determined that CALAFCO is not the appropriate entity to lead the changes needed in the Rev. & Tax Code, and suggested the Leg. Committee seek out the most appropriate entity. Furthermore, the Board, after much dialogue, decided that it was in the best interest of the overall membership of the Association to leave §56133 in its current form and not seek any amendments. The Board directed the Executive Director and Legal Counsel to draft a letter to the membership explaining this decision in detail, which will be completed and distributed by mid-March.

Legislative Activities

The legislature is in full swing of year two of the current two-year cycle. The deadline for bill introduction has passed and bills are now moving through the committee process. The draft C-K-H Omnibus bill is being prepared for stakeholder review, and contains ten items that address non-substantive issues within C-K-H. CALAFCO tracked bills are all located on the CALAFCO website and the report is updated daily. Top bills being tracked include:

- **AB 1521** – VLF - (Fox) *CALAFCO Support* – This bill addresses inhabited annexations, making whole those addressed currently in SB 69 (Roth) and future annexations. Eventually SB 69 is to be amended to address only incorporations, and at some point both bills will be joined.
- **AB 1527** – Drinking Water - (Perea) *CALAFCO Watch* – This bill mirrors AB 2238 (Perea, 2012), in its amended format of June 20, 2012, at which time CALAFCO had a Support position. Per the author’s office, this bill is being used as a placeholder as a vehicle for something that takes a stronger stand on the consolidation of water districts. Given the uncertainty of the intention, CALAFCO’s current position is Watch.
- **AB 1961** – Sustainable Farmland Strategy – (Eggman) *CALAFCO Watch* – this bill requires counties with at least 4% of their land designated as ag land to create a sustainable farmland strategy (SFS), and requires these counties to work with LAFCOs to assure plans/policies are compatible to the SFS. The bill further requires OPR to create guidelines for LAFCOs on their role in the preservation of agriculturally zoned lands when considering annexations.
- **AB 2156** – JPAs - (Achadjian) *CALAFCO Watch* – This bill would include JPAs among the agencies that LAFCo can obtain information from and include in MSRs. CALAFCO is working with the author’s office on potential language that aligns with what the Leg. Committee approved as potential legislation.
- **SB 69** - VLF – (Roth) *CALAFCO Support* – This bill contains the same language as SB 56 which stalled in the Senate in 2013. SB 69 was a gut/amend late on the last night of the 2013 session, and as a result CALAFCO did not take a position until the most recent Leg. Committee meeting.
- Spot bills being watched include **AB 1729** (Logue) and **SB 1001** (Knight).

The next meeting of the Leg. Committee is scheduled for March 21 in Ontario.

**AGENDA
ITEM
NO. 4**

LAFCO of Monterey County

LOCAL AGENCY FORMATION COMMISSION
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**KATE McKENNA, AICP
Executive Officer**

DATE: March 24, 2014
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **LAFCO CHECK REGISTER – February 2014**

SUMMARY OF RECOMMENDATION:

It is recommended that the Commission approve the check register for February 2014.

EXECUTIVE OFFICER'S REPORT:

Attached is the list of LAFCO checks written in February 2014.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachment: Check Register for February 2014

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

DATE	CK#	NAME	DESCRIPTION	CHECK AMOUNT	DEPOSIT AMOUNT	ACCOUNT BALANCE
Beginning Balance 2/1/14						\$ 146,373.63
02/01/2014	4552	Principal Life	February 2014 Benefits: LTD,ADD,STD,Life	381.62		145,992.01
02/03/2014	EFT	CalPERS Health	Feb 2014 Health Insurance EFT#1000390121	3,724.03		142,267.98
02/13/2014		QuickBooks Payroll Service	For Payroll Period Ending 2/7/14 Paid 2/14/14	7,866.37		134,401.61
02/14/2014	4553	Darren J McBain	For Payroll Period Ending 2/7/14 Paid 2/14/14	0.00		134,401.61
02/14/2014	4554	Gail M Lawrence	For Payroll Period Ending 2/7/14 Paid 2/14/14	0.00		134,401.61
02/14/2014	4555	Kathryn M. McKenna	For Payroll Period Ending 2/7/14 Paid 2/14/14	0.00		134,401.61
02/14/2014	EFT	CalPERS 457 Program	CalPers 457 Deferred Compensation Contribution	1,726.22		132,675.39
02/14/2014	EFT	CalPERS Retirement	CalPers Retirement Contribution	1,885.65		130,789.74
02/14/2014	EFT	EDD	State Payroll Tax Deposit	795.18		129,994.56
02/14/2014	EFT	EFTPS	Federal Payroll Tax Deposit	2,062.36		127,932.20
02/14/2014	EFT	Cal PERS Fiscal Services Division	2013/-2014 1959 Survivor Benefit Premium	220.80		127,711.40
02/14/2014	4556	Alhambra	Water Dispenser Rental	11.33		127,700.07
02/14/2014	4557	Copymat	Outside Printing Customer#L01004	173.61		127,526.46
02/14/2014	4558	Hayashi & Wayland, LLP	Accounting Services #72520	3,000.00		124,526.46
02/14/2014	4559	Monterey Bay Systems	Photocopier rental 3/1/14-6/30/14	947.10		123,579.36
02/14/2014	4560	Quality Water Enterprises, Inc.	Water Bottle Deposit	12.00		123,567.36
02/14/2014	4561	SlingShot Connections	Temp Services: Jimenez, Alma for W/E 1/26/14	157.08		123,410.28
02/14/2014	4562	United Group Insurance Trust	Feb 2014 Dental \$388.12; Vision\$47.29	435.41		122,974.87
02/27/2014	EFT	QuickBooks Payroll Service	For Payroll Period Ending 2/21/14 Paid 2/28/14	8,315.64		114,659.23
02/28/2014	4563	Darren J McBain	For Payroll Period Ending 2/21/14 Paid 2/28/14	0.00		114,659.23
02/28/2014	4564	Gail M Lawrence	For Payroll Period Ending 2/21/14 Paid 2/28/14	0.00		114,659.23
02/28/2014	4565	Kathryn M. McKenna	For Payroll Period Ending 2/21/14 Paid 2/28/14	0.00		114,659.23
02/28/2014	EFT	CalPERS 457 Program	CalPers 457 Deferred Compensation Contribution	1,808.96		112,850.27
02/28/2014	EFT	CalPERS Retirement	CalPers Retirement Contribution	1,885.65		110,964.62
02/28/2014	EFT	EDD	State Payroll Tax Deposit	760.50		110,204.12
02/28/2014	EFT	EFTPS	Federal Payroll Tax Deposit	1,952.80		108,251.32
02/28/2014	4566	AT&T Mobility	Telephone Service 2/13/14-2/13/14-Paid Electronically	5.89		108,245.43
02/28/2014	4567	Copymat	Outside Printing Customer#L01004	348.17		107,897.26
02/28/2014	4568	Monterey Bay Systems	Copy Machine Overage Charge for 11/8/13-2/7/14	484.45		107,412.81
02/28/2014	4569	Quality Water Enterprises, Inc.	Water Bottle Deposit-2 Bottles	12.00		107,400.81
02/28/2014	4570	SlingShot Connections	Temp Services: Jimenez, Alma for W/E 2/9/14	353.44		107,047.37
02/28/2014	4571	The Comings Family 1981 Revocable Trust	Project Fees Refund:Carmel Area Wastewater District	250.00		106,797.37
02/28/2014	4574	Staples Advantage	Office Supplies	2.85		106,794.52
02/28/2014	4575	CALAFCO	2014 CaLafco Staff Workshop April 23-25, 2014	1,150.00		105,644.52
02/28/2014	4576	Bruce Lindsey	Monthly Building Rent	1,926.28		103,718.24
				<u>\$ 42,655.39</u>	<u>\$ -</u>	

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

DATE	CK#	NAME	DESCRIPTION	CHECK AMOUNT	DEPOSIT AMOUNT	ACCOUNT BALANCE
Ending Balance 2/28/14						<u>\$ 103,718.24</u>

LOCAL AGENCY FORMATION COMMISSION
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KATE McKENNA, AICP
Executive Officer

DATE: March 24, 2014
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **2014 MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY FOR THE CASTROVILLE COMMUNITY SERVICES DISTRICT**

SUMMARY OF RECOMMENDATIONS:

It is recommended that the Commission:

1. Receive a report from the Executive Officer;
2. Open and close the public comment period;
3. Discuss and consider the Public Review Draft *2014 Municipal Service Review and Sphere of Influence Study for the Castroville Community Services District* (Attachment 1), and
4. Consider and adopt a resolution (Attachment 2):
 - a) Find that the action is exempt from provisions of the California Environmental Quality Act (CEQA) as “information collection” under Sections 15306 and 15061(b)(3) of the State CEQA Guidelines;
 - b) Adopt the *2014 Municipal Service Review and Sphere of Influence Study for the Castroville Community Services District*; and
 - c) Adopt the *Study’s* determinations that support updating the Castroville Community Services District’s Sphere of Influence to reflect consolidation with the Moss Landing County Sanitation District and designation of a Future Study Area on the east side of Highway 1 in Moss Landing.

EXECUTIVE OFFICER’S REPORT:

State law requires LAFCO to periodically review and update the services and Spheres of Influence of all cities and districts. In accordance with the Commission’s adopted work program, LAFCO staff has prepared a comprehensive study of the Castroville Community

Services District. In order to present a comprehensive, forward-looking review of the District's services and Sphere, the study's scope encompasses the proposed consolidation with Moss Landing County Sanitation District (Agenda Item 8 for the March 24, 2014 LAFCO meeting).

As described in the attached Study, the Castroville Community Services District has adequate capacity to meet existing and likely future post-consolidation needs for providing services in Castroville and Moss Landing, and the capability to address the identified challenges.

The initial boundaries and Sphere of Influence of the newly consolidated District will be the same as the two existing districts. Designation of a 475-acre Future Study Area on the east side of Highway 1, encompassing the Moss Landing Business Park, the power plant, and the power plant switching yard, is recommended. Eventually, the District may propose changes in its boundaries and Sphere of Influence to accommodate other long-term planned growth in Moss Landing and Castroville.

California Environmental Quality Act (CEQA) Compliance

Municipal service reviews are categorically exempt from the provisions of CEQA as "information collection" under Section 15306 of the State CEQA Guidelines. The recommended Sphere of Influence determinations qualify for the "general rule" exemption from environmental review, CEQA Regulation Section 15061(b)(3), based on the determination that this action does not have the potential for causing a significant effect on the environment.

Agency Comments and Public Notice

An administrative draft of this report was reviewed with staff representatives from the Castroville Community Services District and the Moss Landing County Sanitation District. All technical corrections and updates are reflected in the public hearing draft. Notice of the public hearing was posted in the Salinas Californian. Notice was also posted on the LAFCO website, at the County Government Center, and at the LAFCO office. Notice of the hearing and availability of this report were distributed to all interested parties.

Alternative Actions:

In lieu of the recommended actions, the Commission may direct changes to the attached draft resolution and/or report. Among the possible alternative actions, the Commission may initiate proceedings to amend the District's Sphere of Influence, if the hearing shows cause for such action. Any major changes to the report would require that this agenda item be continued for further coordination and environmental review.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments:

1. Public Review Draft - *2014 Municipal Service Review and Sphere of Influence Study for the Castroville Community Services District.*
2. Draft Resolution adopting the *2014 Municipal Service Review and Sphere of Influence Study for the Castroville Community Services District.*

cc: Eric Tynan, Castroville Community Services District
Ed Muniz, County of Monterey Public Works Department
Don Rosa, Pajaro-Sunny Mesa Community Services District
Linda McIntyre, Moss Landing Harbor District

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

Public Hearing Draft

2014 Municipal Service Review and
Sphere of Influence Study:

Castroville Community Services District

March 24, 2014

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**2014 MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY
FOR THE CASTROVILLE COMMUNITY SERVICES DISTRICT**

Castroville Community Services District – At A Glance	
Formation Date	1952 as Castroville Water District 2008 as Castroville Community Services District
Legal Authority	Government Code Section 61000 et seq. (Community Services District law)
Board of Directors	Five elected, at-large members, per Community Services District law
District Area	1.55 square miles, plus 1.0 square mile in the Moss Landing area (currently served by the District under contract, and proposed for consolidation into District boundaries)
Population (est.)	Approximately 7,250 within current District boundaries, plus an estimated 500 people in the Moss Landing area (see above)
Authorized Powers	Water, sewer, storm water, recreation facilities, community recreation, street lighting, street maintenance, pest control, acquisition of land for habitat mitigation
Budget (Fiscal Year 2013-2014)	\$2,359,000 anticipated income \$1,933,000 operating expenses \$ 257,000 capital expenditures
Mission Statement	The Mission of the Castroville Community Service District is to provide quality services at the highest standard in the most effective manner.
Vision Statement	Dedicated to inclusive community involvement and providing excellent customer service while being recognized as a leading resource for enhancing the Community of Castroville, Moro Cojo and Moss Landing
General Manager	J. Eric Tynan
Contact Information	11499 Geil Street Castroville, CA. 95012 831.633.2560
Website	www.CastrovilleCSD.org (in development)

EXECUTIVE SUMMARY AND RECOMMENDATIONS

This Municipal Service Review and Sphere of Influence Study provides information about the services and boundaries of the Castroville Community Services District. The report is for use by the Local Agency Formation Commission in conducting a statutorily required review and update process. The Cortese-Knox-Hertzberg Act requires that the Commission conduct periodic reviews and updates of Spheres of Influence of all cities and special districts in Monterey County (Gov. Code section 56425). State law also requires that, prior to adopting a

Sphere of Influence, LAFCO must conduct a review of the municipal services provided by that local agency (Gov. Code section 56430). In addition, this report informs the general public about the nature, accomplishments and challenges of a commendable local agency.

Current Boundaries and Services

From its historical origins as the Castroville Water District, the Castroville Community Services District was reorganized in 2008 as an independent special district with expanded powers to provide services related to water, sewer, storm drains, open space, and maintenance of streets and street lighting. The District now serves the unincorporated community of Castroville and a nearby residential area (Moro Cojo) and high school within its boundaries, as shown in **Figure I**. For the most part, the District boundaries are the same as its' Sphere of Influence. Only one area is inside the current Sphere but outside the District boundaries – a “lobe” of several agricultural properties on the southwest edge of the community.

In addition to services provided to the Castroville community, the District currently operates the County-dependent Moss Landing County Sanitation District system (see **Figure I**). The Moss Landing system is outside of the Castroville District's boundaries and Sphere of Influence, and service is provided under a contract with the County of Monterey.

Proposed Boundaries and Services

The Castroville Community Services District and the County of Monterey propose to consolidate the Castroville and Moss Landing districts. If this consolidation is approved, the Moss Landing community will be placed inside the boundaries of the Castroville Community Services District, and the Moss Landing County Sanitation District will cease to exist as a separate entity on June 30, 2014 (see **Figure 2**). The initial boundaries and Sphere of Influence of the newly consolidated District will be the same as the two existing districts. Eventually, the District may propose changes in its boundaries and the Sphere of Influence to accommodate planned revitalization and growth in Moss Landing and Castroville.

Based on a specific recommendation in the County's 2012 Moss Landing Community Plan, the Executive Officer recommends a “Future Study Area” designation now for certain industrial parcels in Moss Landing (see **Figure 2**). Under this designation, the industrial parcels would be outside of the District's Sphere of Influence, but may warrant inclusion in the Sphere in future years. Further study would need to be completed prior to inclusion. Other planned growth areas in Castroville and Moss Landing may also be considered for inclusion in the District's Sphere of Influence in the future.

The Castroville Community Services District, County of Monterey and LAFCO are coordinating to ensure a successful consolidation action. As the current operator of the Moss Landing sanitary system, the Castroville Community Services District knows firsthand the conditions and needs of the infrastructure, and has established a community rapport. As a Disadvantaged Unincorporated Community, the Moss Landing area will continue to receive services and will benefit from new opportunities to participate in District Board governance and decision-making processes.

District Capacity and Other Highlights

The District has adequate capacity to meet existing and likely future needs for providing services in Castroville and Moss Landing, and the capability to address the identified challenges. Of all of the challenges, the most serious is seawater intrusion and drought

conditions in the Salinas Valley groundwater basin. Existing District infrastructure, including wells, storage tanks, pump stations, and miles of pipelines, is in good working order. The District employs state-of-the-art technology. The District's finances are stable and responsibly managed. It consistently operates in the black and its net assets are steadily increasing. The District has accumulated substantial cash reserves to cover operational emergencies and long-term capital improvements. The Board and staff adhere to requirements for accountability, transparency and ethics, and are committed to delivery of high quality services in a cost-efficient manner. The District partners with public agencies such as the County of Monterey, Monterey County Water Resources Agency and the North County Recreation and Park District to deliver services, and extends helpful assistance to other neighboring districts.

Recommendations

Based on the analysis and recommendations in the *2014 Municipal Service Review and Sphere of Influence Study for the Castroville Community Services District*, the Executive Officer recommends adoption of a resolution to:

- a) Find that the action is exempt from provisions of the California Environmental Quality Act (CEQA) under Sections 15306 and 15061(b)(3) of the State CEQA Guidelines;
- b) Adopt the *2014 Municipal Service Review and Sphere of Influence Study for the Castroville Community Services District*; and
- c) Adopt the *Study's* determinations that support updating the Castroville Community Services District's Sphere of Influence to reflect consolidation with the Moss Landing County Sanitation District and designation of a Future Study Area on the east side of Highway 1 in Moss Landing.

