

**2015
Commissioners**

Chair

Steve Snodgrass
Special District Member

Vice Chair

Sherwood Darington
Public Member

Fernando Armenta
County Member, Alternate

John M. Phillips
County Member
(Pending Oath of Office)

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

Counsel

Leslie J. Girard
General Counsel

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, February 23, 2015
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.

Special Business

1. Administer the Oath of Office for Appointment of County Member Commissioner John M. Phillips for a Term through May 2019.
Recommended Action: LAFCO Chair Snodgrass will administer the Oath of Office.

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.

2. Approve Draft Minutes from the December 1, 2014 LAFCO Regular Meeting.
Recommended Action: Approve minutes.
3. Accept Notes from Budget and Finance Committee Meeting of February 23, 2015.
Recommended Action: Accept meeting notes.
4. Accept Meeting Notes from the Conducting Authority Protest Proceedings of January 8, 2015 (Santa Lucia Community Services District, LAFCO File No. 14-04).
Recommended Action: Accept meeting notes.

5. Accept Anticipated Agenda Items and Progress Report on LAFCO Special Studies.
Recommended Action: Accept report.
6. Approve Draft Financial Statements for Period Ending December 31, 2014.
Recommended Action: Approve financial statements.
7. Approve Registers of Checks for November and December 2014.
Recommended Action: Approve registers of checks.
8. Authorize Pay-Off of Pension Liability.
Recommended Action: Authorize expenditure from the Unreserved Fund Balance prior to June 30, 2015 to pay-off LAFCO's share of the CalPERS unfunded accrued pension liability, in an amount not to exceed \$110,367.

New Business

9. Consider a Draft 2015 Municipal Service Review and Sphere of Influence Study for the Monterey Regional Waste Management District.

Recommended Action: Adopt 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) Approve the 2015 *Municipal Service Review and Sphere of Influence Study for the Monterey Regional Waste Management District*; and
- c) Based on the Study's recommended determinations, affirm and update the District's currently adopted Sphere of Influence with no changes.

Executive Officer's Report

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

10. Announcements

- a) Communication from San Benito LAFCO designating LAFCO of Monterey County to process future Aromas Water District annexations in Monterey County.
- b) Educational outreach to special districts about basic State requirements.

Commissioner Comments

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

Adjournment to the Next Meeting

The next Regular LAFCO Meeting is scheduled for Monday, March 30, 2015 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.

**AGENDA
ITEM
NO. 1**

LAFCO of Monterey County

LOCAL AGENCY FORMATION COMMISSION
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Salinas, CA 93902 Salinas, CA 93901
Telephone (831) 754-5838 Fax (831) 754-5831
www.monterey.lafco.ca.gov

KATE McKENNA, AICP
Executive Officer

DATE: February 23, 2015
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: OATH OF OFFICE FOR COUNTY MEMBER COMMISSIONER

SUMMARY OF RECOMMENDATION:

It is recommended that the Commission Chair administer the oath of office to County Supervisor John M. Phillips.

EXECUTIVE OFFICER'S REPORT:

In accordance with State law, the County Board of Supervisors selected Supervisor John M. Phillips on January 13, 2015 to serve as a County Member Commissioner (Regular) to LAFCO. The term of office for this seat will expire in May 2019.

Article 20, Section 3 of the California Constitution and Government Code Section 1360 requires the taking of an oath upon entering office or being re-appointed to office. Chair Snodgrass will administer the oath to Supervisor John Phillips, who will then take his seat on the Commission.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

2014

Commissioners

Chair

Steve Snodgrass
Special District Member

Vice Chair

Sherwood Darington
Public Member

Fernando Armenta
County Member, Alternate

Louis R. Calcagno
County Member

Matt Gourley
Public Member, Alternate

Joe Gunter
Alternate, City Member

Maria Orozco
City Member

Warren E. Poitras
*Special District Member,
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Ralph Rubio
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DRAFT MINUTES
LOCAL AGENCY FORMATION COMMISSION
OF MONTEREY COUNTY

Monday, December 1, 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 Snodgrass, Chair
Commissioner Darington, Vice Chair
Commissioner Calcagno
Commissioner Gourley
Commissioner Orozco
Commissioner Rubio
Commissioner Salinas
Commissioner Stephens

Members Absent (Excused Absences)

Commissioners Gunter, Poitras.

Members Not Present (Presence Not Required)

Commissioner Armenta.

Staff Present

Kate McKenna, AICP, Executive Officer
Leslie J. Girard, General Counsel
Darren McBain, Senior Analyst
Taven M. Kinison Brown, Associate Analyst
Gail Lawrence, Clerk to the Commission

Call To Order

The Local Agency Formation Commission was called to order by Chair Snodgrass at 4:03 p.m. in the Monterey County Board of Supervisors Chambers.

Pledge of Allegiance

Commissioner Snodgrass led the Pledge of Allegiance.

Public Comments

Paul Ingram commended Louis R. Calcagno for his years of service.

Public Comments

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

Special Business

- 1. Resolution of Appreciation No. 14-12 Presented to Supervisor/Commissioner Louis R. Calcagno upon his Retirement from Elected Office, for Distinguished Public Service and Leadership.

Commission Action

Upon motion by Commissioner Salinas, seconded by Commissioner Stephens, LAFCO Resolution No. 14-12 was adopted by the Commission and presented to Louis R. Calcagno by Chair Snodgrass. Absent: Commissioners, Gunter and Poitras.

- 2. Certificate of Recognition for Henry M. Gowin, Principal Aide to Supervisor/Commissioner Louis R. Calcagno for his Service to the County of Monterey and the Local Agency Formation Commission.

Commission Action

The Certificate of Recognition for Henry M. Gowin, Principal Aide to Supervisor/Commissioner Louis R. Calcagno, was acknowledged by the Commission and presented to Henry M. Gowin by LAFCO Chair Snodgrass.

- 3. Presentation of 2014 Achievement Awards for “Outstanding LAFCO Professional” and “Distinguished Service” to LAFCO Executive Officer, Kate McKenna, AICP, from the Board of Directors of the California Association of Local Agency formation Commissions.

Commission Action

The 2014 Achievement Awards for “Outstanding LAFCO Professional” and “Distinguished Service” from the Board of Directors of the California Association of Local Agency Formation Commissions were acknowledged by the Commission and presented to Kate McKenna, LAFCO Executive Officer, AICP, by Pamela Miller, Executive Director, CALAFCO.

- 4. Staff Introductions (Information Only)

Kate McKenna, Executive Officer, introduced Taven M. Kinison Brown, LAFCO Associate Analyst.

Consent Calendar

- 5. Adopt the Draft Minutes of September 22, 2014.
- 6. Accept Draft Meeting Notes of the Budget and Finance Committee Meeting of November 7, 2014.
- 7. Approve the Register of Checks for the Month of October 2014.
- 8. Adopt the 2015 Schedule of Regular LAFCO Meetings.

9. Adopt Budget Amendment No 1 and Resolution No. 14-13 to the Adopted Annual Budget for Fiscal Year 2014-2015 to Transfer \$5,000 from Line Item 7245 (General Legal Services) to Line Item 7230 (Temporary Help Services – Clerical).

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

Commission Action

Upon motion by Commissioner Rubio, seconded by Commissioner Salinas, the Consent Items were approved. Absent: Commissioners Gunter and Poitras.

New Business

10. Receive Presentation from Karen Campbell, CPA Bianchi, Kasavan and Pope, LLP, and approve the Audit for the Fiscal Year Ending June 30, 2014.

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

Commission Action

Upon motion by Commissioner Salinas, seconded by Commissioner Stephens, the Audit for Fiscal Year Ending June 30, 2014, was unanimously approved and accepted by those present. Absent: Commissioners Gunter and Poitras.

11. Receive Presentation from Mike Briley, CPA, Managing Partner, Hayashi Wayland Accounting and Consulting, LLP, and approve the Financial Statements for Period Ending June 30, 2014.

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

Commission Action

Upon motion by Commissioner Rubio, seconded by Commissioner Salinas, the Financial Statements for Period Ending June 30, 2014, were unanimously approved and accepted by those present. Absent: Commissioners Gunter and Poitras.

12. Receive Financial Statement information from Mike Briley, CPA, Managing Partner, Hayashi Wayland Accounting and Consulting, LLP, and approve the Financial Statements for Period Ending September 30, 2014.

Commissioner Rubio commented that the Budget and Finance Committee reviews the Financial Statements with the Accountants and Auditors prior to presenting the information to the Commission.

Commission Action

Upon motion by Commissioner Rubio, seconded by Commissioner Salinas, the Financial Statements for Period Ending September 30, 2014, were unanimously approved and accepted by those present. Absent: Commissioners Gunter and Poitras.

13. Receive Legislative Report from the California Association of Local Agency Formation Commission (CALAFCO), approve a comment letter and provide direction regarding a CALAFCO legislative proposal relating to LAFCO oversight of Joint Powers Authorities.

Kate McKenna, Executive Officer, gave a brief report and introduced Pamela Miller, Executive Director, CALAFCO.

Ms. Miller thanked the LAFCO Executive Officer and staff for their assistance to CALAFCO. She gave an informational presentation on CALAFCO Activities and a legislative update regarding the comment letter.

Commissioner Salinas thanked Ms. Miller for her presentation. Commissioner Calcagno and Darington also commented on the items presented.

Commission Action

Upon motion by Commissioner Salinas, seconded by Commissioner Stephens, the Commission accepted the information presented and approved the comment letter regarding LAFCO oversight of Joint Powers Authorities. Absent: Commissioners Gunter and Poitras.

14. Receive Mid-Year Review and Amendment of the Adopted Annual Work Program for FY 2014-2015 and Adopt Resolution 14-14.

Kate McKenna, Executive Officer, gave a report.

Commissioners Darington, Rubio and Salinas asked questions and made comments.

Commission Action

Upon motion by Commissioner Salinas, seconded by Commissioner Stephens, the Commission accepted the Mid-Year Review and adopted the amendment and Resolution 14-14 of the Annual Work Program for Fiscal year 2014-2015. Absent: Commissioners Gunter and Poitras.

Public Hearing

15. Public Hearing to Consider a Proposal from the Santa Lucia Community Services District to Activate the District's Latent Power to Provide Broadband Communication Services. (LAFCO File No 14-04) and adopt a Resolution.

- a. Considering the finding made by the Santa Lucia Community Services District that the proposal is exempt from environmental review pursuant to Sections 15303 and 15304 of the California Environmental Quality Act (CEQA) Guidelines.
- b. Activate the District's latent power to provide broadband communication services; and
- c. Authorize the Executive Officer to hold Conducting Authority ("Protest") Proceedings on Thursday, January 8, 2015, at 4:00 p.m. in the LAFCO Office.

Chair Snodgrass opened the Public Hearing. There were public comments and appreciation to the LAFCO Commission and staff from Forrest Arthur, General Manager, Santa Lucia Preserve Community Services District, and Mary Ann Leffel, Vice Chair, Monterey Peninsula Airport District Board of Directors.

Darren McBain, Senior Analyst, provided a report.

Chair Snodgrass closed the Public Hearing.

Commission Action

Upon motion by Commissioner Darington, seconded by Commissioner Salinas, the Commission adopted Resolution 14-15 Approving the Santa Lucia Community Services District Activation of the District's Latent Power to Provide Broadband Communication Services (LAFCO File No. 14-04) in consideration of the finding made by the Santa Lucia Community Services District that the proposal is exempt from environmental review pursuant to Sections 15303 and 15304 of the

California Environmental Quality Act (CEQA) Guidelines; and Further, Authorize the LAFCO Executive Officer to hold Conducting Authority (“Protest”) Proceedings on Thursday, January 8, 2015, at 4:00 p.m. in the LAFCO Office at 132 W. Gabilan Street, Suite 102, Salinas, CA 93901. Absent: Commissioners Gunter and Poitras.

Executive Officer’s Report

Executive Officer McKenna gave a report.

Commissioners Comments

Commissioners Gourley, Rubio, Chair Snodgrass, Salinas, and Darington, the entire LAFCO Commission and staff, thanked Supervisor/Commissioner Louis R. Calcagno for his many years of service to LAFCO, the County of Monterey and to the community.

Correspondence

Executive Officer McKenna reviewed correspondence received from J. Eric Tynan, General Manager, Castroville Community Services District to the LAFCO Commission and a letter from Supervisor/Commissioner Salinas.

Closed Session

Pursuant to Government Code section 54946.9(d)(2), the Commission met with its General Counsel in Closed Session regarding one matter of significant exposure to litigation.

The Commission recessed for Closed Session at 5:41 p.m. and reconvened at 5:50 p.m.

Legal Counsel and Chair Snodgrass reported there was no reportable action from the Closed Session.

Adjournment to the Next Meeting

Chair Snodgrass adjourned the meeting at 5:51 p.m.

*The next Regular LAFCO meeting is scheduled for Monday, January 26, 2015 at 4:00 p.m.

** Note: the January 26th Meeting was canceled.*

**2015
Committee**

Chair
Simón Salinas
County Member

Ralph Rubio
City Member

Graig R. Stephens
Special District Member

**MEETING NOTES
BUDGET AND FINANCE COMMITTEE MEETING**

Friday, February 13, 2015

11:00 a.m.

LAFCO Office

132 W. Gabilan Street, Suite 102

Salinas, California 93901

Roll Call

Staff Members Present

Kate McKenna, AICP
Executive Officer

Commissioner Ralph Rubio
Commissioner Simón Salinas (Chair)
Commissioner Graig Stephens

Staff Present

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

P. O. Box 1369
Salinas, CA 93902

Kate McKenna, AICP, Executive Officer
Stephanie Gonzalez, Hayashi Wayland

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

Call to Order

www.monterey.lafco.ca.gov

The Budget and Finance Committee of the Local Agency Formation Commission of Monterey County was called to order by Chair Salinas at 11:00 a.m.

Public Comment

There were no public comments.

Special Business

1. Election of Budget and Finance Committee Chair.

After discussion and upon motion by Commissioner Stephens, seconded by Commissioner Rubio, the Committee unanimously selected Commissioner Salinas to be Committee Chair for calendar year 2015.

New Business

1. Draft Financial Statements for Period Ending December 31, 2014.
Executive Officer McKenna and Ms. Gonzalez presented a report. After discussion, the Committee unanimously voted to recommend approval of the financial statements.

2. Profit/Loss Budget v. Actual Worksheet dated January 30, 2015.
Executive Officer McKenna and Ms. Gonzalez presented a report. After discussion, the Committee unanimously accepted the report for information only.
3. CalPERS Retirement Plan Actuarial Valuation Report as of June 30, 2013.
Executive Officer McKenna and Ms. Gonzalez presented a report. After discussion, the Committee unanimously voted to recommend approval of paying off the LAFCO share of the employer pool's unfunded accrued liability before June 30, 2015, from equity in the Unreserved Fund Balance.
4. Preliminary Draft Annual Work Program for Fiscal Year 2015-2016.
Executive Officer McKenna presented a report. After discussion, the Committee unanimously voted to recommend approval of the draft work program.
5. Preliminary Draft Annual Budget for Fiscal Year 2015-2016.
Executive Officer McKenna presented a report. After discussion, the Committee voted to recommend approval of the draft budget, and to proceed with the distribution and hearing process.
6. Three-Year Financial Forecast (FY 2015-2016 through FY 2017-2018)
Executive Officer McKenna and Ms. Gonzalez presented a report. After discussion, the Committee unanimously voted to accept the report as information only, with a change in assumptions related to revenue sources in projected years.
7. Salary Schedule Update for Administrative Secretary/Clerk to the Commission Position.
Executive Officer McKenna presented a report. After discussion, the Committee requested more information, and directed preparation of a job study for continued discussion on May 8.

Adjournment to the Next Meeting.

The meeting was adjourned at 12:00 p.m. The next Budget and Finance Committee Meeting is scheduled for May 8, 2015 at 11:00 a.m. in the LAFCO Conference Room.

**AGENDA
ITEM
NO. 4**

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION

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KATE McKENNA, AICP
Executive Officer

DATE: February 23, 2015
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: MEETING NOTES – JANUARY 8, 2015 PROTEST PROCEEDINGS (SANTA LUCIA COMMUNITY SERVICES DISTRICT, LAFCO FILE NO. 14-04)

SUMMARY OF RECOMMENDATION:

It is recommended that the Commission accept the attached meeting notes.

EXECUTIVE OFFICER'S REPORT:

On January 8, 2015, Conducting Authority proceedings were held to consider any protest of the Commission's December 2014 action to activate a district's latent power to provide broadband service. The proceedings were conducted by the Executive Officer in the LAFCO office. No protest was received, and the Executive Officer ordered the action.

Respectfully Submitted,



Kate McKenna, AICP,
Executive Officer

Attachment: January 8, 2015 Meeting Notes

KATE McKENNA, AICP
Executive Officer

LOCAL AGENCY FORMATION COMMISSION
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Salinas, CA 93902 Salinas, CA 93901
Telephone (831) 754-5838 Fax (831) 754-5831
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MEETING NOTES
LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
Conducting Authority Proceedings, As Authorized by the Commission
Draft

Thursday, January 8, 2015
4:00 p.m.

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

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

Attendance: Executive Officer Kate McKenna, AICP
Senior Analyst Darren McBain

Call to Order

Pledge of Allegiance

Public Comments

There was no public comment.

Public Hearing

1. Conducting Authority ("Protest") Proceedings for an approved proposal to activate the Santa Lucia Community Services District's latent power to provide broadband communication services, LAFCO File No. 14-04. The purpose of this meeting is to allow registered voters or landowners within the District to protest the Commission's decision to activate this power.

The Local Agency Formation Commission approved this change of organization at its December 1, 2014 regular meeting. State law requires a subsequent protest hearing unless all property owners provided prior written consent to the proposal. Registered voters or landowners within the District may file written protests before or during the protest hearing.

Recommended Action: Hold protest proceedings for this approved proposal.

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

Adjournment to the Next Meeting

The meeting was adjourned at 4:05 p.m.

LOCAL AGENCY FORMATION COMMISSION
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Salinas, CA 93902 Salinas, CA 93901
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KATE McKENNA, AICP
Executive Officer

DATE: February 23, 2015
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: ANTICIPATED FUTURE AGENDA ITEMS AND PROGRESS REPORT ON
SPECIAL STUDIES

SUMMARY OF RECOMMENDATION:

This report is for information only.

EXECUTIVE OFFICER'S REPORT:

Following are current work priorities and a partial list of items that the Commission may consider in coming months. Attachment 1 is a progress report on LAFCO's special studies.

Anticipated Agenda Items by June 30, 2015

1. **Pajaro-Sunny Mesa Community Services District** – Municipal Service Review, Sphere of Influence Amendment, and Annexation of former Alisal Water Company (ALCO)-served areas (*MSR Initiated by LAFCO. SOI and annexation application initiated by PSMCSD in December 2014*).
2. **South Monterey County Fire Protection District** – Sphere of Influence Amendment and Annexation of 5,000+ acres in southern Monterey County. (*Application was filed on July 10, 2013. Incomplete status, pending the District-County approval of a property tax transfer agreement*).
3. **Carmel Area Wastewater District** – Municipal Service Review (*Initiated by LAFCO in March 2014*); Sphere of Influence Amendment and Annexation of all or significant portions of the District's existing Sphere of Influence near the mouth of the Carmel Valley and potentially other areas (*Application is being prepared; not yet received*).

Current FY Work Program Items to be Carried Over to FY 2015-2016

4. **All Cemetery Districts** – Municipal Service Review and Sphere of Influence Studies for Gonzales, Soledad, Greenfield, King City, San Lucas, San Ardo, Cholame, and Castroville Cemetery Districts (*Initiated by LAFCO in December 2014*).
5. Independent special districts that provide water, memorial, and recreation services in the central and south Salinas Valley – Municipal Service Review and Sphere of Influence Studies for the San Ardo and San Lucas County Water Districts, Greenfield Memorial District, and Soledad Mission and Greenfield Public Recreation Districts. (*Initiated by LAFCO in December 2014*).

Anticipated Future Agenda Items
February 23, 2015

6. **Marina Coast Water District**
 - Municipal Service Review (*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*), and
 - Sphere of Influence Amendment and Annexation of portions of the former Fort Ord, and/or the “Cemex” site, to provide water and wastewater services (*To be initiated by the District. See MSR discussion above*).
7. **Seaside County Sanitation District**
 - Municipal Service Review (*Initiated by LAFCO. Administrative draft MSR was prepared by LAFCO staff and reviewed with District. As of February 2015, SCSD is continuing to coordinate with MCWD to resolve ongoing engineering and feasibility 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*).
 - Sphere of Influence Amendment and Annexation of portions of the former Fort Ord to Provide Wastewater Services (*To be initiated by District. See MSR discussion and related MCWD item above*).
8. **City of Seaside** – Municipal Service Review (*Will be initiated by LAFCO at such time as warranted by schedule for potential SOI Amendment*); Sphere of Influence Amendment and Annexation of the Proposed Monterey Downs Project, Horse Park and Central Coast Veterans Cemetery (*to be initiated by City*).
9. **Aromas Water District** – Annexation of several parcels within the District’s existing Sphere of Influence Amendment, near the recently completed Oak Ridge – Via del Sol annexation (*to be initiated by District*).
10. **City of Soledad** – Sphere of Influence Amendment for Miravale III. 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. Municipal Service Review will potentially be initiated by LAFCO, if determined necessary depending on the scope of the proposed Sphere Amendments and Annexations.
11. **City of Greenfield** – Potential Commercial/Industrial and Residential Annexation Proposals (Franscioni, Scheid, and others). (*Initial Preliminary Discussion*)
12. **Salinas Valley Memorial Healthcare System** – Municipal Service Review and Sphere of Influence Study (*Initiated by LAFCO in September 2014*)

Anticipated New Work Program Items to be Considered in FY 2015-2016

13. **Spreckels-area independent special districts** – Municipal Service Review and Sphere of Influence Studies for Spreckels Community Services District and Spreckels Memorial District.
14. **Recreation Districts** – Municipal Service Review and Sphere of Influence Studies for Carmel Valley Recreation and Park District, North County Recreation and Park District, and Monterey Peninsula Regional Park District
15. Potential formation of a **new community services district** to serve future development of Ferrini Ranch and other Highway 68-area properties.