Figure 1
 Map of Existing District Boundaries and Sphere of Influence

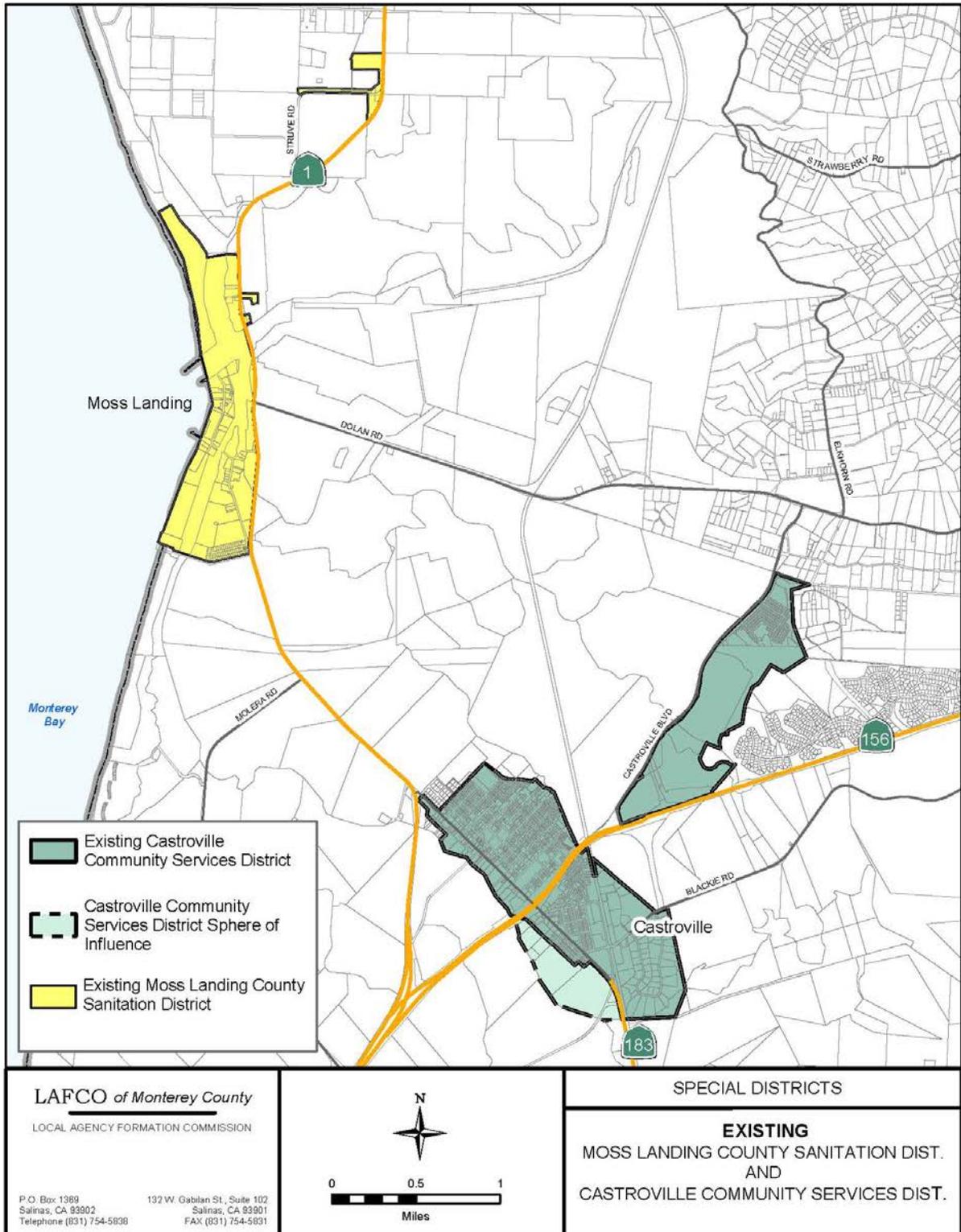
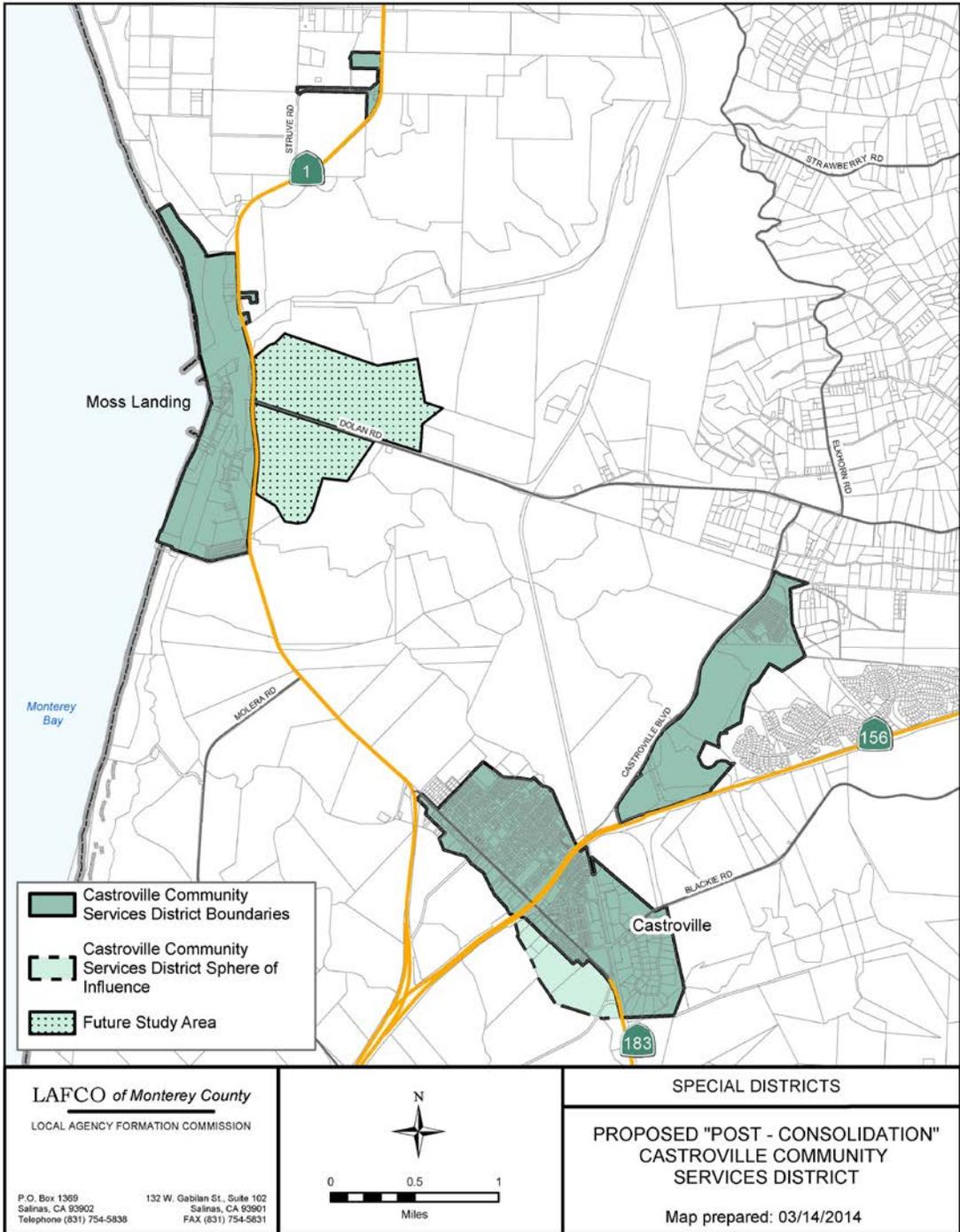


Figure 2
 Map of Proposed District Boundaries and Sphere of Influence



HOW THIS REPORT IS ORGANIZED

Information in this report complies with the Commission’s statutory requirements, and is also intended to support the District’s mission. The report reviews the status of the District’s Sphere of Influence and boundaries. It presents a brief history of the District and describes the District’s facilities and operations, governance, and finances. The report examines future challenges facing the District. It concludes with recommended determinations as required by law, and with acknowledgements and source references.

DISTRICT HISTORY

The Castroville Water District was formed in 1952 to serve the unincorporated community of Castroville with a reliable source of potable water. Until that time, homes and businesses were served by individual private wells. The high density of private domestic wells, coupled with active agricultural wells nearby, substantially reduced the production of private wells in the late 1940s and early 1950s. This productivity loss generated the need for formation of a public Water District.

In 2005, LAFCO approved a Sphere of Influence Amendment and Annexation for the District to expand by approximately 367 acres (LAFCO file 05-11). The expansion area included 351 acres in County Service Area 14 (CSA 14): the 256-unit Moro Cojo Subdivision, the North Monterey County High School site, and the Monte del Lago Mobile Home Park. The expansion also included 21 parcels on 16 acres in small “pockets” adjacent to District boundaries and outside CSA 14.

In 2006, the District assumed the assets and liabilities for the sewer and storm drain from CSA 14. In 2008, LAFCO approved the dissolution of the Castroville Water District and CSA 14, and the formation of the Castroville Community Services District (LAFCO file 07-03). Combining of the districts facilitated the provision of more efficient and economical delivery of services to the community. The Commission’s resolution identified the following powers for the new Community Services District: Water, sewer, storm water, recreation facilities, community recreation, street lighting, street maintenance, pest control, and acquisition of land for habitat mitigation.

In 2011, the District began operating the County-owned Moss Landing County Sanitation District’s wastewater collection system under a contract with the County. In February 2014, the District and the County of Monterey requested LAFCO approval to consolidate the two districts, with Castroville Community Services District as the successor district. This consolidation proposal (LAFCO file 14-02) will be considered by the Commission at its March 24, 2014 meeting, Agenda Item 8.

DISTRICT BOUNDARIES AND SPHERE OF INFLUENCE

Existing Boundaries and Sphere of Influence

The District’s existing boundaries (see **Figure 1**) include almost all of the Castroville unincorporated community, with the exception of an approximately 40-acre area on the community’s northern edge, currently in agriculturally use. The District also includes a residential area and high school to the northeast of Castroville (Moro Cojo area).

The District's existing Sphere of Influence consists solely of a "lobe" of several uninhabited agricultural properties on the southwest edge of the community. The District's Sphere was established in 2008, when the former Castroville Water District merged with County Service Area 14 and reorganized as Castroville Community Services District. The District's boundaries and Sphere have remained unchanged since 2008.

Proposed Consolidation with Moss Landing County Sanitation District

Overview of Consolidation Proposal

Moss Landing County Sanitation District (MLCSD) serves the unincorporated community of Moss Landing on the west side of Highway 1, approximately 2.5 miles northwest of Castroville (see **Figure 1**). MLCSD was formed in 1976 to provide a community sewer system that replaced the individual septic tank systems that served homes and businesses until that date. Since 2011, Castroville Community Services District has operated the Moss Landing County Sanitation District's wastewater collection system under contract with the County of Monterey. In February 2014, the two agencies jointly proposed a consolidation of these two districts. After consolidation, the former MLCSD would become a fully integrated part of the Castroville Community Services District, and MLCSD would cease to exist as a separate entity, as illustrated in **Figure 2**.

Consolidated District's Sphere of Influence

Castroville Community Services District does not currently propose any other modifications to its existing Sphere, and LAFCO has not identified any other areas that warrant inclusion. The productive agricultural fields located between Castroville and Moss Landing do not require the types of services that the District provides. Their inclusion within the District could also result in unintended growth-inducement impacts. Therefore, this area has been intentionally excluded from the District's proposed post-consolidation boundaries and Sphere.

The County of Monterey's 2012 Moss Landing Community Plan Based highlighted the potential reuse of the Moss Landing Business Park on the east side of Highway 1. This site, along with the Duke Energy (formerly PG&E) power plant and its switching yard, is located outside the existing Moss Landing County Sanitation District's boundaries and Sphere. These sites currently use private septic systems.

Based on the analysis and recommendations in the Moss Landing Community Plan, the Executive Officer recommends designating an approximately 475-acre area on the east side of Highway 1, encompassing the Moss Landing Business Park, the power plant, and the power plant switching yard, as a Future Study Area, as shown in **Figure 2**. Please refer to the Future Challenges and Opportunities section, of this report, for a detailed discussion of this recommendation.

The Future Study Area designation signifies that these sites warrant possible inclusion in the post-consolidation Castroville Community Service District's Sphere of Influence at a future time, following additional study and environmental review. Other development that is envisioned in the Castroville Community Plan may warrant an additional Future Growth Area designation, upon further study in the longer-term future.

Relationship to Other Moss Landing Service Providers

Post-consolidation, the District's near-term plans in Moss Landing are limited to sanitary

sewage collection, as currently provided under contract to MLCSD. Pajaro-Sunny Mesa Community Services District (PSMCSD) owns and operates the water distribution system in Moss Landing. Moss Landing is outside PSMCSD's boundaries and Sphere of Influence. PSMCSD's rights of ownership and operation of the water system would not be affected by Moss Landing's consolidation into the Castroville District. Similarly, the County owns and operates the Moss Landing storm drain system and would continue to do so, as this system is separate from MLCSD and is therefore not a part of the consolidation proposal.

The Castroville District would have authority to provide water services, storm drainage, or any of its other previously authorized district powers, such as street lighting, to Moss Landing once Moss Landing is within the Castroville District's boundaries. The future potential also exists for the District to eventually purchase or accept transfer of PSMCSD's Moss Landing water system from, and/or the County's storm drain system. However, the District has no current plans to do so.

LAFCO policies, based on guidance in the Cortese-Knox-Hertzberg Act, state that "Duplication of authority to perform similar functions in the same territory will be avoided," and "Proposals, where feasible, should minimize the number of local agencies and promote the use of multi-purpose agencies." After the proposed consolidation, the Castroville District, the County, and PSMCSD would each continue to have a role in providing services to Moss Landing. However, by including Moss Landing within the boundaries of a full-service Community Services District, the consolidation would enable the potential for the Castroville District to eventually become the "one stop" provider of all municipal-type services in Moss Landing. As noted above, this would entail the District's purchase of systems owned by PSMCSD and the County, and is not currently under consideration.

FACILITIES AND OPERATIONS

The District serves more than 7,250 water customers through 1,984 water connections in the Castroville community, providing approximately 800 acre-feet of water per year to government, commercial, and residential customers. The District also owns and operates sanitary sewer and storm drain systems within its boundaries. The District assesses fees for PG&E-owned street lighting within District boundaries, and also assesses user fees and provides maintenance related to open space, recreation, and street maintenance.

Well water is stored in two tanks with a combined capacity of 1.1 million gallons. The stored water is distributed to customers via an average pumping of 800,000 gallons per day. However, the District has a maximum capacity to pump up to 4.5 million gallons per day to meet peak demands, if needed. Water is treated by adding chlorine at each well site. Regular water sampling has determined that there are no contaminants, such as nitrates, that would require treatment prior to distributing supplies as potable water.

With the exception of the seawater intrusion experienced at two of wells (see Future Challenges section, below), all facilities are in good working order. District infrastructure is currently adequate to meet all existing demands. However, the need for a new well will be a near-term priority due to current drought conditions exacerbating seawater intrusion in well #3. District has prepared a draft 2014-2019 Capital Improvement Program (CIP) for water supply, distribution, wastewater collection, and storm drainage. The draft CIP, which is scheduled to be adopted in June 2014, identifies no significant unanticipated needs.

District operations are headquartered in a 3,900-square-foot office at 11499 Geil Street in

Castroville. The District employs a staff of six full-time equivalent (FTE) staff to manage and maintain facilities and services. This staff size has been constant over the past three years. Personnel include the General Manager, Assistant General Manager/Senior Operator, Operators, bookkeeper and billing clerk. Each District employee is typically provided with two educational training days each year on a topic that relates to his or her job. Similar to other local agencies of this size, the District contracts with outside sources to provide various services. The District hires contractors and consultants to provide engineering services, legal services, construction of infrastructure projects, and laboratory analyses of water samples.

GOVERNANCE / TRANSPARENCY AND ACCOUNTABILITY

Governance

The District is governed by a five-member Board of Directors that is elected at-large for four-year terms. The Board meets once per month. The Board has not adopted a planning document for the District, but relies on information in the County of Monterey General Plan when considering issues related to land use.

Transparency and Accountability

The District conducts public Board meetings once per month. Each Board meeting has a time on the agenda reserved for public comments. The Board limits closed session discussions to issues allowed by State law. Meeting agendas are posted outside the District office in accordance with Brown Act requirements. Meetings are not currently noticed in area newspapers or posted on the internet. However, the District has initiated a new web site, www.CastrovilleCSD.org. Communication messages are regularly included in water bills mailed to customers each month.

The District office is open to the public during normal business hours, Monday through Friday. The District participates with the local Water Awareness Committee, a citizens' group interested in local water issues. The District also periodically hosts large seminar sessions at its office facility that are attended by staff members of area water purveyors. The District budget is audited annually in August by a private auditing firm. Currently the firm of Porter and Company is employed to conduct audits.

Castroville CSD currently serves the Moss Landing community under contract with the County. However, Moss Landing residents are unable to vote or run for the CCSD Board, because they live outside CCSD boundaries. If the currently proposed consolidation with Moss Landing County Sanitation District is approved, then all registered voters who reside in the current MLCSD boundaries would gain the right to vote for, and to be elected as, CCSD Board Directors. The currently proposed consolidation would thus expand the District's existing representation and accountability to the community it serves.

FINANCES

The District's Board of Directors has adopted a current (Fiscal Year 2013-2014) budget with anticipated total combined revenues of \$1.94 million and expenses of \$1.46 million. As outlined in this section, the District's finances are stable and responsibly managed. The District conducts annual audits. No recent audit has noted any deficiencies. The District consistently operates in the black and its net assets are steadily increasing. The District has accumulated sufficient cash reserves to cover both operational emergencies and long-term capital improvements.