Anticipated Future Agenda Items
February 23, 2015

16. City of Salinas – proposed Economic Development Element of the City’s General Plan. Review and comment on the City’s environmental document (with LAFCO as a responsible agency under CEQA) and other tasks related to potential future Sphere of Influence Amendments and Annexations to the City of Salinas. A Municipal Service Review update will likely be appropriate

Respectfully Submitted,

A handwritten signature in blue ink that reads "Kate McKenna". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Kate McKenna, AICP,
Executive Officer

Attachment 1:
Progress Report – Municipal Service Reviews/Sphere of Influence Studies

Attachment 1

Status of 2015 Municipal Service Review / Sphere of Influence Studies

Currently in Progress, as of February 2015:

- Marina Coast Water District – *Administrative draft under review*
- Seaside County Sanitation District – *Administrative draft under review*
- Carmel Area Wastewater District – *Administrative draft under review*
- Salinas Valley Memorial Healthcare System – *Information collection in process*
- Pajaro/Sunny Mesa Community Services District – *Administrative draft in process*
- San Ardo Water District – *Information collection, educational outreach in process*
- San Lucas County Water District – *Information collection, educational outreach in process*
- Castroville Cemetery District – *Information collection, educational outreach in process*
- Cholame Cemetery District – *Information collection, educational outreach in process*
- Gonzales Cemetery District – *Information collection, educational outreach in process*
- King City Cemetery District – *Information collection, educational outreach in process*
- San Ardo Cemetery District – *Information collection, educational outreach in process*
- San Lucas Cemetery District – *Information collection, educational outreach in process*
- Soledad Cemetery District – *Information collection, educational outreach in process*
- Greenfield Memorial District – *Information collection, educational outreach in process*
- Soledad Mission Recreation District – *Information collection, educational outreach in process*
- Greenfield Public Recreation District – *Information collection, educational outreach in process*

Not Yet Initiated, But Anticipated in LAFCO's Annual Work Program:

- City of Seaside
- City of Soledad
- City of Salinas
- Spreckels Community Services District and Spreckels Memorial District
- Carmel Valley Recreation and Park District, North County Recreation and Park District, and Monterey Peninsula Regional Park District
- Potential formation of a new community services district to serve future development of Ferrini Ranch and other Highway 68-area properties.

LOCAL AGENCY FORMATION COMMISSION

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KATE McKENNA, AICP
Executive Officer

DATE: February 23, 2015
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: FINANCIAL STATEMENTS – DECEMBER 31, 2014.

SUMMARY OF RECOMMENDATION:

It is recommended that the Commission approve the financial statements.

EXECUTIVE OFFICER'S REPORT:

The Budget and Finance Committee met on February 13 to discuss and recommend approval of the enclosed financial statements for the period ending December 31, 2014. Income and expenses are as anticipated at mid-year.

Respectfully Submitted,



Kate McKenna, AICP,
Executive Officer

Enclosure: December 31, 2014 Financial Statements

**Local Agency Formation Commission
of Monterey County
Financial Statements
December 31, 2014**

Draft

**LOCAL AGENCY FORMATION COMMISSION
OF MONTEREY COUNTY**

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ACCOUNTANTS' COMPILATION REPORT

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

We have compiled the accompanying financial statements of the **Local Agency Formation Commission of Monterey County (LAFCO)** as of and for the six months ended December 31, 2014. We have not audited or reviewed the financial statements included in the accompanying prescribed form and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

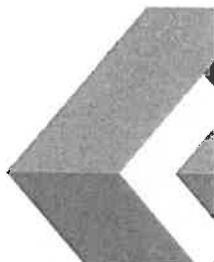
Management is responsible for the preparation and fair presentation of the financial statements included in the form prescribed by LAFCO and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

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

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

We are not independent with respect to LAFCO.

January 31, 2015



**LAFCO of Monterey County
Balance Sheets
December 31, 2014 and 2013**

ASSETS			
	ACCT #	2014	2013
CURRENT ASSETS:			
Cash Held in Bank:			
Rabobank Operating	1000	\$ 73,471.79	\$ 224,814.50
Wells Fargo Operating	1007	36,778.84	-
Total Cash Held in Rabobank		<u>110,250.63</u>	<u>224,814.50</u>
Cash Held in County Treasury:			
Cash Held for Operating Expenses	1010	618,093.61	421,549.94
Designated Cash for Reserve for Litigation	1012	300,036.51	300,036.51
Designated Cash for Accrued Leave	1013	49,313.85	44,378.66
Designated Cash for Post Retirement (GASB 45)	1014	9,968.00	9,084.00
Designated Cash for Reserve for Contingency	1015	156,779.00	156,779.00
Total Cash Held in County Treasury		<u>1,134,190.97</u>	<u>931,828.11</u>
Petty Cash	1100	100.00	100.00
Total Cash		<u>1,244,541.60</u>	<u>1,156,742.61</u>
Other Current Assets:			
Accounts Receivable - For Fiscal Yr Ending 6/15	1227	9.00	-
Wells Fargo Bank Receivable	1310	221.85	-
Prepaid Insurance	1400	3,360.89	3,977.27
Prepaid Expenses	1405	2,241.98	2,241.98
Total Other Current Assets		<u>5,833.72</u>	<u>6,219.25</u>
Total Current Assets		<u>1,250,375.32</u>	<u>1,162,961.86</u>
PROPERTY AND EQUIPMENT:			
Equipment	1500	29,120.35	23,906.06
Accumulated Depreciation	1550	(23,434.14)	(21,149.65)
Total Property and Equipment		<u>5,686.21</u>	<u>2,756.41</u>
TOTAL ASSETS		<u>\$ 1,256,061.53</u>	<u>\$ 1,165,718.27</u>
LIABILITIES AND EQUITY			
	ACCT #	2014	2013
CURRENT LIABILITIES:			
Accounts Payable	2000	\$ 4,258.90	\$ 3,360.55
Payroll Liabilities*	2200	(2,668.75)	210.00
CalPers 457 Liability*	2205	(2,523.26)	-
Direct Deposit Liability*	2210	(7,671.27)	-
Accrued Leave	2220	49,313.85	44,378.66
Post Retirement (GASB 45)	2230	9,968.00	9,084.00
Total Current Liabilities		<u>50,677.47</u>	<u>57,033.21</u>
Total Liabilities		<u>50,677.47</u>	<u>57,033.21</u>
EQUITY:			
Invested in Capital Assets	3700	5,686.21	2,756.41
Encumbered Funds	3710	14,681.90	6,895.00
Reserve for Litigation	3800	300,036.51	300,036.51
Reserve for Contingency	3810	156,779.00	156,779.00
Unreserved Fund**	3850	728,200.44	642,218.14
Total Equity		<u>1,205,384.06</u>	<u>1,108,685.06</u>
TOTAL LIABILITIES AND EQUITY		<u>\$ 1,256,061.53</u>	<u>\$ 1,165,718.27</u>

*Negative balances due to payroll direct deposits occurring on 12/31/14, for payroll dated 1/2/15

**Includes revenue received in the current year to be used for operating expenses through 6/30/15

LAFCO of Monterey County
Income and Expense Budget Performance - Summary
December 31, 2014

ACCT #	Income:	Dec 14	Dec 13	% of Budget		July 14-Dec 14	July 13-Dec 13	Adopted 14/15 Budget	Remaining Budget Balance	% of Remaining Budget Balance
				Received/ Spent	Dec 14					
4000	Fees: Project	\$ -	\$ -	0.00%	\$ 6,550.00	\$ 9,446.47	\$ 10,000.00	\$ (3,450.00)	-34.50%	
4205	County Contributions	-	-	0.00%	249,367.00	250,164.00	249,367.00	-	0.00%	
4210	City Contributions	-	-	0.00%	249,366.99	250,164.01	249,367.00	(0.01)	0.00%	
4220	District Contributions	-	-	0.00%	249,367.00	250,166.00	249,366.00	1.00	0.00%	
4300	Interest	0.59	-	0.04%	1,123.44	870.57	1,500.00	(376.56)	-25.10%	
	Total Income	0.59	-	0.00%	755,774.43	760,811.05	759,600.00	(3,825.57)	-0.50%	
	Expense:									
VAR	Employee Salaries	34,473.58	28,096.09	8.23%	190,352.54	182,582.17	419,000.00	228,647.46	54.57%	
VAR	Employee Benefits	14,727.48	12,436.99	7.96%	70,849.39	74,392.34	185,000.00	114,150.61	61.70%	
7000	Postage and Shipping	158.77	158.77	5.29%	757.92	878.09	3,000.00	2,242.08	74.74%	
7010	Books and Periodical	-	60.00	0.00%	651.01	766.28	1,000.00	348.99	34.90%	
7030	Copy Machine	315.70	1,122.01	4.86%	3,097.19	2,670.95	6,500.00	3,402.81	52.35%	
7040	Outside Printers	411.41	-	8.23%	1,668.21	1,972.28	5,000.00	3,331.79	66.64%	
7060	Office Supplies	250.51	904.92	5.57%	1,530.83	2,902.76	4,500.00	2,969.17	65.98%	
7080	Computer Hardware/Peripherals	171.16	-	6.85%	1,011.17	-	2,500.00	1,488.83	59.55%	
7085	Computer Support Svcs Fixed Costs	667.00	628.67	8.89%	667.00	2,529.68	7,500.00	6,833.00	91.11%	
7090	Computer Support Svcs Variable Costs	1,260.00	1,352.00	21.00%	1,260.00	2,202.00	6,000.00	4,740.00	79.00%	
7100	Computer Software	69.99	-	0.00%	331.91	-	500.00	168.09	33.62%	
7105	Meeting Broadcast Services	-	-	0.00%	-	-	3,300.00	3,300.00	100.00%	
7110	Property and Gen Liability Insurance	422.30	341.14	7.97%	2,533.80	2,046.84	5,300.00	2,766.20	52.19%	
7120	Office Maintenance Services	-	-	0.00%	-	-	400.00	400.00	100.00%	
7140	Travel	457.90	206.10	6.54%	2,809.73	6,042.47	7,000.00	4,190.27	59.86%	
7150	Training, Conferences & Workshops	160.24	-	1.89%	2,422.52	4,465.31	8,500.00	6,077.48	71.50%	
7160	Vehicle Mileage	447.27	-	22.36%	447.27	1,036.50	2,000.00	1,552.73	77.64%	
7170	Rental of Buildings	1,926.28	1,926.28	8.27%	11,557.68	11,557.68	23,300.00	11,742.32	50.40%	
7200	Telephone Communications	443.09	479.74	7.38%	3,058.21	2,638.23	6,000.00	2,941.79	49.03%	
7230	Temporary Help Services (Clerical)	-	720.35	0.00%	-	720.35	7,000.00	7,000.00	100.00%	
7242	Outside Prof. Services: Accounting	3,000.00	3,000.00	8.00%	15,000.00	15,900.00	37,500.00	22,500.00	60.00%	
7245	General and Special Legal Services	311.22	470.28	4.79%	518.70	1,196.46	6,500.00	5,981.30	92.02%	
7248	Outside Prof. Services: Annual Audit	-	-	0.00%	13,000.00	13,000.00	13,000.00	-	0.00%	
7250	Miscellaneous Office Expense	19.30	53.38	3.22%	248.36	548.47	600.00	351.64	58.61%	
7260	Legal Notices	-	-	0.00%	855.47	961.49	4,000.00	3,144.53	78.61%	
7280	LAFCO Memberships	-	-	0.00%	4,239.00	4,116.00	4,700.00	461.00	9.81%	
7285	Records Storage & Security	1,582.00	294.13	15.82%	7,394.00	5,000.00	10,000.00	2,606.00	26.06%	
7300	Depreciation	231.00	117.00	0.00%	1,395.00	698.00	-	(1,395.00)	0.00%	
	Total Expense	61,506.20	52,367.85	7.89%	337,656.91	340,824.35	779,600.00	441,943.09	56.69%	
	Net Ordinary Income (Loss)	(61,505.61)	(52,367.85)		418,117.52	419,986.70	(20,000.00)			
	Other Income/(Expense):									
8106	Prior Year Project Fees Returned	-	-		-	(3,100.00)	-			
8107	Use of Contingency Reserve	-	-		-	(13,221.00)	-			
8110	From Unreserved Funds	-	-		-	-	20,000.00			
8112	Encumbered Funds: Recruitment Advertising	-	-		(862.50)	-	-			
	Total Other Income/(Expense)	-	-		(862.50)	(16,321.00)	20,000.00			
	Net Income (Loss)	\$ (61,505.61)	\$ (52,367.85)		\$ 417,255.02	\$ 403,665.70	\$ -			