Revenues and Expenses

The majority of the District's revenue comes from user fees generated by the District's water and sewer customers. Table 1, below, shows District revenues for Fiscal Year 2012-2013. Table 2 summarizes the District's expenditures. These tables include both operating and non-operating revenues and expenditures.

Water	43%
Miscellaneous	37%
Sewer	8%
Property Taxes	6%
Street Lighting and Open Space	3%
Operating Grants	3%
Investment Earnings	<1%
TOTAL: \$1,937,000	

Water – Operating Costs	47%
Sewer – Operating Costs	37%
Recreation	8%
Public Works	3%
Street Lighting and Open Space	3%
Water/Sewer – Non-Operating Costs	2%
TOTAL: \$1,456,000	

Total District Income and Net Assets

At the end of each of the past three audited fiscal years, total District income has exceeded expenditures and the District's net assets have increased accordingly. Table 3, below, combines year-end District income and year-end total net District assets. Net assets include cash and investments as well as capital assets consisting primarily of District infrastructure such as pipelines, wells, and buildings. As of Dec. 31, 2013, the District's balance sheet included approximately \$7 million in checking/savings accounts for operational reserves and long-term capital improvements.

Fiscal Year	District Income (Change in Net Assets At End of Fiscal Year)	Net Assets at End of Fiscal Year
2012-2013	+\$481,000	\$13,843,000
2011-2012	+\$199,000	\$13,362,000
2010-2011	+\$750,000	\$13,163,000

Fiscal Year 2013-2014 Budget

For the current Fiscal Year, the District's adopted budget includes approximately \$2,359,000 in anticipated income and \$1,933,000 in expenses, yielding an approximately \$426,000 net income. Of this amount, approximately \$237,000 is allocated to capital expenditures such as storm drain basins, street resurfacing, and equipment for pumping and treating groundwater.

FUTURE CHALLENGES AND OPPORTUNITIES

Key issues facing the District are discussed below.

Proposed Consolidation - Logistics and Infrastructure Needs

If the currently proposed consolidation with Moss Landing County Sanitation District is approved, then Moss Landing will become part of the Castroville Community Services District, which will take ownership of all MLCSD-owned infrastructure and other assets and liabilities. Consolidation of the two districts is an opportunity for the Moss Landing

community to benefit from inclusion in a full-service Community Services District with a proven record of providing efficient and reliable services. Consolidation also poses two challenges, which the District has taken into account:

Consolidation Logistics: District staff are highly knowledgeable about MLCSD's operations, as they have been operating the MLCSD system under contract since 2011. Consolidation will nevertheless require the Castroville District to undertake various administrative tasks and procedural changes. For example, the District is coordinating with the County on the formal transfer of assets and liabilities from MLCSD to the Castroville District. The District is also updating its financial procedures to separately account for Moss Landing-related revenues and expenditures. To simplify finance-related logistics, the District and the County are targeting completion of the consolidation process before June 30, 2014 in order to coincide with the new fiscal year. Post-consolidation, residents of Moss Landing District will gain the right to vote for, and serve as, members of the Castroville District's Board of Directors, beginning with the next available Board seat. No changes are proposed to the District's basic governance structure (five elected at-large Board members).

Infrastructure: MLCSD infrastructure is currently in need of several substantial repairs and upgrades, including rehabilitation or replacement of 12-16 manholes and installation of a system for the control and monitoring of the sanitation system's pumps and alarms. The Castroville District is aware of the current deficiencies and has made plans for providing the needed improvements. In addition, several known development proposals, including a new restaurant to replace the former Harbor Inn and potential development of a separate 30-room hotel, may occur in the near- to medium-term. Development of these projects would pose no undue challenges to the existing Moss Landing sanitation infrastructure or the Castroville District's ability to finance and provide services, post-consolidation. Additional, longer-term development potential outlined in the County's adopted (2012) Moss Landing Community Plan is discussed in the Future Growth subsection, below.

Seawater Intrusion

The District procures its water from three wells located in the town of Castroville. These wells obtain water from the Salinas Valley groundwater basin. Like the Pajaro basin, which supplies water for other water purveyors in North County, the Salinas Valley basin experiences both overdraft and seawater intrusion. Two of the District's three wells (Wells #2 and #3) have been slightly affected by the migration of seawater intrusion eastward from the coast. To address this impact, this well has been sealed in its upper screened area so it will no longer procure water from the upper aquifer that is affected by the seawater intrusion. The well only extracts water from the lower aquifer, which has good water quality. However, seawater intrusion remains a substantial concern to the water production throughout the Salinas Valley groundwater basin.

Long-term efforts by the Castroville Seawater Intrusion Program (CSIP) to reverse the migration of seawater intrusion are ongoing. CSIP is managed by the Monterey County Water Resources Agency, and includes the construction and use of a reclaimed wastewater plant that collects sewage from Castroville, Marina and Seaside. The wastewater is treated to agricultural irrigation standards and is provided to area growers in place of water from their private agricultural wells. It is unknown whether the CSIP and other efforts will be adequate to ensure a sustainable long-term water supply for the District and others with wells threatened by seawater intrusion. Prolonged drought conditions and intensification of groundwater pumping for agricultural land uses, throughout Northern Monterey County,

the Salinas Valley, and northern San Luis Obispo County, present significant threats to the groundwater basin's long-term ability to provide potable water. Controversy exists as to whether the intake for a proposed desalination plant for the Monterey Peninsula's water supply may further impact the Salinas Valley groundwater basin.

Future Growth

Monterey County's General Plan identifies Castroville as one of five unincorporated "Community Areas" (along with Boronda, Chualar, Fort Ord/East Garrison, and Pajaro) designated for the majority of future growth in the County's unincorporated area. Within its General Plan, the County has adopted the Castroville Community Plan (2007) and the Moss Landing Community Plan (2012) to provide a comprehensive planning framework guiding the future evolution of these two areas.

Castroville: Although Castroville is a designated growth center, the community is also surrounded by productive agricultural land. Full build-out of the Castroville Community Plan would involve the conversion of approximately 375 acres of these agricultural lands to urban uses, including a range of residential, mixed-use, and commercial/industrial development. Approximately 75 acres (20%) of this potential conversion acreage forms the District's current Sphere of Influence (the southwest "lobe" of parcels noted on page 9 and shown on Figures 1 and 2). The remaining majority of the Community Plan's proposed areas for conversion are located to the community's north and east, on lands that are currently outside the District's boundaries and Sphere of Influence.

The timing of potential development of these areas is unknown and is likely to be beyond the approximately five-year outlook of a Municipal Service Review. Consequently, the District does not currently propose to add these areas to its existing Sphere of Influence. If developed in the future, these sites would first need to be brought into the District as part of a future Sphere of Influence update and Annexation proposal. At that time, LAFCO would assess needs for service and the District's capacity to provide services—particularly potable water—for the proposed development areas.

The 2007 Community Plan evaluated its build-out impacts on infrastructure and public services. It determined that the required system improvements would include a new additional supply well, a water storage tank, extension of water service distribution lines, upsizing of water pump stations, wastewater pump station upgrades, and major flood control and storm drainage system improvements. The District is aware of these potential future impacts to its infrastructure and services. The District monitors development proposals and will make adjustments to its Capital Improvement Program if and when development of lands currently outside its Sphere and boundaries appears likely to occur in the foreseeable future.

Moss Landing: The Moss Landing Community Plan provides a framework for potential growth estimated to include an additional 359,000 square feet of commercial and industrial uses, and 39 new dwelling units. New development opportunity sites identified in the Community Plan are located on the west side of Highway 1, within the District's proposed post-consolidation boundaries.

The Community Plan also highlights reuse of the existing 300,000-square-foot Moss Landing Business Park, located on the east side of Highway 1, outside of current District boundaries. The Business Park has also been discussed as one of several potential locations for a future desalination plant.

The Community Plan's analysis of public services found that the Moss Landing County Sanitation District's wastewater flows to the regional wastewater treatment plant are currently at, or slightly above, their approved allocation. The plant's treatment capacity was, however, found adequate to absorb current Moss Landing uses and future growth. The Community Plan also determined that the existing wastewater collection system "is capable of handling the proposed [build-out scenario] although system repairs may be necessary."

The Community Plan recommended that the County should bring into its sanitation district the Moss Landing Business Park as well as the Duke Energy (formerly PG&E) power plant and its switch yard, all of which are currently on septic systems. The Plan also recommended that the County Sanitation District should update its approved 1984 Sewer Allocation Plan to account for current uses as well as build-out of the Plan's development potential.

Based on the analysis and recommendations in the Moss Landing Community Plan, the Executive Officer recommends designating an approximately 475-acre area on the east side of Highway 1, encompassing the Moss Landing Business Park, the power plant, and the power plant switching yard, as a Future Study Area for the post-consolidation Castroville Community Services District, as shown in **Figure 2**. After consolidation, responsibility for maintaining up-to-date wastewater treatment flow allocations for Moss Landing, along with other similar regulatory responsibilities, will transfer to the Castroville Community Services District. The District, working with the County in preparation for the proposed consolidation, has identified near-term wastewater infrastructure improvements needed in Moss Landing and has funds available to implement them. The District will continue to periodically update its Capital Improvement Program to address forecasted needs related to future Moss Landing development.

The Community Plan's analysis of public services identified significant challenges related to potable water supply. The aquifer from which water is drawn for the Moss Landing water system is impacted by seawater intrusion, resulting in chloride contamination. Furthermore, water demands resulting from the 2012 Community Plan's build-out would, according to the County's analysis, exceed available groundwater supplies and water rights. As discussed in the District Boundaries and Sphere of Influence section of this report, the Moss Landing water system is owned and operated by the Pajaro-Sunny Mesa Community Services District, not the Castroville District. Nevertheless, availability of a sustainable potable water source for the Moss Landing community is an ongoing concern and may be further exacerbated by future growth in the area.

Advances in Technology

The District office is equipped with advanced computer technology, including state-of-the-art radio control telemetry systems with internet access. This telemetry system allows operation of well pumps and booster pumps and viewing of volume levels in storage tanks from remote locations wherever there is internet access. District staff has indicated their office technology is adequate to meet the needs of the District. Staff has stated that the most important skills for them to attain in the near future will be additional computer skills to meet ongoing changes of computerized systems.

MUNICIPAL SERVICE REVIEW DETERMINATIONS

1. Growth and Population Projections for the Affected Area

The District's current population is approximately 7,250. The District serves all residents and commercial businesses within its boundaries and has a total of 2,124 customers. Of this total, 1,448 are residential connections and 282 customers are commercial connections. Commercial customers range from small retail businesses to large agricultural service establishments for the packing and distribution of produce.

The District relies on AMBAG population projections for future planning. Current (draft) 2014 AMBAG projections for the area that includes the District plus several residential areas outside the District, project a population increase from 10,600 as of 2010, to 14,500 by the year 2035 (37% total increase; approximately 1.25% growth per year). An undetermined portion of this projected future growth would occur within current District boundaries. Service demands from future growth, related to build-out of the County's adopted Castroville Community Plan, are discussed as a potential concern in the Future Challenges and Opportunities section of this report. However, projected future growth in the area is incremental and long-term, with no significant development currently underway or anticipated in the near term, and with no anticipated changes to existing growth trends.

Within the existing Moss Landing County Sanitation District, which would become part of CCSD if the proposed consolidation is approved, the current population is approximately 500. There are 181 sewer connections. Of these, there are 155 residential connections and 26 commercial connections. The County Public Works Department, which currently staffs MLCSD, and CSD staff who serve the area by contract, state that existing facilities adequately meet the District population's needs. The County's adopted Moss Landing Community Plan envisions substantial infill development, mostly of a commercial and industrial nature, as discussed in the Future Challenges and Opportunities section, above. However, significant development or population growth are not anticipated in the near term. The District has capacity to provide services to the Community Plan's development sites as needs arise related to build-out of the Community Plan's development potential.

2. The Location and Characteristics of Any Disadvantaged Unincorporated Communities ("DUCs") Within or Contiguous to the Sphere of Influence

State law requires identification and analysis of service issues within Disadvantaged Unincorporated Communities as part of municipal service reviews and sphere of influence reviews. Disadvantaged unincorporated communities are defined as territory that constitutes all or a portion of a disadvantaged community including 12 or more registered voters or some other standard as determined by the Commission. A disadvantaged community is defined as a community with an annual median household income that is less than 80 percent of the statewide annual median household income (Water Code Section 79505.5). The most recent US Census Bureau data (2008-2012 American Community Survey Five-Year Estimates) indicates that the statewide annual median household income is \$61,400. Eighty percent is \$49,120.

Median household income for the Castroville Census-Designated Place is \$52,771. The District also includes an uninhabited agricultural/industrial area to the southeast of the community centered on Commercial Parkway, and a largely residential area to the northeast of Castroville (Moro Cojo). The latter, as well as other residential portions of the Moro Cojo area that are

adjacent to the District, are part of the Prunedale Census-Designated Place. Median household income is \$75,587 for the Prunedale Census-Designated Place as a whole, and \$65,208 for the specific census tract that includes the northeast side of the District and adjacent parcels that are outside the District.

Based on the information above, none of these Castroville areas meet the definition of a Disadvantaged Unincorporated Community. No changes to the District's existing Sphere of Influence are proposed in any of these areas.

The Moss Landing community meets the definition of a Disadvantaged Unincorporated Community, in that its median annual household income is \$39,107. The MLCSD's existing boundaries include residential pockets to the north (Struve Road single-family houses and mobile homes) as well as the main community. Both of these areas would be included in the proposed consolidation into Castroville Community Services District.

3. Present and Planned Capacity of Public Facilities, Adequacy of Public Services, and Infrastructure Needs and Deficiencies (Including Needs or Deficiencies Related to Sewers, Municipal and Industrial Water, and Structural Fire Protection in Any Disadvantaged Unincorporated Communities Within, or Contiguous to, the Sphere of Influence)

As discussed in this report's Facilities and Operations section, the Castroville Community Services District has adequate capacity to meet existing and likely future needs for services, both within its current District boundaries and in the Moss Landing community if LAFCO approves the pending consolidation with Moss Landing County Sanitation District. In the longer term, substantial future growth envisioned in the 2007 Castroville Community Plan may eventually be proposed on lands that are outside the District's boundaries and Sphere of Influence. Such development, were it to be proposed, would require an updated assessment of service demands and District capabilities as part of a future Sphere of Influence Amendment and related annexation proposal. In addition, seawater intrusion's impacts on groundwater resources remains a long-term concern for all water suppliers in the Salinas Valley groundwater basin.

If the consolidation is approved, Moss Landing will become part of the Castroville District. Moss Landing meets the definition of a Disadvantaged Unincorporated Community, as noted in Section #2, above. However, as discussed below, no unmet service needs or deficiencies related to sewers, water, or fire protection are known to exist within, or contiguous to, the area currently served by MLCSD. The Moss Landing area currently has adequate sewer, water, and fire protection services and will continue to receive these services, as discussed in the Future Challenges and Opportunities section of this report, if the proposed consolidation is approved and the area becomes part of the Castroville Community Services District.

The Pajaro-Sunny Mesa Community Service District owns and operates the Moss Landing water system outside its district boundaries, pursuant to a federal court order that took control of this system and several others formerly owned by Alisal Water Corporation (ALCO). PSMCSD has adequate court-ordered and approved groundwater supplies and water rights to serve existing and previously approved projects in Moss Landing. However, Moss Landing area groundwater is contaminated by seawater intrusion, and provision of a reliable long-term water supply to serve future needs is an ongoing concern.

4. Financial Ability of Agency to Provide Services

The District has established itself as a capable provider of municipal services. The Finances section of this report outlines the current financial state and financial abilities of the District.

5. Status of, and Opportunities for, Shared Facilities

The Monterey County Water Resources Agency (MCWRA) provides assistance to the District, as well as to other water purveyors within the groundwater basin, with hydrological studies and testing. This relationship is appropriate because most hydrological studies need to be conducted on a groundwater basin-wide, or “sub-basin”-wide, basis and the MCWRA has substantially more resources to provide these type of studies than the District. This relationship is expected to continue in the future.

Other service providers in and near the Castroville community include North County Fire Protection District, Castroville Cemetery District and North County Recreation and Park District (NCRPD). NCRPD is an independent special district providing services to Castroville, Moss Landing, Oak Hills and parts of Elkhorn and Prunedale, along with the surrounding rural community. NCRPD operates the North County Recreation Center, Cato-Phillips Park, Crane Street Park, Japanese School Park, Rancho Moro Cojo Park and the Moro Cojo Nature Trails. Castroville CSD collects property tax revenues for recreational funding and contracts with NCRPD to provide services. For Fiscal year 2012-2013, the District provided approximately \$113,000 to NCRPD to fund recreational services.

In 2008, the Castroville Water District took over responsibilities of the former County Service Area #14 and was reorganized as a full-service Community Services District. The 2008 reorganization has provided for shared management, engineering and maintenance staff and shared office space and maintenance facilities for these services and reduced overall costs. If consolidation with the County’s Moss Landing Sanitation District occurs as planned, significant savings should similarly be realized for the Moss Landing system.

6. Accountability for Community Service Needs, Including Government Structure and Operational Efficiencies

District residents elect the five Board of Directors members. The District meets the requirements of State law for transparency, accountability, and ethics as outlined in the Governance section of this report. The proposed consolidation with Moss Landing is an opportunity to increase the representativeness of the District’s Board of Directors, as Moss Landing residents would gain the right to vote for, and serve, as Board members. Moss Landing residents are currently served by the District under contract with the County, but have no representation on the Castroville Board. As residents of the post-consolidation Castroville Community Services District, Moss Landing voters would enjoy the same rights as all other voters in the District.

The District is currently building a web site to increase public accessibility to Board activity. www.CastrovilleCSD.org

7. Any Other Matter Related to Effective or Efficient Service Delivery, As Required by Commission Policy

LAFCO has reviewed its local policies and there are no other pertinent matters.

SPHERE OF INFLUENCE DETERMINATIONS¹

Based on the recommended determinations in this section, and the information in this report, this study provides support for the proposed consolidation of Castroville Community Services District and Moss Landing County Sanitation District. The proposed consolidation will result in expanding the Castroville District's boundaries and Sphere of Influence to include Moss Landing.

1. The Present and Planned Land Uses in the Area, Including Agricultural and Open-Space Lands

The District's existing boundaries include most of the unincorporated community of Castroville, with a mix of residential commercial, and agriculture-related industrial land uses. The District's boundaries and Sphere of Influence includes important productive farmlands in the area surrounding Castroville. The Moss Landing County Sanitation District boundaries include the Moss Landing unincorporated community and residential pockets slightly north of the main community. Planned future land uses are guided by the Castroville and Moss Landing Community Plans. Consolidation of the two Districts will not impact the physical and economic integrity of nearby agricultural lands, including agricultural lands located between Castroville and Moss Landing that are excluded from the proposed post-consolidation District's Sphere of Influence.

2. The Present and Probable Need for Public Facilities and Services in the Area

Current AMBAG projections are for population in and around Castroville to increase by approximately 37% (approximately 1.25% per year) between 2010 and 2035. Castroville is one of five unincorporated Community Areas designated for future growth in the 2010 County of Monterey General Plan. A limited area, particularly to the west of Merritt Street along the western edge of the community and District within the District's Sphere of Influence is designated for residential and mixed-use development on parcels currently used for agriculture. Other increases in demand for District services may occur through infill development.

Potential build-out of the County's adopted Castroville Community Plan, with substantial development on lands currently outside the District's Sphere of Influence, may occur in the more distant future, beyond this study's outlook. As discussed in the Future Challenges and Opportunities section of this report, LAFCO would assess the capacity to provide District services—particularly potable water—to serve major development envisioned in the Castroville Community Plan as part of a future Sphere of Influence amendment for these areas.

Planned future development envisioned in the Moss Landing Community Plan (359,000 square feet of commercial and industrial uses and 39 new dwelling units) would not adversely affect the District's existing services, currently operated by the District under contract with the County. Build-out of the Community Plan would not result in the need for substantial new wastewater infrastructure.

The District is aware of future growth potential identified in both the Castroville and Moss Landing subareas within its proposed post-consolidation boundaries and Sphere. The

¹ Sphere of Influence determinations required per Government Code section 56425(e).

District's draft five-year Capital Improvement Program (CIP) is due to be adopted in June 2014. The CIP includes several incremental improvements and upgrades to existing facilities, and identifies no unanticipated or unmet needs.

3. The Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide

Since its inception, the District has been providing comprehensive and reliable services to its customers. There are no identified unmet needs with regard to any District services. Infrastructure within existing District boundaries is in good working order, although seawater intrusion remains a long-term potential threat to operations of all water systems in the Salinas Valley groundwater basin. In the longer term, substantial future growth envisioned in the 2007 Castroville Community Plan may eventually be proposed on lands that are outside the District's boundaries and Sphere of Influence. Such development, were it to be proposed, would require an updated assessment of service demands and District capabilities.

The District has reviewed the current status of Moss Landing Sanitation District infrastructure and determined it to be financially feasible to take ownership of that system and provide the necessary repairs and upgrades. The District has significant cash reserves available to increase services within its existing boundaries or expand services to its sphere of influence, if needed

4. The Existence of Any Social or Economic Communities of Interest in the Area, If the Commission Determines That They Are Relevant to the Agency

The District's boundaries include a relatively high concentrations of lower-income households, as discussed in the Municipal Service Review Determinations, above. However, these areas are currently being well served by the District. The Moss Landing community meets the definition of a Disadvantaged Unincorporated Community. The Moss Landing County Sanitation District's existing boundaries include residential pockets to the north (Struve Road single-family houses and mobile homes) as well as the main community. Both of these areas would be included in the proposed consolidation into Castroville Community Services District. There are no identified social or economic communities within, or contiguous to, the District's proposed post-consolidation Sphere of Influence that are unserved or underserved with regard to water, sewer, or other District services.

SOURCES & ACKNOWLEDGEMENTS

The information in this Municipal Service Review and Sphere of Influence Update was primarily developed in coordination with staff from the Castroville Community Services District. District staff met to discuss services and boundaries, answered our questions, and provided audits, budgets, Board agenda packets, and other documents. LAFCO received most of the information in this report through the verbal and written information provided by the District. Additional information was coordinated with staff from the County of Monterey Public Works Department and the Association of Monterey Bay Area Governments.

RESOLUTION NO. 14-XX

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY MAKING DETERMINATIONS ADOPTING THE 2014 MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY FOR THE CASTROVILLE COMMUNITY SERVICES DISTRICT

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

WHEREAS, State law requires that the Formation Commission conduct periodic reviews and updates of the Sphere of Influence of each city and district in Monterey County (Government Code section 56425); and

WHEREAS, the law further requires the Formation Commission to update information about municipal services before, or in conjunction with, adopting a Sphere update (Government Code section 56430); and

WHEREAS, the Castroville Community Services District and the County of Monterey Board of Supervisors have jointly initiated a proposed consolidation of the Castroville Community Services District and the Moss Landing County Sanitation District (LAFCO file 14-02), which, if approved, would result in transferal of all territory within the existing Moss Landing County Sanitation District's boundaries into the boundaries of the Castroville Community Services District; and

WHEREAS, LAFCO staff has met and consulted with representatives of the Castroville Community Services District and the Moss Landing County Sanitation District, and has received written information regarding current and expected growth boundaries, the location and characteristics of disadvantaged unincorporated communities, planned and present capacity of public facilities, adequacy of public services, financial ability to provide services, opportunities for shared facilities and services, government structure, and operational efficiencies; and

WHEREAS, the information gathered has provided the basis for preparation of *2014 Municipal Service Review and Sphere of Influence Study for the Castroville Community Services District* and the Executive Officer has furnished a copy of this Study to each person entitled to a copy or interested in receiving a copy; and

WHEREAS, the Formation Commission set March 24, 2014 as the hearing date to consider the *2014 Municipal Service Review and Sphere of Influence Study for the Castroville Community Services District* and gave the required notice of hearing; and

WHEREAS, the public hearing was held by the Formation Commission upon the date and at the time and place specified in said notice of hearing and in any order or orders continuing such hearing, and

WHEREAS, the Formation Commission has heard from interested parties, considered the *2014 Municipal Service Review and Sphere of Influence Study for the Castroville Community Services District* and the report of the Executive Officer, and considered the factors determined by the Formation Commission to be relevant to this matter, including, but not limited to, factors specified in Government Code sections 56425(e) and 56430(a), and the Formation Commission's policies; and

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

Section 1. The foregoing recitals are true and correct.

Section 2. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, the Formation Commission finds that the Municipal Service Review under consideration is Categorically Exempt from the provisions of CEQA as "Information Collection" under Section 15306. The Formation Commission also finds that the Sphere of Influence update qualifies for the general rule exemption from environmental review, CEQA Guidelines section 15061(b)(3), based on the determination that this action does not have the potential for causing a significant effect on the environment.

Section 3. In evaluating the Sphere of Influence of the post-consolidation Castroville Community Services District, the Formation Commission has conducted a review of the services provided by this district. This review was conducted in accord with Government Code section 56430. The analysis, conclusions and recommendations in this review were prepared with information provided by, and in consultation with, the District. Data sources are available for review in the office of the Formation Commission.

Section 4. In preparing a Municipal Services Review, the Formation Commission has considered a written statement of its determinations in accord with Government Code section 56430(a). These determinations, which are contained in the report, are made with respect to each of the following seven areas:

- a. Growth and Population Projections for the Affected Area.
- b. The Location and Characteristics of any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence.
- c. Present and Planned Capacity of Public Facilities, Adequacy of Public Services, and Infrastructure Needs or Deficiencies including Needs or Deficiencies Related to Sewers, Municipal and Industrial Water, and Structural Fire Protection in any Disadvantaged, Unincorporated Communities Within or Contiguous to the Sphere of Influence.

- d. Financial Ability of Agencies to Provide Services.
- e. Status of, and Opportunities for, Shared Facilities.
- f. Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies.
- g. Any Other Matter Related to Effective or Efficient Service Delivery, as Required by Commission Policy.

Section 5. In evaluating the Sphere of Influence of the post-consolidation Castroville Community Services District, the Formation Commission has considered a written statement of its determinations, in accord with Section 56425(e) of the Government Code. These determinations, which are contained in the *2014 Municipal Service Review and Sphere of Influence Study for the Castroville Community Services District*, are made with respect to each of the following four areas

- a. The Present and Planned Land Uses in the Area, Including Agricultural and Open-Space Lands.
- b. The Present and Probable Need for Public Facilities and Services in the Area.
- c. The Present Capacity of Public Facilities and Adequacy of Public Services That the Agency Provides or is Authorized to Provide.
- d. The Existence of any Social or Economic Communities of Interest in the Area if the Commission Determines That They are Relevant to the Agency.

Section 6. The Formation Commission has considered, as a part of its deliberations, all oral presentations and written communications received prior to the close of the public hearing.

Section 7. In accordance with Government Code section 56430, the Formation Commission hereby adopts the *2014 Municipal Service Review and Sphere of Influence Study for the Castroville Community Services District*.

Section 8. In accordance with Government Code section 56425(g), the Formation Commission adopts the 2014 Study's determinations that support updating the Castroville Community Services District's Sphere of Influence to reflect consolidation with the Moss Landing County Sanitation District and designation of a Future Study Area on the east side of Highway 1 in Moss Landing, as shown in Exhibit A.

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

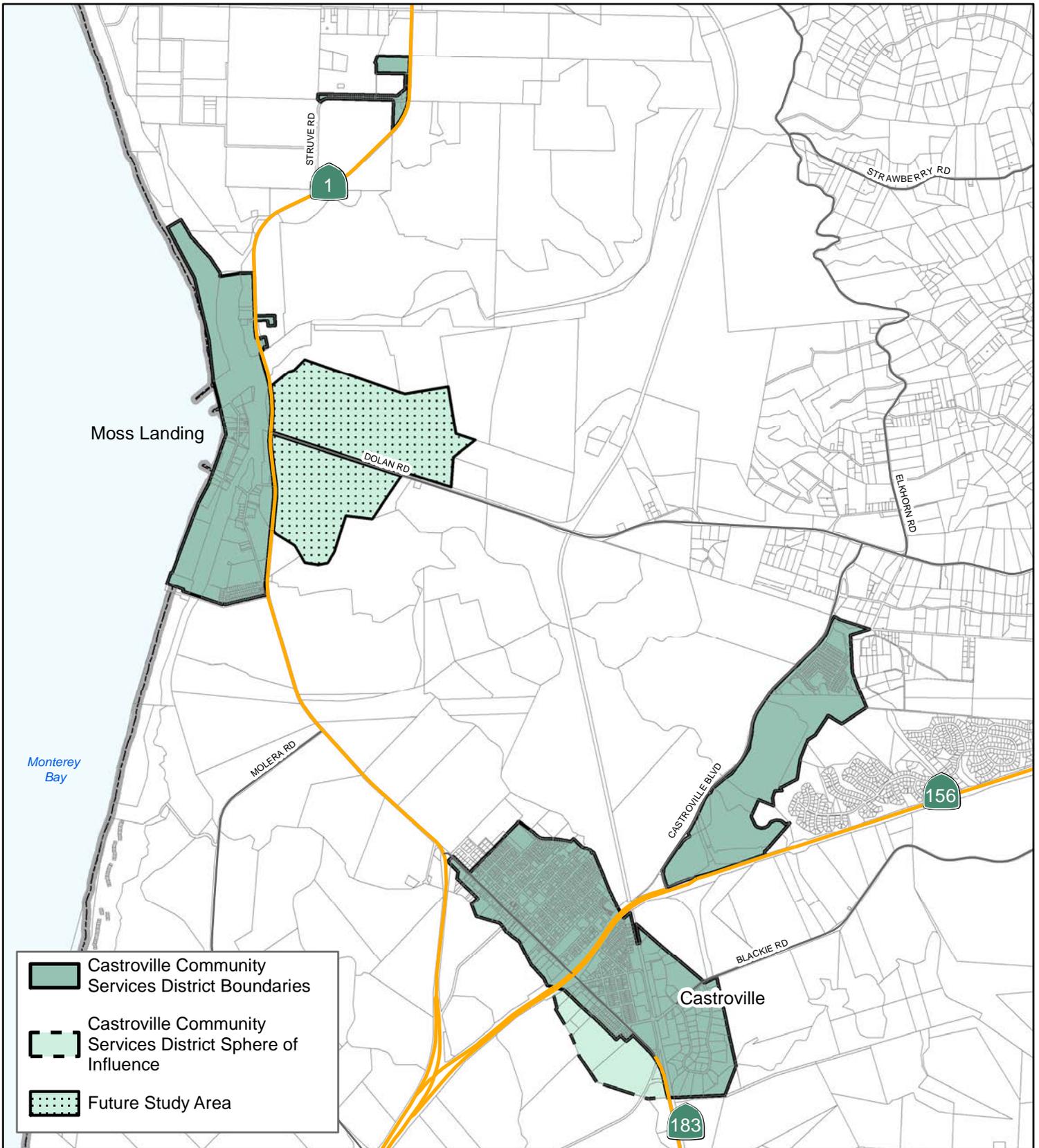
AYES:
NOES:
ABSENT:
ABSTAIN:

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 March, 2014

By: _____
Kate McKenna, AICP, Executive Officer

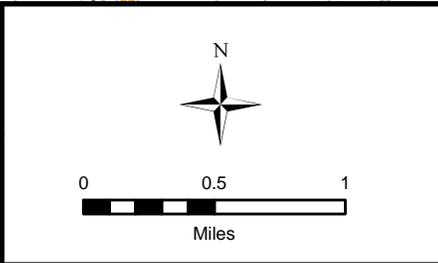


- Castroville Community Services District Boundaries
- Castroville Community Services District Sphere of Influence
- Future Study Area

LAFCO of Monterey County
 LOCAL AGENCY FORMATION COMMISSION

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SPECIAL DISTRICTS

**PROPOSED "POST - CONSOLIDATION"
 CASTROVILLE COMMUNITY
 SERVICES DISTRICT**

Map prepared: 03/14/2014

The County Board of Supervisors and the Castroville Community Services District's board of directors have jointly initiated, and are in support of, the proposed consolidation of the two districts. The *2014 Municipal Service Review and Sphere of Influence Study for the Castroville Community Services District* (Agenda Item 7 for March 24, 2014) provides detailed analysis and recommendations in support of the proposed consolidation and designation of a 475-acre future study area on the east side of Highway 1. The proposed consolidation is consistent with all requirements of State law, and will provide a public benefit by enabling more efficient delivery of public services to the Moss Landing community.

Background

Moss Landing County Sanitation District was formed in 1976 to provide a community sewer system to replace the individual septic tank systems that served homes and businesses until that date. District services are limited to the collection of wastewater which is then pumped to the regional treatment plant in Marina. County Public Works Department staff manages this County-dependent special district. However, since 2011 the Castroville Community Services District has been operating and maintaining the Moss Landing sewer system under contract with the County.

The Castroville Community Services District's boundaries encompass the unincorporated community of Castroville and a nearby area (Moro Cojo) that includes residential neighborhoods and North Monterey County High School. The District provides services related to water, sewer, storm drains, open space, and maintenance of streets and street lighting. The District originally formed in 1952 as the Castroville Water District. It was reorganized as a full-service, independent community services district in 2008, when it combined with the former Castroville-based County Services Area 14 (LAFCO file 07-03).

The County of Monterey is in a long-term process of divesting itself from its numerous and widely dispersed Sanitation Districts and County Service Areas. The County's goal is to incrementally transfer these systems to locally based independent special districts that are able to provide services more efficiently. Accordingly, in February 2014, the Castroville District and County of Monterey jointly initiated a proposal to consolidate the two districts. The Commission approved a fee waiver request for this proposal on February 24, 2014.

Effects of Consolidation

After consolidation, the area currently within the Moss Landing County Sanitation District will become a fully integrated part of the Castroville Community Services District, and the Sanitation District will no longer exist as a separate entity. The Castroville District's boundaries and Sphere of Influence will encompass both existing districts' boundaries and Sphere, as recommended in the District's *2014 Municipal Service Review and Sphere of Influence Study*. As recommended in the Sphere of Influence Study, the map for the consolidated District also designates a future study area, on the east side of Highway 1 in Moss Landing, encompassing the existing Moss Landing Business Park and the Duke Energy (formerly PG&E) power plant and its switch yard. These sites are currently on septic systems and would benefit from connection to the District's wastewater system.

The Moss Landing County Sanitation District's assets and liabilities will transfer to the Castroville Community Services District by July 1, 2014. The Castroville District would be authorized to extend any of its previously approved powers to the Moss Landing portion of its boundaries. Pajaro-Sunny Mesa Community Services District owns and operates the water distribution system in Moss Landing. The County owns and operates the Moss Landing storm drain system. The proposed consolidation would have no effect on these two agencies' rights and responsibilities to operate these systems.

After consolidation, voters within the existing Moss Landing County Sanitation District will become eligible to vote for, and serve as, members of the Castroville Community Services District's board of directors. Moss Landing residents do not currently enjoy those rights, as they receive services from the Castroville District by contract but live outside of current District boundaries.