LAFCO of Monterey County
Income and Expense Budget Performance - Detail
December 31, 2014

ACCT #	Income:	Dec 14	Dec 13	Dec 14	% of Budget Received/Spent		July 14-Dec 14	July 13-Dec 13	Adopted 14/15 Budget	Remaining Budget Balance	% of Remaining Budget Balance
					Dec 14	Dec 13					
4000	Fees: Project	\$ -	\$ -	0.00%	\$ -	6,550.00	\$ 9,446.47	\$ 10,000.00	\$ (3,450.00)	-34.50%	
4205	County Contributions	-	-	0.00%	249,367.00	250,164.00	249,367.00	249,367.00	-	0.00%	
4210	City Contributions	-	-	0.00%	249,366.99	250,164.01	249,367.00	249,367.00	(0.01)	0.00%	
4220	District Contributions	-	-	0.00%	249,367.00	250,166.00	249,366.00	249,366.00	1.00	0.00%	
4300	Interest	0.59	-	0.04%	1,123.44	870.57	1,500.00	1,500.00	(376.56)	-25.10%	
	Total Income	0.59	-	0.00%	755,774.43	760,811.05	759,600.00	759,600.00	(3,825.57)	-0.50%	
	Expense:										
6000	Employee Salaries-Other	34,473.58	28,096.09		190,352.54	178,582.16	4,000.01				
6002	Regular Earnings	34,473.58	28,096.09	8.23%	190,352.54	182,582.17	419,000.00	228,647.46	54.57%		
	Employee Salaries	270.06	270.06		1,620.36	1,635.01					
6006	Flex Plan Cash	50.00	50.00		300.00	300.00					
6007	Management Expense Allowance	2,744.34	1,505.50		9,313.71	(22,621.94)					
6010	Accrued Leave	400.00	400.00		2,400.00	2,400.00					
6011	Car Allowance	533.72	435.83		3,148.96	3,655.18					
6101	Payroll Expenses	129.33	616.66		776.00	3,977.17					
6102	Worker's Compensation Insurance				718.00	718.00					
6103	Employee Memberships				11,003.98	11,072.04					
6104	Deferred Comp Plan Contribution	2,137.36	1,741.95		18,155.56	20,748.81					
6105	PERS Retirement	17.61	15.23		87.83	81.57					
6110	PERS Health - Other	595.00	575.00		3,094.00	3,105.00					
6111	PERS Health - Med ER Non-Elective	3,355.13	2,778.77		15,478.14	16,797.75					
6112	PERS Health - Med ER Pre Tax	71.40	95.20		428.40	547.40					
6131	LIFE	12.00	16.00		72.00	92.00					
6132	ADD	440.11	388.12		2,165.86	2,314.00					
6133	Dental	50.84	45.67		249.04	267.12					
6134	Vision	227.23	223.31		1,382.98	1,303.11					
6135	LTD	26.80	26.80		160.80	160.80					
6136	EAP	48.12	47.11		293.77	271.36					
6139	STD										
7294	Accrued Leave Reserve					27,567.96					
	Employee Benefits	14,727.48	12,436.99	7.96%	70,849.39	74,392.34	185,000.00	114,150.61	61.70%		
7000	Postage and Shipping	158.77	158.77	5.29%	757.92	878.09	3,000.00	2,242.08	74.74%		
7010	Books and Periodical	60.00	60.00	0.00%	651.01	766.28	1,000.00	348.99	34.90%		
7030	Copy Machine	315.70	1,122.01	4.86%	3,097.19	2,670.95	6,500.00	3,402.81	52.35%		
7040	Outside Printers	411.41	-	8.23%	1,668.21	1,972.28	5,000.00	3,331.79	66.64%		
7060	Office Supplies	250.51	904.92	5.57%	1,530.83	2,902.76	4,500.00	2,969.17	65.98%		
7080	Computer Hardware/Peripherals	171.16	-	6.85%	1,011.17	-	2,500.00	1,488.83	59.55%		
7085	Computer Support Svcs Fixed Costs	667.00	628.67	8.89%	667.00	2,529.68	7,500.00	6,833.00	91.11%		
7090	Computer Support Svcs Variable Costs	1,260.00	1,352.00	21.00%	1,260.00	2,202.00	6,000.00	4,740.00	79.00%		
7100	Computer Software	69.99	-	14.00%	331.91	-	500.00	168.09	33.62%		
7105	Meeting Broadcast Services	422.30	341.14	7.97%	2,533.80	2,046.84	3,300.00	3,300.00	100.00%		
7110	Property and Gen Liability Insurance			0.00%	-	-	400.00	400.00	100.00%		
7120	Office Maintenance Services	457.90	206.10	6.54%	2,809.73	6,042.47	7,000.00	4,190.27	59.86%		
7140	Travel	160.24	-	1.89%	2,422.52	4,465.31	8,500.00	6,077.48	71.50%		
7150	Training, Conferences & Workshops	447.27	-	22.36%	4,471.27	1,036.50	2,000.00	1,552.73	77.64%		
7160	Vehicle Mileage	1,926.28	1,926.28	8.27%	11,557.68	11,557.68	23,300.00	11,742.32	50.40%		
7170	Rental of Buildings	443.09	479.74	7.38%	3,058.21	2,638.23	6,000.00	2,941.79	49.03%		
7200	Telephone Communications	3,000.00	3,000.00	8.00%	15,000.00	15,900.00	37,500.00	22,500.00	60.00%		
7230	Temporary Help Services (Clerical)	311.22	470.28	0.00%	518.70	1,196.46	6,500.00	5,981.30	92.02%		
7242	Outside Prof. Services: Accounting	19.30	53.38	0.00%	13,000.00	13,000.00	13,000.00	-	0.00%		
7245	General and Special Legal Services	-	-	0.00%	855.47	961.49	4,000.00	3,144.53	78.61%		
7248	Outside Prof. Services: Annual Audit	-	-	0.00%	4,239.00	4,116.00	4,700.00	461.00	9.81%		
7250	Miscellaneous Office Expense	231.00	294.13	0.00%	7,394.00	5,000.00	10,000.00	2,606.00	26.06%		
7260	Legal Notices	-	-	0.00%	1,395.00	698.00	-	(1,395.00)	0.00%		
7280	LAFCO Memberships	1,582.00	117.00	0.00%	1,395.00	698.00	-	(1,395.00)	0.00%		
7285	Records Storage & Security	61,506.20	52,367.85	7.89%	337,656.91	340,824.35	779,600.00	441,943.09	56.69%		
7300	Depreciation										
	Total Expense	61,506.61	(52,367.85)		418,117.52	419,986.70	(20,000.00)				
	Net Ordinary Income (Loss)										
	Other Income/(Expense):										
8106	Prior Year Project Fees Returned	-	-	-	-	-	(3,100.00)	-			
8107	Use of Contingency Reserve	-	-	-	-	-	(13,221.00)	-			
8110	From Unreserved Funds	-	-	-	(862.50)	-	20,000.00	-			
8112	Encumbered Funds: Recruitment Advertising	-	-	-	(862.50)	(16,321.00)	-	-			
	Total Other Income/(Expense)										
	Net Income (Loss)	\$ (61,505.61)	\$ (52,367.85)		\$ 417,255.02	\$ 403,665.70	\$ -	\$ -			