As a member of the Monterey Regional Water Pollution Control Agency (MRWPCA) the Moss Landing District is entitled to appoint a Director to the MRWPCA's Board of Directors. After the proposed consolidation, the Moss Landing District would no longer exist as a separate entity, and the effect of this consolidation on the District's appointment of a Director is uncertain.

Limitations of the Commission's Authority

Pursuant to the Cortese-Knox-Hertzberg Act (CKH Act, specifically, Government Code section 56853), if all districts proposing a consolidation, or a reorganization including a consolidation, adopt substantially similar resolutions of application, the Commission shall approve the proposal. Section 56853 applies to this proposal, as both districts have adopted substantially similar resolutions. The CKH Act therefore directs that the Commission shall approve the proposal. However, the Commission has discretion to impose terms and conditions to mitigate issues that have been raised while processing the application and conducting the public hearing.

Public Agency Referrals, Agency Comments, Public Notices

LAFCO referred the reorganization proposal to public agencies for review and comment in February 2014. The application was legally noticed for the March 24 LAFCO meeting in the Salinas Californian on March 1. The published hearing notice also announced April 28, 2014 as the date for the required subsequent Conducting Authority ("Protest") proceedings.

More than 1,000 property owners and voters live within the affected area (both existing districts' boundaries). In such cases, notice of the hearing via a newspaper of general circulation complies with the requirements of the CKH Act. Notice of the hearing was also posted on the LAFCO website, at the County Government Center and the LAFCO office, and sent to affected agencies and all known interested agencies, organizations and individuals. The agenda was distributed to all interested parties and copies of this report were distributed to the applicant Districts and other agencies and individuals who submitted comments on the proposal. LAFCO, therefore, has fully complied with all requirements and procedures for public agency referrals and public noticing.

LAFCO has received letters of support for the consolidation from the County of Monterey Health Department and the North County Fire Protection District. These letters are on file in the LAFCO office.

District/County Tax Transfer Agreement

The County Board of Supervisors and the Castroville Community Services District's Board of Supervisors have each approved a "zero property tax transfer" agreement for the proposed consolidation.

California Environmental Quality Act (CEQA) Compliance

The Castroville Community Services District is acting as the CEQA Lead Agency for this proposal. LAFCO is a Responsible Agency. In its November 2013 resolution initiating the proposed consolidation, the Castroville District's Board of Directors included a finding that the proposal is categorically exempt from CEQA pursuant to CEQA Guidelines section 15320, which exempts special district consolidations where changes in organization of local governmental agencies do not change the geographical area in which the previously existing powers are exercised. The LAFCO Executive Officer has reviewed the record and concurs with this finding.

Reconsideration

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

Conducting Authority ("Protest") Hearing

No known controversy exists regarding the proposed consolidation. However, a protest hearing is required for this proposal because, for consolidations, the CKH Act includes no provisions for waiver of protest hearings. The Executive Officer recommends that the protest hearing be scheduled for the next regularly scheduled Commission meeting on April 28, 2014. If written protests exceeding certain thresholds are submitted prior to the conclusion of the protest hearing, the Commission would be obligated to order a confirmation election or terminate proceedings.

Conclusion

Based on the information in this report and in the 2014 Municipal Service Review and Sphere of Influence Study for the Castroville Community Services District, the Executive Officer recommends adoption of the attached draft resolution.

Alternative Actions

In lieu of the recommended actions, the Commission may act to deny the consolidation proposal. The Commission may also act to modify, delete, or add any appropriate conditions

of approval. Substantial changes to the draft resolution would require a continuation of the agenda item, with direction to the Executive Officer to prepare a new draft resolution based on the Commission's findings.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments:

1. Draft Resolution
2. Map of Existing District Boundaries
3. Map of Proposed District Boundaries

cc: Eric Tynan, Castroville Community Services District
Ed Muniz, County of Monterey Public Works Department
Don Rosa, Pajaro-Sunny Mesa Community Services District
Linda McIntyre, Moss Landing Harbor District

RESOLUTION NO. 14-XX

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY MAKING DETERMINATIONS APPROVING THE CONSOLIDATION OF THE CASTROVILLE COMMUNITY SERVICES DISTRICT AND THE MOSS LANDING COUNTY SANITATION DISTRICT (LAFCO FILE 14-02)

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

WHEREAS, an application for the proposed consolidation was filed and accepted for filing by the Executive Officer of the Local Agency Formation Commission, pursuant to Title 6, Division 1, commencing with Section 56000, et seq. of the Government Code; and

WHEREAS, a Certificate of Filing was issued for the application on March 4, 2014; and

WHEREAS, in substantially similar resolutions of application, the County of Monterey Board of Supervisors and the Castroville Community Services District Board of Directors have requested LAFCO's approval of the proposed consolidation; and

WHEREAS, Government Code section 56853 establishes that if all districts proposing a consolidation, or a reorganization including a consolidation, adopt substantially similar resolutions of application, the Commission shall approve the proposal but may impose mitigating terms and conditions; and

WHEREAS, the applicants have requested that July 1, 2014 be set as the consolidation's effective date; and

WHEREAS, the Executive Officer, pursuant to Government Code section 56658, set March 24, 2014 as the hearing date on this proposal and gave the required notice of hearing; and

WHEREAS, the public hearing by the Commission was held upon the date and at the time and place specified in the notice of hearing and in any order or orders continuing such hearing; and

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

WHEREAS, public notice of the proposed consolidation was provided through a legal notice published in the Salinas Californian on March 1, 2014; and

WHEREAS, the Commission has adopted the *2014 Municipal Service Review and Sphere of Influence Study for the Castroville Community Services District* that that supports updating the Castroville Community Services District's Sphere of Influence to reflect consolidation with the

Moss Landing County sanitation District and designation of a Future Study Area on the east side of Highway 1 in Moss Landing; and

WHEREAS, the Commission has heard from interested parties, considered the proposal and the report of the Executive Officer and considered the factors determined by the Commission to be relevant to this proposal, including, but not limited to, factors specified in Government Code sections 56668; and

WHEREAS, a Conducting Authority (“protest”) hearing is required pursuant to Government Code section 57075(a) because, for consolidations, the CKH Act includes no provisions for waiver of protest hearings.; and

NOW, THEREFORE, BE IT RESOLVED, by the Local Agency Formation Commission of Monterey County, as follows:

Section 1. The forgoing recitals are true and correct.

Section 2. The Castroville Community Services District is acting as the California Environmental Quality Act (CEQA) Lead Agency for this proposal. LAFCO is a Responsible Agency. In its November 2013 resolution initiating the proposed consolidation, the Castroville Community Services District’s Board of Directors included a finding that the proposal is categorically exempt from CEQA pursuant to CEQA Guidelines section 15320, which exempts special district consolidations where changes in organization of local governmental agencies do not change the geographical area in which the previously existing powers are exercised. The Commission, as the Lead Agency, has reviewed the record and concurs with this finding.

Section 3. The Commission has considered all of the factors set forth in Government Code section 56668 in its review of the consolidation proposal, as follows, which are addressed in the *2014 Municipal Service Review and Sphere of Influence Study for the Castroville Community Services District*.

- a. Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.
- b. The need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.
- c. The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.
- d. The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities in Section 56377.

- e. The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016.
- f. The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.
- g. A regional transportation plan adopted pursuant to Section 65080, and its consistency with city or county general and specific plans.
- h. The sphere of influence of any local agency which may be applicable to the proposal being reviewed.
- i. The comments of any affected local agency or other public agency.
- j. The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.
- k. Timely availability of water supplies adequate for projected needs as specified in Section 65352.5.
- l. The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7.
- m. Any information or comments from the landowner or owners, voters, or residents of the affected territory.
- n. Any information relating to existing land use designations.
- o. The extent to which the proposal will promote environmental justice.

Section 4. The Moss Landing County Sanitation District is hereby consolidated into the Castroville Community Services District, which shall succeed to all the rights, duties and obligations of the two consolidating Districts. The Castroville Community Services District shall also acquire all of the assets and accounts receivable of the consolidating Districts.

Section 6. The Sphere of Interest and boundaries of the consolidated District shall be as shown in Exhibit A.

Section 7. The post-consolidation Castroville Community Services District shall have the power to provide all of the services it is currently authorized to provide, per LAFCO Resolution 07-15, as follows: Water, sewer, storm water, recreation facilities, community recreation, street lighting, street maintenance, pest control, and acquisition of land for habitat mitigation.

Section 8. The Board of Directors of the consolidated Castroville Community Services District shall maintain its existing governance structure, consisting of five elected at-large members, per Community Services District law. Residents within the former boundaries of the

Moss Landing County Sanitation District shall enjoy full rights to vote for, and serve as, members of the Board of Directors of the post-consolidation District.

Section 9. The apportionment of property tax revenues shall be the same as currently exists for the two consolidating Districts, unless and until the County and the District agree to changes in the apportionment.

Section 10. The applicants agree, as a condition of the approval, to defend at their sole expense any action brought against LAFCO, the Commission and its staff, because of the approval of this application. The applicants 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 discretion, after consultation with the applicants, participate in the defense of any such action; but such participation shall not relieve applicants of their obligations under this condition. The obligation on the part of the applicants to indemnify LAFCO is effective upon the adoption of this resolution and does not require any further action.

Section 11. The Commission's approval of this consolidation is conditioned upon:

- a. Completion of all implementation tasks sufficient to transfer the Moss Landing County Sanitation District's assets and liabilities to the Castroville Community Services District by June 30, 2014;
- b. Review and pre-clearance by the United States Department of Justice pursuant to Section 5 of the Voting Rights Act;
- c. Completion of the reconsideration process described in Government Code section 56895;
- d. Completion of Conducting Authority ("protest") proceedings as described in Government Code section 57000, et seq.

A Certificate of Completion for this consolidation will be issued upon satisfaction of all conditions of approval.

Section 12. The effective time and date of this consolidation shall be July 1, 2014, conditioned on issuance of the Certificate of Completion.

Section 17. The Commission hereby designates its regular April 28, 2014 meeting as the date for Conducting Authority proceedings for this proposal.

Section 18. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution in the manner and as provided in Government Code section 56882.

Section 19. The documents and materials that constitute the record of proceedings on which these findings are based are located at the offices of the Local Agency Formation Commission of Monterey County, 132 W. Gabilan Street, Suite 102, Salinas, CA 93901.

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

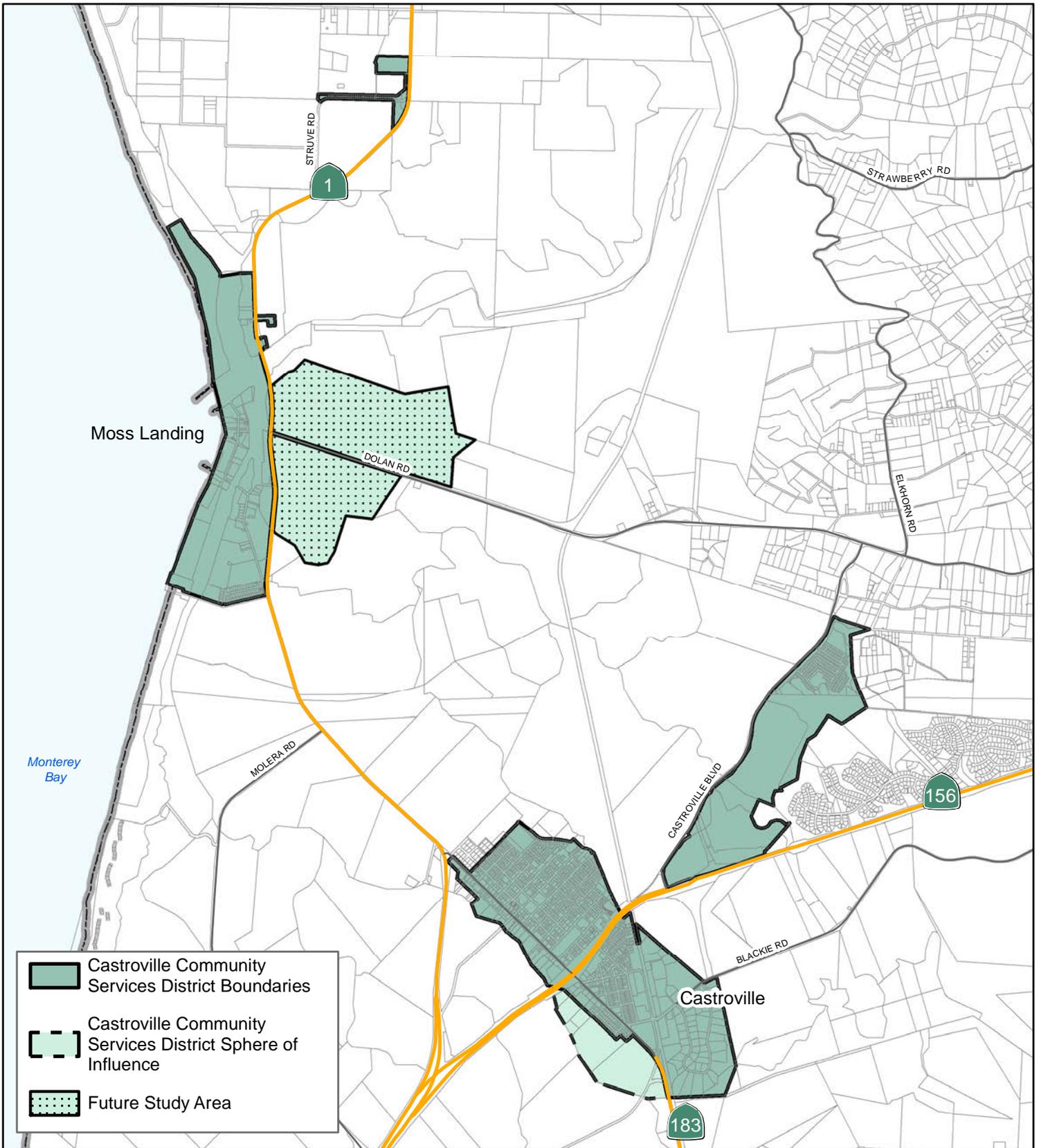
AYES:
NOES:
ABSTAIN:

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 24th day of March, 2014

By: _____
Kate McKenna, AICP, Executive Officer

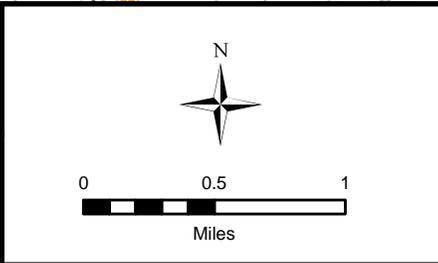


- Castroville Community Services District Boundaries
- Castroville Community Services District Sphere of Influence
- Future Study Area

LAFCO of Monterey County
 LOCAL AGENCY FORMATION COMMISSION

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 Telephone (831) 754-5838

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 Salinas, CA 93901
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SPECIAL DISTRICTS

**PROPOSED "POST - CONSOLIDATION"
 CASTROVILLE COMMUNITY
 SERVICES DISTRICT**

Map prepared: 03/14/2014

LOCAL AGENCY FORMATION COMMISSION
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KATE McKENNA, AICP
Executive Officer

DATE: March 24, 2014
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **DRAFT ANNUAL WORK PROGRAM FOR FY 2014-2015**

SUMMARY OF RECOMMENDATIONS:

The Budget and Finance Committee recommends that the Commission:

1. Receive a report from the Executive Officer;
2. Open and close the public hearing;
3. Consider and adopt the attached Resolution approving the annual work program for Fiscal Year 2014-2015.

EXECUTIVE OFFICER'S REPORT:

Attached is a proposed work program for Fiscal Year 2014-2015, as reviewed and recommended for adoption by the LAFCO Budget and Finance Committee on February 14.

Discussion

The annual work program identifies essential services to accomplish the Commission's legislative purposes, mandates and local priorities. It is organized by six functions: application processing, special studies, government and community relations, Commission and Committee functions, administrative and human resource management, and financial management. The emphasis remains on the cost-efficient delivery of core services in a responsive, professional and legally defensible manner.

Indications are that the proposed work program, and particularly its application processing, Municipal Service Review and Sphere of Influence functions, will continue to place a high level of demands on existing staff resources. However, by carefully managing the day-to-day

priorities, core services can be accomplished with a slightly reduced budget in the coming fiscal year (see Agenda Item No. 8, March 24, 2014).

Public Notice

Notice of this public hearing was advertised in a local newspaper and posted on the LAFCO website. The meeting agenda, Executive Officer's report and proposed work program were posted and distributed to local agencies. The agenda and a link to the posted agenda packet were distributed to interested persons and organizations.

Alternative Actions

The Commission may modify the proposed work program or provide other direction.

Respectfully Submitted,



Kate McKenna, AICP,
Executive Officer

Attachments: Draft Resolution and Exhibit A (Annual Work Program for Fiscal Year 2014-2015)

THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

RESOLUTION NO. 14-xx

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
ADOPTING THE FISCAL YEAR 2014-2015 WORK PROGRAM**

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

WHEREAS, the Budget and Finance Committee of the Local Agency Formation Commission of Monterey County considered a proposed annual work program on February 14, 2014, and made its recommendations to the Commission; and

WHEREAS, the Local Agency Formation Commission of Monterey County considered these recommendations and conducted a duly noticed public hearing on March 24, 2014.

NOW, THEREFORE, the Local Agency Formation Commission of Monterey County does HEREBY RESOLVE, DETERMINE, AND ORDER the adoption of the work program for Fiscal Year 2014-2015 as shown in Exhibit A.

UPON MOTION OF Commissioner _____, seconded by Commissioner _____, the foregoing resolution is adopted this 24th day of March, 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 this resolution is a true and complete record of said Commission's actions.

Witness my hand this ___ day of March, 2014

By: _____
Kate McKenna, AICP, Executive Officer

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

PROPOSED WORK PROGRAM FISCAL YEAR 2014-2015

March 24, 2014

1. APPLICATION PROCESSING FUNCTIONS		
TASK	STATUS	COMMENTS
<p>Process applications for boundary changes in a responsive, professional and efficient manner.</p> <p>(A partial list of potential applications that have been discussed with local government agencies is attached to this Work Program. See Table 1.)</p>	ONGOING	Priority fast-tracking is given to applications for economic development, public health and safety, or other urgent needs.
<p>Provide Commission with legally defensible recommendations and alternatives, and alert to litigation risks, liabilities and alternatives associated with potential actions.</p>	ONGOING	No active or anticipated litigation.

2. SPECIAL STUDIES		
TASK	STATUS	COMMENTS
<p>Prepare Municipal Service Reviews and Sphere of Influence Updates for:</p> <ul style="list-style-type: none"> • Carmel Area Wastewater District, • Pajaro/Sunny Mesa Community Services District, • Salinas Valley Memorial Healthcare System, • San Ardo Water District, • San Lucas County Water District, • Boronda County Sanitation District, • Monterey County Regional Sanitation District (MRWPCA), • Monterey Peninsula Water Management District, • Pajaro County Sanitation District, • City of Gonzales, • City of Seaside • City of Soledad, and • Marina Coast Water District and Seaside County Sanitation District – Administrative Draft MRS were prepared by LAFCO staff in 2013. Completion schedule to be determined in coordination with the districts. 	<p>Goal is to complete a series of water, wastewater and solid waste mgmt. district MSRs, per a phased, multi-year program adopted by the Commission in 2009. Work on this phase started in 2013, and is planned for completion by June 2015.</p> <p>Additional MSR studies, primarily for cities and CSDs with active SOI plans, will also be started in FY 2014-2015.</p>	<p>Significant Sphere of Influence Updates or other changes proposed by local agencies or area property owners may require changes to the schedule of MSR tasks. MSR schedule could also be affected by staff time required to process applications.</p>
<p>As needed, update and publish LAFCO local agency and resource maps on the LAFCO web site. Also, respond to agency requests for custom mapping of boundary/service information.</p>	ONGOING	Farmland map updates are underway.

As needed, develop and update local policies, procedures, applications, and flowcharts for Spheres of Influence, annexations, reorganizations, and the creation of cities and districts.	ONGOING	Application packet is under review.
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3. GOVERNMENT AND COMMUNITY RELATIONS		
TASK	STATUS	COMMENTS
Initiate informal meetings to discuss budget and policy issues with Cities, Special Districts, and County, as appropriate.	ONGOING	
Attend meetings of the Special Districts Association and the Special Districts General Managers' Group (quarterly), and provide support for the election of Special District LAFCO Members.	ONGOING	
Attend meetings as requested by the City Managers Group and City Mayors Association.	ONGOING	
Attend meetings as requested by the County of Monterey.	ONGOING	
Provide early notice to County, Cities, and Special Districts of issues that may affect them, and opportunities to participate in the LAFCO process.	ONGOING	
Post public information on the LAFCO website and review website layout, graphics, and content for ease of public use.	ONGOING	Website update is underway.
Encourage and provide early LAFCO participation in Sphere of Influence updates, General Plan updates, City-County-District dialogues, and environmental review activities that affect government boundaries & services.	ONGOING	
Participate in regional activities for which LAFCO has indirect or direct responsibilities, such as ensuring the consideration of Spheres of Influence in the development of the AMBAG Sustainable Communities Strategy, as required by State law.	IN PROGRESS	Commissioner Darington and the Executive Officer serve on an AMBAG advisory committee. Executive Officer also serves on a planning committee.
Participate in community educational opportunities to promote understanding and dialogue with various sectors of the Monterey County economy.	ONGOING	
Promote Monterey LAFCO's interests in statewide issues through active participation in the California Association of Local Agency Formation Commissions (CALAFCO).	ONGOING	The Commission receives a monthly CALAFCO activities report, and participates in policy, legislative and other issues. Commissioners and staff actively participate in CALAFCO conferences, workshops, and courses.

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

5. ADMINISTRATIVE AND HUMAN RESOURCES MANAGEMENT		
TASK	STATUS	COMMENTS
Maintain the LAFCO project tracking system.	ONGOING	
Maintain the staff time keeping, cost tracking, and invoicing systems for applications.	ONGOING	
Comprehensively review and document Policies and Procedures for all LAFCO office functions, including human resources rules and regulations.	IN PROGRESS	
Identify and support staff training needs and opportunities, including professional certification, technical training, and ethics/harassment compliance.	ONGOING	
Implement LAFCO's new Records Management Policy, including conversion of paper records to electronic format. This is a multi-year task.	ONGOING	Policy adopted on February 24, 2014.

6. FINANCIAL MANAGEMENT		
TASK	STATUS	COMMENTS
Review and update the project fee schedule and hourly staffing rates, as needed.	ONGOING	No changes needed at this time.
Continue to review existing financial policies and procedures, and prepare new financial policies and procedures as necessary.	ONGOING	No changes needed at this time.
Continue to coordinate with the County Auditor, to obtain annual local agency contributions to LAFCO. Work with Auditor and Special Districts to implement any update to the cost share formula as may be approved by the Districts in 2014.	ONGOING	Cost collection process was clarified by a 2009 LAFCO policy. A modified cost share formula is under review by Special Districts in 2014.
Complete annual audit for Fiscal Year 2013-2014.	Start August 2014. Complete by December 2014.	Contract for audit services was approved in Feb. 2014.
Conduct periodic review of Benefits, Services and Supplies with the goal of continuing to control costs.	ONGOING	
Continue use of a three-year financial forecast to project upcoming needs and to provide the resources to meet these needs.	ONGOING	This tool is for informal use by the Budget & Finance Committee.

Table 1: Partial List of Anticipated Agenda Items as of March 24, 2014**Anticipated Agenda Items in the Current Fiscal Year (by June 30, 2014)**

1. Municipal Service Review and Sphere of Influence Update for Monterey Regional Waste Management District (*Initiated by LAFCO. Hearing expected by June 2014*).
2. 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 in First Half of FY 2014-2015 (July – December 2014)

3. 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 regarding establishment of an appropriate boundary between the two districts. MSR and SOI adoption schedule is dependent on the districts*).
4. Municipal Service Review for the Seaside County Sanitation District (*Initiated by LAFCO. Administrative draft MSR was prepared by LAFCO staff and reviewed with District. As of March 2014, SCSO intends to meet with MCWD to resolve ongoing issues, and then will arrange a stakeholders meeting to discuss a proposed Sphere of Influence. MSR and SOI adoption schedule is dependent on the two districts*).
5. Municipal Service Review for the City of Gonzales (*Will be initiated by LAFCO after County/City adopt a pre-SOI agreement in March/April 2014*).
6. City of Gonzales – Comprehensive Sphere of Influence Amendment (*Will be initiated by City after County/City adopt a pre-SOI agreement in March/April 2014*).
7. Municipal Service Review and Sphere of Influence Update for Carmel Area Wastewater District (*Initiated by LAFCO in March 2014*).
8. 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*).
9. 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*).
10. City of Soledad – Sphere of Influence Amendment and Annexation of Miravale IIB Subdivision. (*Additional potential inclusions: Existing 10-Unit Residential Development Near Gabilan Drive, Front Street freeway interchange safety improvements, 4.35-acre expansion area within the "Soledad Entry Commercial Annexation," Metz Road bypass, Los Coches Adobe vicinity; possibly others*).
11. Prepare a comprehensive set of Policies and Procedures for all LAFCO office functions, including human resources rules and regulations.
12. City of Greenfield – Potential Commercial/Industrial and Residential Annexation Proposals (Franscioni, Scheid, Rich, and others). (Initial Preliminary Discussion)

13. 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*).
14. Pajaro/Sunny Mesa Community Services District – Consolidation with Pajaro County Sanitation District (*Initiated by County and PSMCSD*).

Anticipated Agenda Items Second Half of FY 2014-2015 (January – June 2015)

15. Carmel Area Wastewater District – Sphere of Influence Amendment and Annexation of the September Ranch property in Carmel Valley (*to be initiated by District*).
16. Marina Coast Water District – Sphere of Influence Amendment and Annexation of Portions of the Former Fort Ord to Provide Water and Wastewater Services (*to be initiated by District. See MSR discussion above*).
17. Seaside County Sanitation District – Sphere of Influence Amendment to Include Portions of the Former Fort Ord to Provide Wastewater Services (*to be initiated by District. See MSR discussion above*).
18. Municipal Service Review for the City of Seaside (*Will be initiated by LAFCO at such time as warranted by schedule for potential SOI Amendment, see description below*).
19. City of Seaside – Sphere of Influence Amendment and Annexation of the Proposed Monterey Downs Project, Horse Park and Central Coast Veterans Cemetery (*to be initiated by City*).
20. Municipal Service Review and Sphere of Influence Update for Salinas Valley Memorial Healthcare System (*to be initiated by LAFCO*).
21. Municipal Service Review and Sphere of Influence Update for San Ardo Water District (*to be initiated by LAFCO*).
22. Municipal Service Review and Sphere of Influence Update for San Lucas County Water District (*to be initiated by LAFCO*).
23. Municipal Service Review and Sphere of Influence Update for Boronda County Sanitation District (*to be initiated by LAFCO*).
24. Municipal Service Review and Sphere of Influence Update for Monterey County Regional Sanitation District (*to be initiated by LAFCO*).
25. Municipal Service Review and Sphere of Influence Update for Monterey Peninsula Water Management District (*to be initiated by LAFCO*).

Anticipated Agenda Items with No Timeline Estimate

26. City of Marina – Annexation of Portions of the former Fort Ord within the City’s Sphere of Influence.
27. County Service Area 15 (Serra Village/Toro Park) – Possible reorganization of government structure and services.
28. Soledad Community Health Care District – Comprehensive Sphere of Influence Amendment and Annexation. May include a Municipal Services Review update.
29. Mission Soledad Rural Fire Protection District – Sphere of Influence Amendment and Annexation to include build-out of the proposed Paraiso Springs Resort.

LOCAL AGENCY FORMATION COMMISSION
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KATE McKENNA, AICP
Executive Officer

DATE: March 24, 2014
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **PROPOSED ANNUAL BUDGET FOR FY 2014-2015**

SUMMARY OF RECOMMENDATIONS:

The Budget and Finance Committee recommends the following actions:

1. Receive the Executive Officer's report;
2. Open and close the public hearing;
3. Discuss and adopt a proposed budget for Fiscal Year 2014-2015, including a finding that the work of the Commission can be reasonably accomplished with a reduced budget in the coming fiscal year;
4. Direct the Executive Officer to distribute the adopted proposed budget to the County, cities and independent special districts for review and comments, and
5. Direct the Executive Officer to schedule a public hearing on April 28 at 4:00 p.m. to consider adoption of a final budget for Fiscal Year 2014-2015.

EXECUTIVE OFFICER'S REPORT:

Introduction

The attached budget proposal was prepared under the direction of the LAFCO Budget and Finance Committee on February 14. The Committee provides substantial oversight and recommendations resulting in lean and timely budgets and prudent financial policies and practices. These practices consistently receive the highest ratings of an independent auditor, while maintaining the essential services provided by LAFCO.

LAFCO has worked responsibly to reduce and control its costs since 2008. The emphasis then and now remains on the cost-efficient delivery of core services in a responsive, professional and legally defensible manner. The core services for FY 2014-2015 are described in the proposed work program (Agenda Item No. 7, March 24, 2014). Demands for some of LAFCO's services – processing applications and preparing Municipal Service Reviews and Sphere of Influence amendments, in particular – will continue to make high demands on existing staff resources. By carefully managing these demands, no additional staff resources will be needed and the overall budget can stay flat or be slightly reduced for FY 2014-2015.

Proposed Expenditures

Attached for consideration is a proposed annual budget for FY 2014-2015. The proposed budget (\$779,600) is a 0.3 percent decrease as compared to the current year budget (\$781,991). It is also 13.6 percent less than LAFCO's annual budget in FY 2007-2008 (\$903,351). Total expenditures for Employee Salaries and Benefits line items (\$604,000) will decrease as compared to the current year budget (\$608,391). Total expenditures for Services and Supplies (\$175,600) will increase slightly as compared to the current year (\$173,600).

Per the Cortese-Knox-Hertzberg Act, adoption of the proposed budget must include a finding that the Commission's work can be reasonably accomplished with a reduced overall budget. A finding can be made to this effect.

Proposed Revenue

The primary revenue source is contributions from the County, cities and independent special districts. The proposed share for each of the three groups would be \$249,367 in FY 2014-2015. This is slightly lower than the current year shares (\$250,164). Cost share allocations for individual cities will be based on revenue data that is still being compiled, and will be available by early June. Cost share allocations for individual districts will also be available by early June, based on updated revenue data and following an April/May election on a proposed update to their LAFCO cost-share allocation formula.

By direction of the Budget and Finance Committee, the proposed revenues include a contribution of \$20,000 from the Unreserved Fund Balance. This reduces the cost share for local agencies. Although the Commission's general policy is not to draw down the Unreserved Fund Balance, the Committee recommends an exception because designated reserves are funded at target levels and the Unreserved Fund Balance is healthy.

Minor sources of revenue include project fees and interest earned on funds held in the County Treasury.

Process and Schedule

State law requires adoption of proposed and final LAFCO budgets at noticed public hearings. Commission hearings are tentatively set for March 24 (to adopt a draft budget and distribute it to local agencies for review and comment), and on April 28 (to adopt a final budget). Local

agencies will receive copies of all reports and budgets presented to the Commission. Final cost allocations will be calculated and distributed by the County Auditor Controller's Office before July 1.

Alternative Actions

The Commission may change the recommended budget or provide other direction to the Executive Officer.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachment: Proposed Budget for Fiscal Year 2014-2015

cc: County, Cities and District Managers
County Auditor-Controller's Office

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

PROPOSED BUDGET FOR FY 2014-2015

March 24, 2014

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

SUMMARY OF PROPOSED
EXPENDITURES AND REVENUES
FOR FY 2014-2015 BUDGET

March 24, 2014

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
Proposed Budget Worksheet for FY 2014-2015
March 24, 2014

		Adopted Budget for Fiscal Year 2013-14	Estimated Year-End Expenditures for Fiscal Year 2013-14 (Includes Adopted Budget Amendment No. 1)	Proposed Budget for Fiscal Year 2014-15
SUMMARY OF PROPOSED EXPENDITURES - FISCAL YEAR 2014-15				
6000	Employee Salaries	\$ 408,946.00	\$ 408,946.00	\$ 419,000.00
6100	Employee Benefits	\$ 199,445.00	\$ 191,445.00	\$ 185,000.00
7000	Postage and Shipping	\$ 2,500.00	\$ 2,500.00	\$ 3,000.00
7010	Books and Periodicals	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
7030	Copy Machine Charges	\$ 4,500.00	\$ 6,500.00	\$ 6,500.00
7040	Outside Printers	\$ 4,000.00	\$ 4,000.00	\$ 5,000.00
7060	Office Supplies	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00
7070	Office Equipment and Furnishings	\$ -	\$ -	\$ -
7080	Computer/Hardware/Peripherals	\$ 7,000.00	\$ 7,000.00	\$ 2,500.00
7085	Computer Support Services (Fixed Costs)	\$ 7,000.00	\$ 7,000.00	\$ 7,500.00
7090	Computer Support Services (Variable Costs)	\$ 6,000.00	\$ 11,000.00	\$ 6,000.00
7100	Computer Software	\$ 2,500.00	\$ 2,500.00	\$ 500.00
7105	Meeting Broadcast Services	\$ 3,300.00	\$ 3,300.00	\$ 3,300.00
7110	Property and General Liability Insurance	\$ 5,500.00	\$ 5,500.00	\$ 5,300.00
7120	Office Maintenance Services	\$ 400.00	\$ 400.00	\$ 400.00
7130	Other Equipment Maintenance	\$ -	\$ -	\$ -
7140	Travel	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00
7150	Training, Conferences and Workshops	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00
7160	Vehicle Mileage	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00
7170	Rental of Buildings	\$ 23,300.00	\$ 23,300.00	\$ 23,300.00
7200	Telephone Communications	\$ 5,000.00	\$ 5,000.00	\$ 6,000.00
7230	Temporary Help Services (Clerical)	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00
7240	Outside Professional Services - Total for Line Items 7242 - 7249	\$ 63,500.00	\$ 55,500.00	\$ 62,000.00
	7242 Accounting and Financial Services	\$ 37,500.00	\$ 37,500.00	\$ 37,500.00
	7245 General Counsel and Special Counsel	\$ 13,000.00	\$ 5,000.00	\$ 11,500.00
	7247 Human Resources	\$ -	\$ -	\$ -
	7248 Annual Audit	\$ 13,000.00	\$ 13,000.00	\$ 13,000.00
	7249 Temporary Professional Services	\$ -	\$ -	\$ -
7250	Miscellaneous Office Expenses	\$ 600.00	\$ 600.00	\$ 600.00
7260	Legal Notices	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00
7261	Pass-Through Expenses	\$ -	\$ -	\$ -
7270	Recruitment Expenses	\$ -	\$ 4,000.00	\$ -
7280	LAFCO Memberships	\$ 4,400.00	\$ 4,400.00	\$ 4,700.00
7290	Litigation Reserve	\$ 100.00	\$ 100.00	\$ -
7285	Records Storage and Security	\$ 5,000.00	\$ 10,000.00	\$ 10,000.00
7295	Contingency Reserve (See Note 2)	\$ -	\$ -	\$ -
	SUB TOTAL EXPENDITURES	\$ 781,991.00	\$ 781,991.00	\$ 779,600.00
	LESS PASS-THROUGH EXPENSES (Acct. 7261)	-	-	-
	TOTAL EXPENDITURES (NET)	\$ 781,991.00	\$ 781,991.00	\$ 779,600.00