LAFCO of Monterey County
Income and Expense by Month
December 31, 2014

	July 14	Aug 14	Sept 14	Oct 14	Nov 14	Dec 14	Total
Ordinary Income/Expense							
Income:							
4000 - Fees: Project	249,367.00	3,750.00	3,000.00	(200.00)	-	-	6,550.00
4205 - County Contributions	249,366.99	-	-	-	-	-	249,366.99
4210 - City Contributions	249,367.00	-	-	-	-	-	249,367.00
4220 - District Contributions	-	-	-	-	-	-	-
4300 - Interest	-	-	1,122.75	-	0.10	0.59	1,123.44
Total Income	748,100.99	3,750.00	3,000.00	922.75	0.10	0.59	755,774.43
Expense:							
6000 - Employee Salaries	25,950.44	40,423.04	28,666.50	30,495.45	30,343.53	34,473.58	190,352.54
6100 - Employee Benefits	9,191.20	11,605.38	9,933.32	11,400.70	13,991.31	14,727.48	70,849.39
7000 - Postage and Shipping	-	39.83	158.77	372.84	27.71	158.77	757.92
7010 - Books and Periodical	238.00	-	161.32	-	251.69	-	651.01
7030 - Copy Machine	315.70	868.18	315.70	315.70	966.21	315.70	3,097.19
7040 - Outside Printers	-	-	-	813.69	443.11	411.41	1,668.21
7060 - Office Supplies	92.57	448.85	567.74	-	171.16	250.51	1,530.83
7080 - Computer Hardware/Peripherals	155.37	171.16	171.16	171.16	171.16	171.16	1,011.17
7085 - Computer Support Svcs Fixed Costs	-	-	-	-	-	667.00	667.00
7090 - Computer Support Svcs Variable Costs	-	-	-	-	-	1,260.00	1,260.00
7100 - Computer Software	81.95	79.98	-	99.99	-	69.99	331.91
7110 - Property and Gen Liability Insurance	422.30	422.30	422.30	422.30	422.30	422.30	2,533.80
7140 - Travel	-	-	-	2,351.83	-	457.90	2,809.73
7150 - Training, Conferences & Workshops	-	80.12	-	2,182.16	-	160.24	2,422.52
7160 - Vehicle Mileage	-	-	-	-	-	447.27	447.27
7170 - Rental of Buildings	1,926.28	1,926.28	1,926.28	1,926.28	1,926.28	1,926.28	11,557.68
7200 - Telephone Communications	149.36	1,546.97	427.50	341.51	149.78	443.09	3,058.21
7242 - Outside Prof. Services: Accounting	-	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	15,000.00
7245 - General and Special Legal Services	-	-	-	207.48	-	311.22	518.70
7248 - Outside Prof. Services: Annual Audit	-	-	5,000.00	-	8,000.00	-	13,000.00
7250 - Miscellaneous Office Expense	12.00	20.75	19.46	11.00	165.85	19.30	248.36
7260 - Legal Notices	-	-	236.25	-	619.22	-	855.47
7280 - LAFCO Memberships	3,158.00	-	-	1,081.00	-	-	4,239.00
7285 - Records Storage & Security	1,152.00	592.00	1,154.00	1,496.00	1,418.00	1,582.00	7,394.00
7300 - Depreciation	232.00	235.00	231.00	233.00	233.00	231.00	1,395.00
8112 - Encumbered Funds: Recruitment Advertising	575.00	-	180.00	107.50	-	-	862.50
Total Expense	43,652.17	61,459.84	52,571.30	57,029.59	62,300.31	61,506.20	338,519.41
Net Income/(Loss)	\$ 704,448.82	\$ (57,709.84)	\$ (49,571.30)	\$ (56,106.84)	\$ (62,300.21)	\$ (61,505.61)	\$ 417,255.02

**LAFCO of Monterey County
Accounts Receivable Summary
As of December 31, 2014**

Accounts Receivable-For Fiscal Year Ending 6/2015:

<u>Description</u>	<u>Date</u>	<u>Amount</u>
Monterey Co. Resource Conservation	7/1/14	<u>\$ 9.00</u>
	ACCT # 1227	<u><u>\$ 9.00</u></u>

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**LAFCO of Monterey County
Equipment Summary
As of December 31, 2014**

Equipment and Accumulated Depreciation:

Description	Date In Service	Cost	Amount Depreciated
Computer Equipment	10/24/2005	\$ 6,749.91	\$ 6,749.91
Dell Computer System	6/1/2006	2,268.22	2,268.22
Credenza	9/1/2006	516.20	516.20
Computer Equipment	9/20/2006	3,120.20	3,120.20
Bill Quick Basic Software	8/17/2007	565.00	565.00
Adobe Systems, Inc. Software	1/18/2008	399.00	399.00
HP Compaq DC 9700 Computer	6/23/2009	975.49	975.49
Microsoft Office Pro 2010 Software	6/30/2010	2,041.24	2,041.24
Acrobat V.9 Computer Software	6/30/2010	445.88	445.88
Ergonomic Chair	6/29/2010	502.51	394.00
ThinkPad W510 Laptop	6/30/2010	2,146.73	2,048.00
SNAP OUT Telephone System	7/28/2010	2,185.00	1,693.00
Apple Mbair 13.3 CTO Laptop	6/14/2013	1,990.68	1,083.00
Microsoft Office Plus 2013 Software	6/16/2014	1,412.00	275.00
Adobe Acrobat XI Pro Software	6/16/2014	1,128.00	219.00
Apple Mbair 13.3 CTO Laptop	6/27/2014	1,914.35	459.00
Acer Aspire V5 Touchscreen Laptop	6/30/2014	759.94	182.00
	ACCT # 1500	\$ 29,120.35	
		ACCT # 1550	\$ 23,434.14

**LAFCO of Monterey County
Accounts Payable Summary
As of December 31, 2014**

Accounts Payable:

Vendor	Description	Date	Inv#	Amount
AT&T	Telephone Service 11/12/14-12/11/14	11/12/2014	5927945	\$ 148.08
AT&T Mobility	Telephone Service 11/14/14-12/13/14	11/13/2014	287257567904x112114	157.38
Cardmember Service	Telephone Expense, Calafco Hotel Charges, Office Supplies	12/15/2014	x6757	792.93
Corporate Express	Credit on Returned Supplies	6/17/2008	88070801	(43.97)
County of Monterey, Information Technology	Computer Support Services through 10/31/14	12/18/2014	Dept 812 P/E 10/31/14	1,927.00
Office of County Counsel-Co. of Monterey	Legal Services through 11/30/14	12/23/2014	14-000237	311.22
Pitney Bowes	Credit on Returned Supplies	6/8/2014	80000-9090-0108-3804	(721.85)
Pitney Bowes Global Financial Svcs Inc.	Mailing Rental 9/30/14-12/30/14	12/13/2014	7128192-DC14	158.77
Principal Life	January 2015 Benefits: LTD, ADD, STD, Life	12/17/2014	1/1/15-1/31/15	358.75
Quality Water Enterprises, Inc.	Water Stand Rental and Water	12/20/2014	484389	19.30
SlingShot Connections	Temp Services: Jimenez, Alma for W/E 12/14/14	12/17/2014	4940	384.00
SlingShot Connections	Temp Services: Jimenez, Alma for W/E 12/21/14	12/23/2014	4978	176.00
SlingShot Connections	Temp Services: Jimenez, Alma for W/E 12/28/14	12/30/2014	5024	280.00
Staples Advantage	Office Supplies	12/10/2014	3250988154	255.26
Staples Advantage	Office Supplies	12/24/2014	3252138023	56.03
ACCT # 2000				<u>\$ 4,258.90</u>

Draft

**LAFCO of Monterey County
Accrued Leave Summary
As of December 31, 2014**

Executive Officer and Analyst Positions:

Employee	Title	Total Hours of Accrued Annual Leave *	Hourly Rate	Annual Leave Book Value
Kate McKenna	Executive Director	532.44	80.37	\$ 42,792.20
Darren McBain	Senior Analyst	45.88	43.25	1,984.31
Taven Kinison Brown	Associate Analyst	16.74	37.63	629.93
				\$ 45,406.44

Clerk / Administrative Secretary Position:

Employee	Accrued Sick Leave	Accrued Vacation **	Hourly Rate	Sick Leave Book Value	Vacation Book Value
Gail Lawrence	61.50	57.50	27.91	\$ 1,716.47	\$ 1,604.83

Annual Leave	\$ 45,406.44
Sick Leave	1,716.47
Vacation	1,604.83
Compensatory Time***	586.11
ACCT # 2220	\$ 49,313.85

Executive Officer and Senior Analyst Positions:

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

Clerk/Admin Secretary Position:

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

***Compensatory time: Overtime eligible employees can accrue compensatory time-off in lieu of overtime payments. A maximum of 80 hours of compensatory time may be accrued. The compensatory time off balances are considered current year liabilities. These benefits are a general description only.

**LAFCO of Monterey County
Detail of Encumbrances
As of December 31, 2014**

Encumbered Funds:

Subject	Date Paid/ Inv. No.	Funds Received/(Paid)
Human Resources Encumbered Funds:		
Contract Transfer*		\$ 3,460.00
06-07 Budget Carryover		5,000.00
Fenton & Keller	10/04/07 Inv No. 60042	(1,233.00)
Fenton & Keller	4/30/07 Inv. No. 62165	(2,764.50)
07-08 Budget Carryover		400.00
08-09 Budget Carryover		500.00
09-10 Budget Carryover		500.00
Fenton & Keller	10/27/10 Inv. No. 69698	(467.50)
10-11 Budget Carryover		500.00
11-12 Budget Carryover		500.00
12-13 Budget Carryover		500.00
		<u>6,895.00</u>
Computer Support Svc Variable Encumbered Funds:		
13-14 Budget Carryover		5,470.00
		<u>5,470.00</u>
Recruitment Advertising Encumbered Funds:		
13-14 Budget Carryover		3,179.40
ID Concepts, LLC	7/7/2014	(115.00)
Hardee Investigations	7/15/14 Inv. No. LAFCO-01	(460.00)
Hardee Investigations	9/11/14 Inv. No. LAFCO-02	(180.00)
ID Concepts, LLC	10/3/2014	(107.50)
		<u>2,316.90</u>
	ACCT # 3710	\$ <u>14,681.90</u>

*RGS was replaced by Fenton & Keller in September 2007.

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

LAFCO of Monterey County
Detail of Reserve for Litigation Account
As of December 31, 2014

Reserve for Litigation:

Date	Vendor/Description	Invoice #	Amount
	Beginning Balance as of 7/1/08		\$ 18,330.28
7/1/2008	08/09 Budget Amount		25,000.00
8/22/2008	Office of County Counsel-Co. of Monterey	08-000147	(564.69)
8/27/2008	Best, Best & Krieger	582486	(2,713.66)
10/14/2008	Best, Best & Krieger	586916	(390.00) *
2/19/2009	Best, Best & Krieger	596717	(2,106.00) *
3/13/2009	Best, Best & Krieger	598793	(19.50)
3/13/2009	Best, Best & Krieger	599174	(6,907.12) *
4/22/2009	Best, Best & Krieger	601472	(156.00)
5/26/2009	Best, Best & Krieger	603629	(175.50)
7/1/2009	09/10 Budget Amount		10,000.00
10/15/2009	Best, Best & Krieger	614071	(312.00)
7/1/2010	10/11 Budget Amount		30,000.00
6/30/2011	Transfer from Unreserved Fund		174,950.70
7/1/2011	11/12 Budget Amount		30,000.00
7/1/2012	12/13 Budget Amount		25,000.00
7/1/2013	13/14 Budget Amount		100.00
		ACCT # 3800	\$ 300,036.51

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

**LAFCO of Monterey County
Detail of Reserve for Contingency Account
As of December 31, 2014**

Reserve for Contingency:

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

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

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

DATE	CK#	NAME	DESCRIPTION	CHECK AMOUNT	DEPOSIT AMOUNT	ACCOUNT BALANCE
Beginning Balance	11/1/14					\$ 140,156.57
11/03/2014	EFT	CalPERS Health	Nov 2014 Health Insurance EFT#1000482594	4,367.74		135,788.83
11/06/2014	EFT	QuickBooks Payroll Service	For Payroll Period Ending 10/31/14 Paid 11/7/14	7,935.17		127,853.66
11/07/2014	4804	Darren J McBain	For Payroll Period Ending 10/31/14 Paid 11/7/14	0.00		127,853.66
11/07/2014	4805	Gail M Lawrence	For Payroll Period Ending 10/31/14 Paid 11/7/14	0.00		127,853.66
11/07/2014	4806	Kathryn M. McKenna	For Payroll Period Ending 10/31/14 Paid 11/7/14	0.00		127,853.66
11/07/2014	4807	Taven M Kinison Brown	For Payroll Period Ending 10/31/14 Paid 11/7/14	2,107.27		125,746.39
11/07/2014	4808	Thomas A. McCue	For Payroll Period Ending 10/31/14 Paid 11/7/14	0.00		125,746.39
11/07/2014	EFT	CalPERS 457 Program	CalPers 457 Deferred Compensation Contribution	2,381.05		123,365.34
11/07/2014	EFT	CalPERS Retirement	CalPers Retirement Contribution	2,598.58		120,766.76
11/07/2014	EFT	EDD	State Payroll Tax Deposit	840.57		119,926.19
11/07/2014	EFT	EFTPS	Federal Payroll Tax Deposit	2,502.22		117,423.97
11/07/2014	4809	Bruce Lindsey	Monthly Building Rent	1,926.28		115,497.69
11/07/2014	4810	Cardmember Service	CaLafco Conference in Ontario, CA Hotel Charges	1,860.58		113,637.11
11/07/2014	4811	IBM Corporation	Leased Computers for Lafco Staff 11/1/14-11/30/14	171.16		113,465.95
11/07/2014	4812	Office of County Counsel - Co of Monterey	Legal Services Sept 2014	207.48		113,258.47
11/07/2014	4813	Quality Water Enterprises, Inc.	Water Dispenser Rental 11/1/14-11/30/14	11.00		113,247.47
11/07/2014	4814	San Diego LAFCO	2013 Lafco Procedures Guide	30.00		113,217.47
11/07/2014	4815	SlingShot Connections	Temp Services: Jimenez, Alma for W/E 10/19, 10/26, 11/2	888.00		112,329.47
11/07/2014	4816	MBS Business Systems	Copy Machine Rental and Overage Charges	1,597.61		110,731.86
11/20/2014	EFT	QuickBooks Payroll Service	For Payroll Period 11/1/14-11/14/14 Paid 11/21/14	7,632.09		103,099.77
11/21/2014	4817	Darren J McBain	For Payroll Period 11/1/14-11/14/14 Paid 11/21/14	0.00		103,099.77
11/21/2014	4818	Gail M Lawrence	For Payroll Period 11/1/14-11/14/14 Paid 11/21/14	0.00		103,099.77
11/21/2014	4819	Kathryn M. McKenna	For Payroll Period 11/1/14-11/14/14 Paid 11/21/14	0.00		103,099.77
11/21/2014	4820	Taven M Kinison Brown	For Payroll Period 11/1/14-11/14/14 Paid 11/21/14	2,152.71		100,947.06
11/21/2014	4821	Bruce Lindsey	Monthly Building Rent	1,926.28		99,020.78
11/21/2014	EFT	CalPERS 457 Program	CalPers 457 Deferred Compensation Contribution	2,376.67		96,644.11
11/21/2014	EFT	CalPERS Retirement	CalPers Retirement Contribution	2,611.41		94,032.70
11/21/2014	EFT	EDD	State Payroll Tax Deposit	764.23		93,268.47
11/21/2014	EFT	EFTPS	Federal Payroll Tax Deposit	2,266.60		91,001.87
11/21/2014	4822	CALAFCO	5 Copies of CKH 2014 Edition Manual	62.50		90,939.37
11/21/2014	4823	Hayashi & Wayland, LLP	Accounting Services #72520	3,000.00		87,939.37
11/21/2014	4824	Martella Printing	Outside Printing: Ceremonial Resolution for Lou Calcagno	443.11		87,496.26
11/21/2014	4825	Principal Life	December 2014 Benefits: LTD,ADD,STD,Life	358.75		87,137.51
11/21/2014	4826	SlingShot Connections	Temp Services: Jimenez, Alma for W/E 11/9/14	390.00		86,747.51
11/21/2014	4827	Staples Advantage	Office Supplies	37.79		86,709.72
11/21/2014	4828	The Salinas Californian #1078	ACCT NO. SC0334288 For 12/1/14-11/30/15	159.19		86,550.53
11/21/2014	4829	LAFCO	Transfer to Wells Fargo Bank Checking Account	40,000.00		46,550.53
11/24/2014	EFT	County of Monterey	Funds Transfer from County Funds		100,000.00	146,550.53
				\$ 93,606.04	\$ 100,000.00	
Ending Balance 11/30/14						<u>\$ 146,550.53</u>

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

DATE	CK#	NAME	DESCRIPTION	CHECK AMOUNT	DEPOSIT AMOUNT	ACCOUNT BALANCE
Beginning Balance 12/1/2014						\$ 146,550.53
12/04/2014	EFT	QuickBooks Payroll Service	For Payroll Period Ending 11/28/14 Paid 12/5/14	7,951.90		138,598.63
12/05/2014	EFT	CalPERS Health	Dec 2014 Health Insurance EFT#1000491357	4,367.74		134,230.89
12/05/2014	EFT	CalPERS 457 Program	457 Deferred Compensation Contribution	2,425.97		131,804.92
12/05/2014	EFT	CalPERS Retirement	CalPers Retirement Contribution	2,611.41		129,193.51
12/05/2014	EFT	EDD	State Payroll Tax Deposit	863.35		128,330.16
12/05/2014	EFT	EFTPS	Federal Payroll Tax Deposit	2,557.06		125,773.10
12/05/2014	4830	Darren J McBain	For Payroll Period Ending 11/28/14 Paid 12/5/14	0.00		125,773.10
12/05/2014	4831	Gail M Lawrence	For Payroll Period Ending 11/28/14 Paid 12/5/14	0.00		125,773.10
12/05/2014	4832	Kathryn M. McKenna	For Payroll Period Ending 11/28/14 Paid 12/5/14	0.00		125,773.10
12/05/2014	4833	Taven M Kinison Brown	For Payroll Period Ending 11/28/14 Paid 12/5/14	2,152.72		123,620.38
12/05/2014	4834	Alma Jimenez	Mileage Reimbursement (96.7 miles @ \$0.56/mile)	54.15		123,566.23
12/05/2014	4835	AT&T	Telephone Service from 10/12/14-11/11/14	149.78		123,416.45
12/05/2014	4836	Bianchi, Kasavan & Pope, LLP	Progress Billing #2 Audit Services 2014-2015	8,000.00		115,416.45
12/05/2014	4837	IBM Corporation	Leased Computers for Lafco Staff 12/1/14-12/31/14	171.16		115,245.29
12/05/2014	4838	Office Depot	Office Supplies	16.99		115,228.30
12/05/2014	4839	Quality Water Enterprises, Inc.	Water Dispenser Rental 12/1/14-12/31/14	19.46		115,208.84
12/05/2014	4840	SlingShot Connections	Temp Services: Jimenez, Alma for W/E 11/16/14 and 11/23/14	644.00		114,564.84
12/05/2014	4841	Staples Advantage	Office Supplies	55.60		114,509.24
12/05/2014	4842	United Group Insurance Trust	December 2014 Dental \$440.11; Vision \$50.84	490.95		114,018.29
12/05/2014	4843	Cardmember Service	CaLafco Conference in Ontario, CA Hotel Charges	187.95		113,830.34
12/18/2014	EFT	QuickBooks Payroll Service	For Payroll Period Ending 12/12/14 Paid 12/19/14	9,906.31		103,924.03
12/19/2014	EFT	CalPERS 457 Program	CalPers 457 Deferred Compensation Contribution	2,868.17		101,055.86
12/19/2014	EFT	CalPERS Retirement	CalPers Retirement Contribution	3,322.31		97,733.55
12/19/2014	EFT	EDD	State Payroll Tax Deposit	1,149.85		96,583.70
12/19/2014	EFT	EFTPS	Federal Payroll Tax Deposit	3,113.58		93,470.12
12/19/2014	EFT	EFTPS	For Payroll Period Ending 12/12/14 Paid 12/19/14	379.00		93,091.12
12/19/2014	4844	Darren J McBain	For Payroll Period Ending 12/12/14 Paid 12/19/14	0.00		93,091.12
12/19/2014	4845	Gail M Lawrence	For Payroll Period Ending 12/12/14 Paid 12/19/14	0.00		93,091.12
12/19/2014	4846	Kathryn M. McKenna	For Payroll Period Ending 12/12/14 Paid 12/19/14	0.00		93,091.12
12/19/2014	4847	Taven M Kinison Brown	For Payroll Period Ending 12/12/14 Paid 12/19/14	2,152.72		90,938.40
12/19/2014	4848	Bruce Lindsey	Monthly Building Rent	1,926.28		89,012.12
12/19/2014	4849	Darren McBain	Travel & Meal Reimbursement-CaLafco Conference 12/8/14	412.10		88,600.02
12/19/2014	4850	FedEx Office Customer Administrative Svcs	Lafco Commission Packet 12/1	411.41		88,188.61
12/19/2014	4851	Magellan Behavioral Health	EAP Insurance Jan 2015 - March 2015	80.40		88,108.21
12/19/2014	4852	SDRMA	2014-2015 Qtr 3 W/C Quarterly Premium	388.00		87,720.21
12/19/2014	4853	SlingShot Connections	Temp Services: Jimenez, Alma for W/E 11/30/14 & 12/7/14	742.00		86,978.21
12/19/2014	4854	The Monterey County Herald	Notice of Public Hearing	619.22		86,358.99
12/26/2014	EFT	EDD	State Payroll Tax Deposit - SUI & ETT Quarterly Employer Taxes	161.00		86,197.99
12/31/2014		QuickBooks Payroll Service	For Payroll Period Ending 12/26/14 Paid 1/2/15	7,679.07		78,518.92
12/31/2014	EFT	CalPERS 457 Program	457 Deferred Compensation Contribution	2,374.97		76,143.95
12/31/2014	EFT	CalPERS Retirement	CalPers Retirement Contribution	2,672.16		73,471.79
				\$ 73,078.74	\$ -	
Ending Balance 12/31/2014						\$ 73,471.79

LAFCO
 LOCAL AGENCY FORMATION COMMISSION
 OF MONTEREY COUNTY
 WARRANT REGISTER
 FOR JANUARY 31, 2015

DATE	CK#	NAME	DESCRIPTION	CHECK AMOUNT	DEPOSIT AMOUNT	ACCOUNT BALANCE
Beginning Balance 1/1/2015						\$ 73,471.79
01/02/2015	EFT	EDD	State Payroll Tax Deposit	829.08		72,642.71
01/02/2015	EFT	EFTPS	Federal Payroll Tax Deposit	2,277.68		70,365.03
01/02/2015	4855	Darren J McBain	For Payroll Period Ending 12/26/14 Paid 1/2/15	0.00		70,365.03
01/02/2015	4856	Gail M Lawrence	For Payroll Period Ending 12/26/14 Paid 1/2/15	0.00		70,365.03
01/02/2015	4857	Kathryn M. McKenna	For Payroll Period Ending 12/26/14 Paid 1/2/15	0.00		70,365.03
01/02/2015	4858	Taven M Kinison Brown	For Payroll Period Ending 12/26/14 Paid 1/2/15	2,158.81		68,206.22
01/02/2015	4859	AT&T	VOID: Telephone Service from 11/12/14-12/11/14	0.00		68,206.22
01/02/2015	4860	AT&T Mobility	Telephone Service 11/14/14-12/13/14	157.38		68,048.84
01/02/2015	4861	County of Monterey, Information Technology	Computer Support Services Through 10/31/14	1,927.00		66,121.84
01/02/2015	4862	Pitney Bowes Global Financial Svcs LLC	Mailing Rental 9/30/14-12/30/14	158.77		65,963.07
01/02/2015	4863	Principal Life	January 2015 Benefits: LTD,ADD,STD,Life	358.75		65,604.32
01/02/2015	4864	Quality Water Enterprises, Inc.	Water Dispenser Rental 1/1/15-1/31/15	19.30		65,585.02
01/02/2015	4865	SlingShot Connections	Temp Services: Jimenez, Alma for W/E 12/14/14 & 12/21/14	560.00		65,025.02
01/02/2015	4866	Staples Advantage	Office Supplies	255.26		64,769.76
01/02/2015	4867	AT&T	Telephone Service from 11/12/14-12/11/14	148.08		64,621.68
01/05/2015	EFT	CalPERS Health	Jan 2015 Health Insurance EFT#1000501792	4,470.24		60,151.44
01/15/2015	EFT	QuickBooks Payroll Service	For Payroll Period Ending 1/9/15 Paid 1/16/15	15,359.59		44,791.85
01/16/2015	EFT	CalPERS 457 Program	CalPers 457 Deferred Compensation Contribution	2,385.35		42,406.50
01/16/2015	EFT	CalPERS Retirement	CalPers Retirement Contribution	2,672.16		39,734.34
01/16/2015	EFT	EFTPS	Federal Payroll Tax Deposit	5,995.02		33,739.32
01/16/2015	EFT	EDD	State Payroll Tax Deposit	2,158.25		31,581.07
01/16/2015	4868	Darren J McBain	For Payroll Period Ending 1/9/15 Paid 1/16/15	0.00		31,581.07
01/16/2015	4869	Gail M Lawrence	For Payroll Period Ending 1/9/15 Paid 1/16/15	0.00		31,581.07
01/16/2015	4870	Kathryn M. McKenna	For Payroll Period Ending 1/9/15 Paid 1/16/15	0.00		31,581.07
01/16/2015	4871	Taven M Kinison Brown	For Payroll Period Ending 1/9/15 Paid 1/16/15	2,158.80		29,422.27
01/16/2015	4872	Kathryn M. McKenna	160 Hrs of Accrued Leave Payout, per Employment Agreement	0.00		29,422.27
01/16/2015	4873	Copymat	Office Supplies	69.12		29,353.15
01/16/2015	4874	IBM Corporation	Leased Computers for Lafco Staff 1/1/15-1/31/15	171.16		29,181.99
01/16/2015	4875	Monterey County Resource Mgmt Agency	GIS Mapping Services	3,363.00		25,818.99
01/16/2015	4876	Office of County Counsel - Co of Monterey	Legal Services Nov 2014	311.22		25,507.77
01/16/2015	4877	Principal Life Company	Policy #7666140 (12 Month Premium)	1,913.87		23,593.90
01/16/2015	4878	SlingShot Connections	Temp Services: Jimenez, Alma for W/E 12/28/14 & 1/4/15	560.00		23,033.90
01/16/2015	4879	Staples Advantage	Office Supplies	56.03		22,977.87
01/16/2015	4880	Cardmember Service	Telephone Exp, CaLafco Hotel Charges, Office Supplies	792.93		22,184.94
01/16/2015	4881	Santa Lucia Community Services District	Project Fees Refund: Santa Lucia Community Svcs District	1,037.03		21,147.91
01/20/2015	EFT	Department of the Treasury	2014 940 Federal Unemployment Tax Due	702.36		20,445.55
01/21/2015	TFR	County of Monterey	Funds Transfer		150,000.00	170,445.55
01/29/2015	EFT	QuickBooks Payroll Service	For Payroll Period Ending 1/23/15 Paid 1/30/15	8,791.87		161,653.68
01/30/2015	EFT	CalPERS 457 Program	CalPers 457 Deferred Compensation Contribution	2,492.65		159,161.03
01/30/2015	EFT	CalPERS Retirement	CalPers Retirement Contribution	2,672.16		156,488.87
01/30/2015	EFT	EDD	State Payroll Tax Deposit	968.36		155,520.51

LAFCO
 LOCAL AGENCY FORMATION COMMISSION
 OF MONTEREY COUNTY
 WARRANT REGISTER
 FOR JANUARY 31, 2015

DATE	CK#	NAME	DESCRIPTION	CHECK AMOUNT	DEPOSIT AMOUNT	ACCOUNT BALANCE
01/30/2015	EFT	EFTPS	Federal Payroll Tax Deposit	2,660.06		152,860.45
01/30/2015	EFT	Cal PERS Fiscal Services Division	1959 Survivor Benefit covering 7/1/14-6/30/15	120.00		152,740.45
01/30/2015	EFT	Cal PERS Fiscal Services Division	EFT#1000517312	60.00		152,680.45
01/30/2015	4882	Darren J McBain	For Payroll Period Ending 1/23/15 Paid 1/30/15	0.00		152,680.45
01/30/2015	4883	Gail M Lawrence	For Payroll Period Ending 1/23/15 Paid 1/30/15	0.00		152,680.45
01/30/2015	4884	Kathryn M. McKenna	For Payroll Period Ending 1/23/15 Paid 1/30/15	0.00		152,680.45
01/30/2015	4885	Taven M Kinison Brown	For Payroll Period Ending 1/23/15 Paid 1/30/15	2,158.81		150,521.64
01/30/2015	4886	Bruce Lindsey	Monthly Building Rent	1,926.28		148,595.36
01/30/2015	4887	AT&T	Telephone Service from 12/12/14-1/11/15	148.12		148,447.24
01/30/2015	4888	AT&T Mobility	Telephone Service 12/14/14-1/13/15	145.82		148,301.42
01/30/2015	4889	Hayashi Wayland	Accounting Services #72520	3,000.00		145,301.42
01/30/2015	4890	Larsen Technology Service	Phone System Repair	165.00		145,136.42
01/30/2015	4891	Monterey County	File No. 14-05 Pajaro-Sunny Mesa CSD - PSMCSD Application	25.00		145,111.42
01/30/2015	4892	Principal Life	February 2015 Benefits: LTD,ADD,STD,Life	358.75		144,752.67
01/30/2015	4893	Quality Water Enterprises, Inc.	Water Dispenser Rental 2/1/15-2/28/15	19.30		144,733.37
01/30/2015	4894	SlingShot Connections	Temp Services: Jimenez, Alma for W/E 1/18/15	262.00		144,471.37
01/30/2015	4895	United Group Insurance Trust	January 2015 Dental \$440.11;Vision \$50.84	723.72		143,747.65
				<u>\$ 79,724.14</u>	<u>\$ 150,000.00</u>	
Ending Balance 1/31/2015						<u><u>\$ 143,747.65</u></u>

LOCAL AGENCY FORMATION COMMISSION

P.O. Box 1369

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KATE McKENNA, AICP
Executive Officer

DATE: February 23, 2015
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: PAY-OFF OF UNFUNDED PENSION LIABILITY

SUMMARY OF RECOMMENDATION:

The Budget and Finance Committee recommends that the Commission authorize the Executive Officer to pay off LAFCO's unfunded pension liability, with equity from the Unreserved Fund Balance, in an amount not to exceed \$110,367.

EXECUTIVE OFFICER'S REPORT:

On February 13, the Budget and Finance Committee discussed the most recent CalPERS actuarial report for LAFCO's retirement plan. LAFCO's share of the employer pool's unfunded pension liability will be \$110,367 as of June 30, 2015. LAFCO has the option to pay off this liability by June, or to amortize payments over 20, 25 or 30 years. There is considerable interest in paying off the unfunded liability sooner, in order to realize savings. Upon discussion of the options and their fiscal implications, the Committee unanimously recommends paying off the pension liability in the current fiscal year, using equity from the Unreserved Fund Balance.

An excerpt from the actuarial report describes the payment options, and is attached for reference. The complete report is posted on the LAFCO website and available upon request.

Fiscal Implications

Equity is available in the Unreserved Fund Balance to pay off the unfunded pension liability. The recommended action will save LAFCO and its contributing agencies nearly \$200,000 in interest costs, as compared to a 30-year amortization option. Also, the recommended action will reduce LAFCO's employer contribution rate to the retirement plan beginning July 1, 2015.

Respectfully Submitted,



Kate McKenna, AICP,
Executive Officer

Attachment: Excerpt from CalPERS Actuarial Report as of June 30, 2013, dated October 2014



California Public Employees' Retirement System
 Actuarial Office
 P.O. Box 942709
 Sacramento, CA 94229-2709
 TTY: (916) 795-3240
 (888) 225-7377 phone -- (916) 795-2744 fax
 www.calpers.ca.gov

October 2014

**MISCELLANEOUS PLAN OF THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
 (CalPERS ID: 7449296272)
 Annual Valuation Report as of June 30, 2013**

Dear Employer,

As an attachment to this letter, you will find a copy of the June 30, 2013 actuarial valuation report of your pension plan. Because this plan is in a risk pool and the CalPERS Board approved structural changes to risk pooling on May 21, 2014 you will notice some changes between your last actuarial report and this one. An overview of the changes to pooling is provided below and we urge you to carefully review the information provided in this report.

Because this plan is in a risk pool, the following valuation report has been separated into two Sections:

- Section 1 contains specific information for your plan, including the development of your pooled employer contributions and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to your plan, as of June 30, 2013.

Section 2 can be found on the CalPERS website at (www.calpers.ca.gov) then select in order "Employers", "Actuarial, Risk Pooling & GASB 27 Information", "Risk Pooling", "Risk Pool Annual Valuation Reports", then select the appropriate pool report.

Your 2013 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your CalPERS staff actuary, whose signature appears in the Actuarial Certification Section on page 1, is available to discuss your report with you after October 31, 2014.