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
 PROPOSED BUDGET WORKSHEET
 FISCAL YEAR 2014-2015
 March 24, 2014

PROPOSED REVENUES - FISCAL YEAR 2014-2015			
Revenue	Adopted Budget Revenues for Fiscal Year 2013-14	Estimated Year-End Revenues Fiscal Year 2013-2014	Anticipated Budget Revenues for Fiscal Year 2014-2015
Source:			
4000 - Project Fees - See Note 1	\$ 10,000	\$ 10,000.00	\$ 10,000.00
4001 - Pass-through Fees	\$ -	\$ -	\$ -
4205 - County Contribution	\$ 250,164	\$ 250,164.00	\$ 249,367.00
4210 - City Contributions	\$ 250,164	\$ 250,164.00	\$ 249,367.00
4220 - Independent Special District Contributions	\$ 250,164	\$ 250,164.00	\$ 249,367.00
3810 - Contingency Reserve	\$ -	\$ -	\$ -
3850 - Unreserved Fund Balance - Supplement	\$ 20,000	\$ 20,000.00	\$ 20,000.00
4300 - Interest	\$ 1,500	\$ 1,500.00	\$ 1,500.00
SUB TOTAL REVENUES	\$ 781,992	\$ 781,992.00	\$ 779,601.00
LESS PASS-THROUGH INCOME (Acct. 4001)	\$ -	\$ -	\$ -
TOTAL REVENUE (NET)	\$ 781,992	\$ 781,992.00	\$ 779,602.00

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

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

DETAIL OF PROPOSED EXPENDITURES
FY 2014-15 BUDGET

March 24, 2014

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
Proposed Budget Worksheet for FY 2014-2015
March 24, 2014

	Adopted Budget for Fiscal Year 2013-14	Estimated Year-End Expenditures for Fiscal Year 2013-14 (Includes Adopted Budget Amendment No. 1)	Proposed Budget for Fiscal Year 2014-15
6000 EMPLOYEE SALARIES			
This line item continues to fund four staff positions that support all work of the Commission (Executive Officer, Senior Analyst, Associate Analyst, Clerk). Includes merit step increase and COLA for the Analyst and Clerk positions. Includes overtime allowance for Clerk position. Includes salary adjustment for EO position per Employment Agreement approved on February 24, 2014.	\$ 408,946.00	\$ 408,946.00	\$ 419,000.00
6100 EMPLOYEE BENEFITS			
This line item reduces benefits by eliminating the employer contribution to the employee share of retirement plan contributions. As of July 1, 2014, employees will pay 100% of this cost, resulting in a cost savings to LAFCO. A two-year phase-out of this benefit began in July 2012. No new benefits and no other benefit changes are assumed in this line item. See Budget Amendment No. 1 for explanation of estimated year-end expenses for FY 2013-14.	\$ 199,445.00	\$ 191,445.00	\$ 185,000.00
TOTAL SALARIES & BENEFITS	\$ 608,391.00	\$ 600,391.00	\$ 604,000.00

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
Proposed Budget Worksheet for FY 2014-2015
March 24, 2014

t

	Adopted Budget for Fiscal Year 2013-14	Estimated Year-End Expenditures for Fiscal Year 2013-14 (Includes Adopted Budget Amendment No. 1)	Proposed Budget for Fiscal Year 2014-15
SERVICES & SUPPLIES			
7000 Postage and Shipping Includes postage for general correspondence and agenda packet delivery, express mail, and certified mail. Also includes LAFCO election mailings to independent special districts, and mailings required for budget distribution.	\$ 2,500.00	\$ 2,500.00	\$ 3,000.00
7010 Books & Periodicals Includes newspaper subscriptions, publications and codes on LAFCO law, CEQA, employment law and other publications necessary to keep current on laws and trends.	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
7030 Copy Machine Charges Includes copier machine lease.	\$ 4,500.00	\$ 6,500.00	\$ 6,500.00
7040 Outside Printers Includes copying of agenda packets, large volume publications, maps and other occasional needs.	\$ 4,000.00	\$ 4,000.00	\$ 5,000.00
7060 Office Supplies Includes annual consumable goods for office operations and work production.	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00
7070 Office Equipment & Furnishings Includes office furniture such as small tables and miscellaneous items. Not funded.	\$ -	\$ -	\$ -
7080 Computer Hardware and Peripherals Includes lease of work station computers.	\$ 7,000.00	\$ 7,000.00	\$ 2,500.00

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
Proposed Budget Worksheet for FY 2014-2015
March 24, 2014

	Adopted Budget for Fiscal Year 2013-14	Estimated Year-End Expenditures for Fiscal Year 2013-14 (Includes Adopted Budget Amendment No. 1)	Proposed Budget for Fiscal Year 2014-15
<p>7085 Computer Support Services (Fixed Costs) Under contract with the County of Monterey or other vendor, this line item provides device support (e.g. computers and network printers). Services also include web site housing, email, internet and network access. County IT is primary vendor, and costs are fixed for device support. Occasional device support service by other vendors is not fixed.</p>	\$ 7,000.00	\$ 7,000.00	\$ 7,500.00
<p>7090 Computer Support Services (Variable Costs) Under contract with the County of Monterey, this line item provides micro systems (software) support, mapping and GIS support for LAFCO data layers that are stored in the County's centralized GIS system. Includes mapping/data analysis for LAFCO's busy Municipal Service Review/Sphere of Influence Update program. Charges are variable. See Budget Amendment No. 1 for explanation of estimated year-end expense for FY 2013-14.</p>	\$ 6,000.00	\$ 11,000.00	\$ 6,000.00
<p>7100 Computer Software Includes software updates and licenses to extend the life and compatibility of computers.</p>	\$ 2,500.00	\$ 2,500.00	\$ 500.00
<p>7105 Meeting Broadcast Services This account funds the live cable TV coverage of LAFCO meetings, and weekly TV re-broadcasts, under contract with the County of Monterey and its vendors. Costs are variable depending on number and length of meetings.</p>	\$ 3,300.00	\$ 3,300.00	\$ 3,300.00
<p>7110 Property and General Liability Insurance Property and Errors & Omissions Insurance is obtained by contract with the Special Districts Risk Management Authority. Premiums reflect discounts for no claim history. Cost is fixed.</p>	\$ 5,500.00	\$ 5,500.00	\$ 5,300.00

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
Proposed Budget Worksheet for FY 2014-2015
March 24, 2014

t

	Adopted Budget for Fiscal Year 2013-14	Estimated Year-End Expenditures for Fiscal Year 2013-14 (Includes Adopted Budget Amendment No. 1)	Proposed Budget for Fiscal Year 2014-15
7120 Office Maintenance Services Includes general office cleaning, including blinds, cabinets and underneath furniture. (Basic janitorial service to empty trash and sweep floors is included in office lease.)	\$ 400.00	\$ 400.00	\$ 400.00
7130 Other Equipment Maintenance Includes maintenance agreements for small office equipment. Not funded.	\$ -	\$ -	\$ -
7140 Travel Continues partial funding for employee, counsel and Commissioner travel for annual CALAFCO conference (Sept. 2014), annual CALAFCO staff workshop (April 2015), and classes. Includes some transportation, hotel and meal costs.	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00
7150 Training, Conferences and Workshops Provides partial funding for employee, counsel and Commissioner registrations at annual CALAFCO conference (Sept. 2014), annual staff workshop (April 2015), and classes.	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00
7160 Vehicle Mileage Reimbursement for use of personal vehicles, at the government rate.	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00
7170 Rental of Building Continues a favorable five-year lease extension agreement with rent rollbacks. Includes utilities.	\$ 23,300.00	\$ 23,300.00	\$ 23,300.00
7200 Telephone Communications Includes telephone, cell and fax charges, and system maintenance and repairs. Includes new lease (\$500) for office wi-fi "hotspot" -- for public visitors, use of laptops/tablets at meetings, and to maintain office productivity in the event of work station or network system problems.	\$ 5,000.00	\$ 5,000.00	\$ 6,000.00
7230 Temporary Help Services (Clerical) Includes temporary clerical services during high workload periods or staff absences.	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
Proposed Budget Worksheet for FY 2014-2015
March 24, 2014

t

	Adopted Budget for Fiscal Year 2013-14	Estimated Year-End Expenditures for Fiscal Year 2013-14 (Includes Adopted Budget Amendment No. 1)	Proposed Budget for Fiscal Year 2014-15
7240 Outside Professional Services	\$ 63,500.00	\$ 55,500.00	\$ 62,000.00
This line item includes:			
7242: Accounting and Financial Services (fixed rate contract with Hayashi & Wayland).	37,500	37,500	\$ 37,500.00
7245: General Counsel and Special Legal Counsel Services (Not Litigation) . General Counsel costs are variable, with an annual cap of \$15,000 (per contract with County Counsel's Office). This line item fund is also intended for variable Special Legal Counsel costs, depending on need (per contract with Michael Colantuono). See Budget Amendment No. 1 for explanation of estimated year-end expense for FY 2013-14.	13,000	5,000	\$ 11,500.00
7247: Human Resources Services (variable rate services from County of Monterey or other vendor)	\$ -	0	\$ -
7248: Annual Audit (fixed rate contract with Bianchi, Kasavan & Pope. See related contract amendment proposal.	13,000	13,000	\$ 13,000.00
7249: Temporary Professional Services (during staff absences, vacancies or high workload periods).	\$ -	\$ -	\$ -
7250 Miscellaneous Office Expenses	\$ 600.00	\$ 600.00	\$ 600.00
Minor expenses for office operations, Commission meetings and recording fees for LAFCO-initiated activities.			
7260 Legal Notices	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00
Expenses for actions requiring public notices, such as annexations, Sphere of Influence updates, municipal servicer reviews and budgets.			
7270 Recruitment Expenses	\$ -	\$ 4,000.00	\$ -
To fill any vacant and funded position. See Budget Amendment No. 1 for explanation of estimated year-end expenses for FY 2013-14. Assumes no recruitment needs in FY 2014-15.			

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
Proposed Budget Worksheet for FY 2014-2015
March 24, 2014

t

	Adopted Budget for Fiscal Year 2013-14	Estimated Year-End Expenditures for Fiscal Year 2013-14 (Includes Adopted Budget Amendment No. 1)	Proposed Budget for Fiscal Year 2014-15
7280 LAFCO Memberships CALAFCO Membership (\$3550) and California Special Districts Association dues (\$1100). CALAFCO membership provides access to legislative and educational activities. CSDA membership is required in order to get the Authority's Workers Compensation Insurance and Property & Liability Insurance.	\$ 4,400.00	\$ 4,400.00	\$ 4,700.00
7290 Litigation Reserve Per Commission policy, the target funding for the litigation defense reserve is \$300,000. This target would be sufficient for one-year's estimated expenses. This balance sheet reserve is currently funded to target level. LAFCO has no current or anticipated litigation. Accordingly, no funding is proposed for FY 2014-15.	\$ 100.00	\$ 100.00	\$ -
7285 Records Management A program is underway to inventory, organize and archive 50 years of paper records. This multi-year program will be guided by a Records Management Policy adopted in February 2014.	\$ 5,000.00	\$ 10,000.00	\$ 10,000.00
7295 Contingency Reserve Per Commission policy, the target funding for the general contingency reserve is 25 percent of the annual budget. By June 20, 2014, this reserve will be close to the target funding level. Accordingly, no funding is proposed for FY 2014-15.	\$ -	\$ -	\$ -
SUBTOTAL SERVICES AND SUPPLIES	\$ 173,600.00	\$ 181,600.00	\$ 175,600.00
LESS PASS-THROUGH EXPENSES (Account 7261)	\$ -	\$ -	
TOTAL SERVICES AND SUPPLIES (NET)	\$ 173,600.00	\$ 181,600.00	\$ 175,600.00
TOTAL SALARIES & BENEFITS	\$ 608,391.00	\$ 600,391.00	\$ 604,000.00
NET TOTAL FOR BUDGET UNIT	\$ 781,991.00	\$ 781,991.00	\$ 779,600.00

documents are available on line at: <http://www.ambag.org/programs-services/planning/metro-transport-plan>

A draft comment letter concerning the Draft MTP/SCS and Draft EIR is provided as Attachment 1. It reiterates the Notice of Preparation comments made by LAFCO in a letter dated September 4, 2013, as those original comments have not been addressed in the February 2014 Draft MTP/SCS and Draft EIR. Attachment 1 requests AMBAG to revise the draft documents to adequately address the Commission's original comments. The original comment letter is attached to the current draft letter for reference.

Alternative Actions

In lieu of authorizing the attached letter, the Commission may modify the comments or not provide comments.

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

Attachment:

- 1- Draft Comment Letter for the 2035 MTP/SCS and the Associated Draft EIR (Includes Original LAFCO Comment Letter dated September 4, 2013 for the Notice of Preparation of an EIR for the 2035 MTP/SCS)

cc: Heather Adamson, AMBAG

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

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City Member

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Alternate*

Ralph Rubio
City Member

Simón Salinas
County Member

Graig R. Stephens
Special District Member

Staff

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March 24, 2014

Heather Adamson, AICP, Principal Planner
Association of Monterey Bay Area Governments
445 Reservation Road, Suite G
Marina, CA 93933

RE: Draft 2035 Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS) and Associated Draft Environmental Impact Report (EIR)

Dear Ms. Adam,

Thank you for this opportunity to comment on the Draft 2035 Metropolitan Transportation Plan/Sustainable Communities Strategy and associated Draft Environmental Impact Report.

This letter is a follow-up to LAFCO's September 4, 2013 letter commenting on AMBAG's Notice of Preparation of the Draft EIR for the MTP/SCS. That letter anticipated that additional, specific comments would be submitted during the circulation period for the Draft EIR. Two main comments were addressed in the September 2013 letter: (1) Pursuant to SB 375, the MTP/SCS must consider cities' adopted Spheres of Influence, and therefore the final SCS scenario should only include development that takes place wholly within cities' adopted Spheres of Influence, and (2) the plan's EIR should evaluate the plan's consistency with relevant sections of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, and LAFCO of Monterey County's adopted *Policies and Procedures*. A copy of our September 2013 comment letter, including relevant policies and procedures, is attached for reference.

The Commission has reviewed the Draft MTP/SCS and Draft EIR distributed in February 2014. It appears that the draft documents do not address our original comments provided by LAFCO in September 2013. Therefore, we respectfully request AMBAG to revise the draft documents to adequately address our comments as restated below.

Commission Authority

LAFCO of Monterey County is a Responsible Agency under the California Environmental Quality Act (CEQA), with regulatory authority for future local

government boundary and service applications in the study area. It is in this role that the Commission provided comments on the Notice of Preparation last September and is now commenting on the February 2014 drafts of the MTP/SCS and associated EIR. Please refer to the “Commission Authority” section of LAFCO’s September 2013 comment letter for a full description of LAFCO’s role and legislative authority as they relate to AMBAG’s MTP/SCS planning process.

Comment No. 1: The Sustainable Communities Strategy Must Consider Adopted Spheres of Influence

Senate Bill 375, the legislation directing preparation of a Sustainable Communities Strategy, requires that *“In preparing a sustainable communities strategy, the metropolitan planning organization shall consider spheres of influence that have been adopted by the local agency formation commission within its region”* [Government Code Section 65080(b)(2)(G)].

The February 2014 Draft SCS (page 4-3) states that *“In summary, under SB 375, an SCS must: Identify existing and future land use patterns, identify transportation needs and the planned transportation network, consider statutory housing goals and objectives, identify areas to accommodate long-term housing needs, identify areas to accommodate 8-year housing needs, consider resource areas and farmland, and comply with federal law for developing a MTP.”*

LAFCO agrees with these listed requirements. However, this list is incomplete as it does not clearly identify cities’ adopted spheres of influence as a factor that has been taken into consideration during development of the SCS scenario. The February 2014 Draft SCS appears to make no mention of spheres of influence anywhere in the document. In addition, the document’s maps and figures (e.g. Figure 4-10: 2035 Land Use Pattern Monterey County) do not show spheres of influence, and give no indication as to whether cities’ adopted spheres of influence were taken into consideration when developing the forecasted amounts and types of development.

LAFCO therefore reiterates its request, as expressed in our September 2013 comment letter, that the 2014 Final SCS *“only include scenarios in which future development takes place wholly within the cities’ adopted Spheres of Influence.”* The document should clearly demonstrate and explain how cities’ adopted spheres of influence have been factored into the scenario planning process.

Comment No. 2: The Draft and Final EIR Should Evaluate Consistency with the Cortese-Knox-Hertzberg Act and Adopted LAFCO Policies and Procedures.

LAFCO’s September 2013 comment letter stated: *“As discussed in the Project Description Comments above, the EIR should analyze a preferred SCS scenario that relies on adopted Spheres of Influence. In addition, the EIR should evaluate the proposed project, as well as project alternatives in the EIR, for consistency with all relevant sections of the Cortese-Knox-Hertzberg Act and LAFCO Policies and Procedures. Listed below are some of the local LAFCO policies that should be addressed in this consistency analysis.”* The letter listed eight key LAFCO policy subject areas.

The February 2014 Draft SCS (Section 2.6, Relationship with Other Plans and Programs, page 2-24) states *“The 2035 MTP/SCS and the RTPs prepared by the Monterey, San Benito, and Santa Cruz RTPAs has been evaluated for consistency with the goals, policies and objectives currently being implemented by municipal and county planning agencies within the region as well as the*

LAFCO Comments on the AMBAG 2014 MTP/SCS and DEIR

Local Area Formation Commissions (LAFCO) for Monterey, San Benito, and Santa Cruz County. This discussion is provided in Section 5.0, Land Use Consistency Analysis.”

However, Section 5.0 in the Draft EIR provided to LAFCO appears to include no references to LAFCO of Monterey County or to LAFCO’s adopted Policies and Procedures. Therefore, LAFCO requests that this section be revised to include a consistency analysis of the Cortese-Knox-Hertzberg Act and LAFCO policies cited in our September 2013 letter.

We appreciate this opportunity to provide comments on the Draft 2014 MTP/SCS and Draft EIR. Please continue to keep us informed throughout AMBAG’s processes. LAFCO’s Executive Officer, Kate McKenna, would be pleased to meet with AMBAG staff and consultants for more detailed discussions.

Sincerely,

Louis R. Calcagno
Chair

Attachment:

LAFCO Comment Letter (Re- Notice of Preparation for the 2014 Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS) Environmental Impact Report) dated September 4, 2013

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

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September 4, 2013

Heather Adamson, AICP, Principal Planner
Association of Monterey Bay Area Governments
445 Reservation Road, Suite G
Marina, CA 93933

RE: Notice of Preparation for the 2014 Metropolitan Transportation Plan/
Sustainable Communities Strategy (MTP/SCS) Environmental Impact
Report (EIR)

Dear Heather,

This letter is a follow-up to my July 24, 2013 letter to you commenting on the subject Notice of Preparation, and contains the official comments of the Local Agency Formation Commission of Monterey County (LAFCO). LAFCO is a CEQA Responsible Agency, with regulatory authority for future local government boundary and service applications in the study area. It is in this role that the Commission is commenting on the Notice of Preparation.

On behalf of the Commission, I would like to first of all thank you for your informative presentation at the August 26th LAFCO meeting. Also at that meeting, the Commission authorized my initial comment letter with certain changes as reflected in this letter. While LAFCO's comments pertain to the five scenarios outlined in the Notice of Preparation, we understand that AMBAG has subsequently narrowed its intended analysis to two "hybrid" scenarios. AMBAG's refinement process does not affect the substance of our comments.

COMMISSION AUTHORITY

Pursuant to the California Environmental Quality Act, LAFCO serves as a Responsible Agency with regard to the subject Notice of Preparation. A Responsible Agency is defined as any public agency, other than the lead agency, which has the responsibility for approving the project where more than one public agency is involved. As a Responsible Agency, LAFCO is available to the lead agency (AMBAG) for early consultation on a project to provide guidance on applicable issues and requirements.

LAFCO's statutory authority to regulate local government boundaries and services is derived from the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code section 56000, et seq.) as amended. Among the purposes of the Local Agency Formation Commission are discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation, growth and development of local agencies based upon local conditions and circumstances (Government Code section 56301).

The Cortese-Knox-Hertzberg Act further provides that "In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies to advantageously provide for the present and future needs of the county and its communities, *the [LAFCO] commission shall develop and determine the sphere of influence of each local governmental agency within the county and enact policies designed to promote the logical and orderly development of areas within the sphere* (Government Code section 56425a; emphasis added).

The 2014 Metropolitan Transportation Plan, and its Sustainable Communities Strategy component, may provide a basis for future regional decisions including transportation planning and funding; local land use decisions, patterns and forms enabled by regional transportation plans; and water, sewer and other public service infrastructure that are necessary to support those land uses. Many of these local decisions will involve action by LAFCO.

As such, there are direct links between the current AMBAG planning process and the legislative authority of LAFCO to study and regulate local government boundaries and services. Links between sustainable community strategies and spheres of influence are further emphasized in Senate Bill (SB) 375. The law requires that "*In preparing a sustainable communities strategy, the metropolitan planning organization shall consider spheres of influence that have been adopted by the local agency formation commission within its region*" [Government Code Section 65080(b)(2)(G)]. SB 375 aims to reduce per-capita vehicle miles traveled and related greenhouse gases through preparation of coordinated land use and transportation plans.

COMMENTS ON PROJECT DESCRIPTION

It is our understanding that there is no specific project description, maps or figures to comment on at this time. The Notice of Preparation describes several different planning scenarios relating to land use, transportation and greenhouse gas emission targets. It does not identify any one project as the preferred scenario for analysis in the Environmental Impact Report (EIR). We understand that AMBAG has recently narrowed its analysis to two hybrid scenarios, and will analyze one or both of the hybrid scenarios in the Draft Environmental Impact Report.

LAFCO comments on the Project Description are as follows:

1. Please anticipate that LAFCO will submit additional, specific comments during the circulation period for the Draft EIR.

2. Pursuant to the California Government Code, the SCS preferred planning scenario and all alternative scenarios to be analyzed in the EIR should be designed to reflect only the adopted Spheres of Influence for each city. This methodology would be consistent with the final methodology used in AMBAG's recent Regional Blueprint Planning Process, and supported by LAFCO of Monterey County. This recommendation is also consistent with input provided by LAFCO representatives participating in AMBAG's Planning Directors Group and Regional Advisory Committee for the 2014 MTP/SCS process. We continue to recommend that AMBAG's study of potential SCS scenarios, and final selection of a preferred scenario, only include scenarios in which future development takes place wholly within the cities' adopted Spheres of Influence. The statutory basis for this comment is the requirement of SB 375 that the metropolitan planning organization shall consider Spheres of Influence that have been adopted by the local agency formation commissions within its region [Government Code Section 65080(b)(2)(G)].

COMMENTS ON POTENTIAL ENVIRONMENTAL EFFECTS

As authorized by the Cortese-Knox-Hertzberg Act, LAFCO of Monterey County has adopted local *"Policies and Procedures Relating to Spheres of Influence and Changes of Organization and Reorganization."* In considering applications for local government boundaries or services, LAFCO considers both the State law and the adopted local policies and procedures. The State law and local policies are available on the LAFCO website at <http://www.monterey.lafco.ca.gov/>. The local policies are attached to this letter for ease of reference.

The Cortese-Knox-Hertzberg Act and LAFCO's *Policies and Procedures* are germane to the Notice of Preparation. The proposed MTP/SCS project will result in outcomes or recommendations whose implementation would require LAFCO consideration or approvals (such as annexations or Sphere of Influence amendments) in the future. Cities, independent special districts, dependent special districts, the County of Monterey and regional agencies within Monterey County may rely on the EIR analysis for the MTP/SCS as a basis for their own plans and actions. LAFCO will be requested to consider applications for Spheres of Influence, boundaries and services, and to prepare municipal service reviews and other required studies for cities, special districts and the County of Monterey.

As discussed in the Project Description Comments above, the EIR should analyze a preferred SCS scenario that relies on adopted Spheres of Influence. In addition, the EIR should evaluate the proposed project, as well as project alternatives in the EIR, for consistency with all relevant sections of the Cortese-Knox-Hertzberg Act and LAFCO *Policies and Procedures*. Listed below are some of the local LAFCO policies that should be addressed in this consistency analysis:

1. "LAFCO intends that its Sphere of Influence determinations will serve as a master plan for the future organization of local governments within the County. The spheres shall be used to discourage urban sprawl; limit proliferation of local governmental agencies; encourage efficiency, economy and orderly changes in local government; promote compact, community centered urban development; and minimize adverse impacts on lands classified as prime agriculture." [LAFCO *Policies and Procedures*, section C.II.1]

We note that all cities, independent special districts and dependent special districts in Monterey County have adopted Spheres of Influence. The spheres are often tied to the capability to provide public services. AMBAG's long-range planning processes and the current EIR should analyze not only the potential environmental effects of future urban development within the adopted Spheres of Influence of cities, but also the effect of that development on the ability of special districts that provide a wide range of municipal services. If the final 2014 MTP/SCS encourages future urban development outside of the cities' adopted Spheres of Influence, the resulting "ripple effect" of such development could adversely impact the ability of special districts to efficiently provide public services.

2. "LAFCO shall discourage proposals that would have adverse financial impacts on the provision of governmental services or would create a relatively low revenue base in relationship to the cost of affected services. Applications shall describe related service and financial impacts (including revenues and expenditures) on the County, cities, and/or special districts and provide feasible measures which would mitigate such adverse impacts." [LAFCO *Policies and Procedures*, section D.VII.1]
3. "LAFCO discourages proposals which will facilitate development that is not in the public interest due to topography, isolation from existing developments, premature intrusion of urban-type developments into a predominantly agricultural area, or other pertinent economic or social reason." [LAFCO *Policies and Procedures*, section D.VII.6]
4. "LAFCO, in furtherance of its objectives of preserving prime agricultural land, containing urban sprawl, and in providing a reasonable assurance of a city/district's ability to provide services shall consider the appropriateness of phasing annexation proposals which include territory that is not within a city/district's urban service area and has an expected build-out over a period longer than five to seven years." [LAFCO *Policies and Procedures*, section D.VIII.1]
5. "It is the policy of LAFCO to encourage and to seek to provide for planned, well-ordered, efficient urban development pattern while at the same time remaining cognizant of the need to give appropriate consideration to the preservation of open space and agricultural land within such patterns." [LAFCO *Policies and Procedures*, section D.IX.1]
6. "For annexations and Sphere of Influence applications, Monterey County LAFCO shall consider as part of its decision whether the city in which the annexation or Sphere of Influence amendment is proposed has included certain goals, policies, and objectives into its General Plan that encourage mixed uses, mixed densities, and development patterns that will result in increased efficiency of land use, and that encourages and provides planned, well-ordered, efficient urban development patterns." [LAFCO *Policies and Procedures*, section D.XIII.1]
7. Regarding potential impacts to agricultural lands:
 - "A Proposal must discuss how it balances the State interest in the preservation of open space and prime agricultural land against the need for orderly development." [LAFCO *Policies and Procedures*, section E.II.1]

LAFCO Comments on the AMBAG 2014 MTP/SCS

- “A Proposal must discuss its effect on maintaining the physical and economic integrity of agricultural lands.” [LAFCO *Policies and Procedures*, section E.II.2]
- “A Proposal must discuss whether it could reasonably be expected to induce, facilitate, or lead to the conversion of existing open-space land to uses other than open-space uses.” [LAFCO *Policies and Procedures*, section E.II.3]

8. Regarding jobs and housing:

- “Proposals must demonstrate through both quantitative and qualitative methods the relationship between the Proposal and the surplus or deficiency of local and county-wide housing supply and demand, and employment availability and creation.” [LAFCO *Policies and Procedures*, section F.II]
- “Additionally, the Proposal must demonstrate how its pattern of land use and transportation complements local and regional objectives and goals for the improvement of air quality and reduction of greenhouse gas (GHG) emissions and local vehicle miles traveled (VMT), *including the importance of efficient movement of goods and commuter traffic.*” [LAFCO *Policies and Procedures*, section F.II; additional Commission comments are noted in *italics*].

We appreciate this opportunity to provide comments on the Notice of Preparation, and thank you again for the courtesy of your presentation. I would be pleased to meet with AMBAG staff and consultants for more detailed discussions.

Sincerely,



Kate McKenna, AICP
Executive Officer

Attachment: LAFCO *Policies and Procedures Relating to Spheres of Influence and Changes of Organization and Reorganization*, as Adopted by the Local Agency Formation Commission of Monterey County, February 25, 2013

LAFCO\2013\Agency Correspondence\AMBAG MTP SCS NOP comment letter final

LOCAL AGENCY FORMATION COMMISSION
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KATE McKENNA, AICP
Executive Officer

DATE: March 24, 2014
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **COMMENT LETTER FOR THE DRAFT 2014-2023 REGIONAL HOUSING NEEDS
ALLOCATION PLAN (ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS)**

SUMMARY OF RECOMMENDATIONS:

It is recommended that the Commission authorize a comment letter (Attachment 1) for the Draft 2014-2023 Regional Housing Needs Allocation Plan.

EXECUTIVE OFFICER’S REPORT:

Attached is a draft comment letter on AMBAG’s Draft 2014-2023 Regional Housing Needs Allocation Plan. Under state-mandated housing element law, a Regional Housing Needs Allocation (RHNA) Plan establishes the total number of housing units that each city and county must plan for within an eight-year planning period. AMBAG’s Regional Housing Needs Allocation Plan assigns RHNA allocations to cities and counties for two of the three counties within the Monterey Bay area, Monterey and Santa Cruz (San Benito County conducts a separate RHNA).

The allocation is based on AMBAG’s 2014 Regional Growth Forecast housing needs and employment growth over the planning period. Based on the adopted RHNA, the County of Monterey and each city within it must update its housing element to demonstrate how the jurisdiction will meet the expected growth in housing need in the 2014-2023 timeframe.

LAFCO of Monterey County is a Responsible Agency under the California Environmental Quality Act, with regulatory authority for local government Sphere of Influence, boundaries and service applications in the study area. In this role, the Commission has previously reviewed and commented on AMBAG’s Draft MTP/SCS and Draft Environmental Impact Report (Agenda Item 9 for the March 24, 2014 LAFCO meeting). The RHNA Plan’s determinations are integrated into AMBAG’s 2035 MTP/SCS. However, the RHNA Plan is developed and published as a separate document.

In February 2014, AMBAG circulated a Draft RHNA Plan for public review and comment. Written comments are due by April 13, 2014. The document is available at: [http://ambag.org/pdf/RHNP%202014-2023 Draft Final 02.04.14.pdf](http://ambag.org/pdf/RHNP%202014-2023%20Draft%20Final%2002.04.14.pdf)

Attachment 1 is a draft comment letter to AMBAG. It requests clarification as to how the RHNA Plan addresses a state-required RHNA methodology factor relating to the existence of City-County agreements that direct growth into cities.

Alternative Actions

In lieu of authorizing the attached letter, the Commission may modify the comments or withdraw all comments.

Respectfully Submitted,



Kate McKenna, AICP,
Executive Officer

Attachment: Draft Comment Letter for the 2014-2023 Regional Housing Needs Allocation Plan

cc: Heather Adamson, AMBAG

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

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March 24, 2014

Heather Adamson, AICP, Principal Planner
Association of Monterey Bay Area Governments
445 Reservation Road, Suite G
Marina, CA 93933

RE: Draft 2014-2023 Regional Housing Needs Allocation Plan

Dear Ms. Adam,

Thank you for this opportunity to comment on the Draft 2014-2023 Regional Housing Needs Allocation Plan. This letter is provided as a companion to LAFCO's comment letter for AMBAG's related Draft 2035 Metropolitan Transportation Plan/Sustainable Community Strategy (MTP/SCS) and the Draft Environmental Impact Report for the MTP/SCS.

COMMISSION AUTHORITY

LAFCO's statutory authority to regulate local government boundaries and services is derived from the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code section 56000, et seq.) as amended. Among the purposes of the Local Agency Formation Commission are discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation, growth and development of local agencies based upon local conditions and circumstances (Government Code section 56301).

LAFCO is a Responsible Agency under the California Environmental Quality Act (CEQA), with regulatory authority for future local government boundary and service applications in the study area. Please refer to the "Commission Authority" section of LAFCO's September 2013 comment letter for the MTP/SCS for a full description of LAFCO's role and legislative authority as they relate to AMBAG's planning process.

DRAFT 2014-2023 RHNA METHODOLOGY

The report's RHNA Factors section describes 10 factors that AMBAG must consider in developing the RHNA distribution and explain in writing how each of the factors was incorporated into the final distribution (per Gov. Code Section 65584.04(d),(e)). In summary form, the factors are:

LAFCO Comments on the AMBAG 2014 MTP/SCS

1. Existing and projected jobs and housing relationship
2. Opportunities and constraints to development of additional housing
3. Distribution of household growth
4. Market demand for housing
5. Agreements between counties and cities to direct growth toward incorporated areas
6. Loss of units contained in assisted housing developments
7. High housing cost burdens
8. Housing needs of farmworkers
9. Housing needs generated by the presence of a private university or a campus of the California State University or the University of California
10. Any other factors, as determined by AMBAG

LAFCO respectfully requests clarification regarding the Draft 2014-2023 RHNA Plan's implementation of factor #5, *Agreements between Counties and Cities to Direct Growth toward Incorporated Areas*. The Draft 2014-2023 RHNA Plan states: "Monterey County has a policy to direct growth into incorporated areas. However, AMBAG has already considered and incorporated this policy into the development of the 2014 Regional Growth Forecast. Therefore, this factor is already accounted for in the baseline distribution. No jurisdictions are given any special adjustments or treatment in this situation."

LAFCO's adopted policies prioritize the direction of future growth, residential and otherwise, into cities' adopted Spheres of Influence, enabling most growth to occur within City limits rather than in unincorporated areas. Factor #5 addresses City-County agreements—distinct from County General Plan Policies—directing future growth to occur within city boundaries rather than in nearby unincorporated areas. Several such agreements have been adopted in Monterey County. Other similar agreements are likely to occur in the near future. Please expand this section to more clearly discuss how these types of agreements have been factored into the RHNA plan's allocations.

We appreciate this opportunity to provide comments on the Draft 2014-2023 Regional Housing Needs Allocation Plan. Please continue to keep us informed throughout AMBAG's processes. LAFCO's Executive Officer, Kate McKenna, would be pleased to meet with AMBAG staff and consultants for more detailed discussions.

Sincerely,

Louis R. Calcagno
Chair