Future Contribution Rates

Fiscal Year	Employer Normal Cost Rate	+	Employer Payment of Unfunded Liability
2015-16	8.512%		\$ 3,958
2016-17 (projected)	8.9%		\$ 4,925

Assumes 30-yr amortization

The exhibit above displays the Minimum Employer Contributions, before any cost sharing, for 2015-16 along with estimates of the contributions for 2016-17. The estimated contributions for 2016-17 are based on a projection of the most recent information we have available, including an estimated 18.0 percent investment return for fiscal 2013-14, the impact of the new amortization methods adopted by the CalPERS Board in April 2013 that will impact employer rates for the first time in 2015-16 and new actuarial assumptions adopted by the CalPERS Board in February 2014 that will impact rates for the first time in 2016-17. These new demographic assumptions include a 20-year projected improvement in mortality.

A projection of employer contributions beyond 2016-17 can be found in the Risk Analysis Section of this report, **"Analysis of Future Investment Return Scenarios"**, under a variety of investment return scenarios. Please disregard any projections provided to you in the past. Member contributions, other than cost sharing (whether paid by the employer or the employee), are in addition to the above amounts. The employer contributions in this report do not reflect any cost sharing arrangements you may have with your employees.

The estimate for 2016-17 also assumes that there are no future contract amendments and no liability gains or losses (such as larger than expected pay increases, more retirements than expected, etc.) This is a very important assumption because these gains and losses do occur and can have a significant effect on your contributions. Even for the largest plans or pools, such **gains and losses can impact the employer's contribution rate by one or two percent of payroll or even more** in some less common circumstances. These gains and losses cannot be predicted in advance so the projected employer contributions are estimates. Your actual employer contributions for 2016-17 **will be provided in next year's valuation report.**

Changes since the Prior Year's Valuation

On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and rate smoothing policies. Beginning with the June 30, 2013 valuations that set the 2015-16 rates, CalPERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. The impact of this new actuarial methodology is reflected in the **"Analysis of Future Investment Return Scenarios"** subsection of the **"Risk Analysis"** section of your report.

On January 1, **2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect.** In addition to creating new retirement formulas for newly hired members PEPRA also effectively closed all existing active risk pools to new employees. As such it is no longer appropriate to assume that the payroll of the risk pools for the classic formulas will continue to grow at 3 percent annually. Funding the promised pension benefits as a percentage of payroll would lead to the underfunding of the plans. In addition the current allocation of the existing unfunded liabilities based on payroll would create equity issues for employers within the risk pools. Furthermore the declining payroll of the classic formula risk pools will lead to unacceptable levels of employer rate volatility.

In order to address these issues the CalPERS Board of Administration approved at their May 21, 2014 meeting structural changes to the risk pools. All pooled plans will be combined into two active pools, one for all miscellaneous groups and one for all safety groups, effective with the 2013 valuations. By combining the pools this way the payroll of the risk pools and the employers within the pools can once again be expected to increase at the assumed 3 percent annual growth. However two important changes are being made which will affect employers.

1. Beginning with FY 2015-16 CalPERS will collect employer contributions toward your unfunded liability and side fund as dollar amounts instead of the prior method of a contribution rate. This change will address the funding issue that would still arise from the declining population of classic formula members. Although employers will be invoiced at the beginning of the fiscal year for their unfunded liability and side fund

payments the plan's normal cost contribution will continue to be collected as a percentage of payroll.

2. **The pool's unfunded liability will be allocated to each individual plan based on the plan's total liability rather than by plan individual payroll.** This will allow employers to track their own unfunded liability and pay it down faster if they choose. The change in the allocation of unfunded liabilities will result in some employers paying more towards their unfunded liability and some paying less.

On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect.

The impact of the PEPRA changes are included in the rates and the benefit provision listings of the June 30, 2013 valuation for the 2015-16 rates. For more information on PEPRA, please refer to the CalPERS website.

In 2014 CalPERS completed a 2-year asset liability management study incorporating actuarial assumptions and strategic asset allocation. On February 19, 2014 the CalPERS Board of Administration adopted relatively modest changes to the current asset allocation that will reduce the expected volatility of returns. The adopted asset allocation is expected to have a long-term blended return that continues to support a discount rate assumption of 7.5 percent. The Board also approved several changes to the demographic assumptions that more closely align with actual experience. The most significant of these is mortality improvement to acknowledge the greater life expectancies we are seeing in our membership and expected continued improvements. The new actuarial assumptions will be used to set the FY 2016-17 contribution rates for public agency employers. The increase in liability due to new actuarial assumptions will be calculated in the 2014 actuarial valuation and will be amortized over a 20-year period with a 5-year ramp-up/ramp-down in accordance with Board policy.

Besides the above noted changes, there may also be changes specific to your plan such as contract amendments and funding changes.

Further descriptions of general changes are included in the *"Highlights and Executive Summary"* section and in Appendix A, *"Statement of Actuarial Data, Methods and Assumptions"* of your section 2 report. We understand that you might have a number of questions about these results. While we are very interested in discussing these results with your agency, in the interest of allowing us to give every public agency their result, we ask that, you wait until after October 31 to contact us with actuarial related questions.

If you have other questions, please call our customer contact center at (888) CalPERS or (888-**225-7377**).

Sincerely,



ALAN MILLIGAN
Chief Actuary

Alternate Amortization Schedules

The amortization schedule shown on the previous page shows the minimum contributions required according to CalPERS amortization policy. There has been considerable interest from many agencies in paying off these unfunded accrued liabilities sooner and the possible savings in doing so. As a result, we have provided alternate amortization schedules to help analyze your current amortization schedule and illustrate the advantages of accelerating unfunded liability payments towards your plan's unfunded liability of \$110,367 as of June 30, 2015, which will require total payments of \$288,038.

30 year
amortization

Shown below are the level rate payments required to amortize your plan's unfunded liability assuming a fresh start over the various periods noted. Note that the payments under each scenario would increase by 3 percent for each year into the future.

Optional Period	2015-16 Payment	Level Rate		
		Total Payments	Total Interest	Savings
25 yr.	\$ 7,295	\$ 265,970	\$ 155,603	\$ 22,068
20 yr.	\$ 8,333	\$ 223,911	\$ 113,544	\$ 64,127

Current CalPERS Board policy calls for lump sum contributions in excess of the required employer contribution shall first be used to eliminate the side fund, if applicable, and then the plan's share of the pool's unfunded accrued liability - \$110,367.

} Recommended
option

Please contact your plan actuary before making such a payment to ensure that the payment is applied correctly.

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Salinas, CA 93902 Salinas, CA 93901
Telephone (831) 754-5838 Fax (831) 754-5831
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KATE MCKENNA, AICP
Executive Officer

DATE: February 23, 2015
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: 2015 MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE
STUDY FOR THE MONTEREY REGIONAL WASTE MANAGEMENT
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 *2015 Municipal Service Review and Sphere of Influence Study for the Monterey Regional Waste Management District* (Attachment 1), and
4. Consider and adopt a resolution (Attachment 2) to:
 - a) Find that the action is exempt from provisions of the California Environmental Quality Act (CEQA) as “information collection” under Section 15306, and under the “general rule” exception of Section 15061(b)(3) of the State CEQA Guidelines;
 - b) Approve the *2015 Municipal Service Review and Sphere of Influence Study for the Monterey Regional Waste Management District*; and
 - c) Based on the Study’s recommended determinations, affirm the District’s currently adopted Sphere of Influence with no changes.

EXECUTIVE OFFICER’S REPORT:

State law requires LAFCO to periodically review and update the services and Spheres of Influence of all cities and special districts. In accordance with the Commission’s adopted work program, LAFCO staff has prepared a comprehensive study of the Monterey Regional Waste Management District. As described in the attached Study, the District has adequate capacity to meet existing and potential future service needs within its existing Sphere of Influence, which LAFCO first designated for the District in 1982. No change is recommended to the District’s Sphere. The District is not currently proposing any boundary or Sphere modifications.

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 Coordination and Public Review

Because no changes are proposed to the District’s existing Sphere of Influence, state law and LAFCO’s locally adopted policies require no public notice or hearing for this agenda item (Municipal Service Review and Sphere of Influence Study). An earlier draft of the attached Study was reviewed with the District’s staff representatives and Board of Directors. The previous draft was posted to LAFCO’s web site in mid-January.

In the course of preparing this Study, LAFCO staff has also coordinated with representatives of the Salinas Valley Solid Waste Authority, which operates under the name Salinas Valley Recycles. The Salinas Valley Solid Waste Authority is a Joint Powers Authority providing solid waste services in an area that includes a portion of the District’s Sphere of Influence in northern Monterey County, as described in greater detail in the Study. The Authority was formed in 1997, outside of the Cortese-Knox-Hertzberg Act and without LAFCO oversight.

On January 9, 2015, LAFCO staff provided a letter to the Authority (Attachment 3) outlining the rationale for staff’s recommendation that the District’s existing Sphere of Influence be affirmed with no changes. An advance draft of the Study was provided to the Authority along with the letter. LAFCO’s letter was prepared in response to a 2014 letter from the Authority that questioned the appropriateness of maintaining the District’s existing Sphere of Influence in light of the Authority’s existing operations and investments in northern Monterey County.

In early February, Authority staff provided an advance draft of a staff report and letter (Attachment 4) for the Authority’s February 19 regular meeting. The staff report and letter reiterate and expand on the concerns the Authority previously expressed regarding preservation of the District’s existing Sphere of Influence.

In the attached revised draft Study, LAFCO staff has added several factual statements and clarifications that address issues raised in the Authority’s February 19 staff report and draft letter. In staff’s opinion, none of the issues raised in the Authority’s recent submittal provide a basis for changing staff’s recommendation that the Commission affirm the District’s existing Sphere of Influence, for the reasons outlined in the Study. At the Authority’s request, the LAFCO Executive Officer will attend the Authority’s February 19 meeting to discuss the Study and to answer questions.

The District is preparing an analysis and response to the main points raised in the Authority’s February 19 staff report and draft letter. The District’s response will be forwarded to the Commission as soon as it becomes available.

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 - *2015 Municipal Service Review and Sphere of Influence Study for the Monterey Regional Waste Management District.*
2. Draft Resolution Adopting the *2015 Municipal Service Review and Sphere of Influence Study for the Monterey Regional Waste Management District.*
3. LAFCO Letter to the Salinas Valley Solid Waste Authority, Dated January 9, 2015
4. Salinas Valley Solid Waste Authority Meeting Materials for February 19, 2015 – Staff Report and Draft Letter to LAFCO

cc:

William Merry, General Manager, Monterey Regional Waste Management District
Patrick Mathews, General Manager, Salinas Valley Solid Waste Authority
Mike Novo, Planning Director, County of Monterey
Ray Bullick, Health Department Director, County of Monterey
Michael Colantuono, LAFCO Special Counsel

Public Review Draft (Revised)

2015 Municipal Service Review
and Sphere of Influence Study:

Monterey Regional Waste
Management District

February 13, 2015

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**2015 MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY
FOR THE MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT**

Monterey Regional Waste Management District – At A Glance	
Formation Date	1951, initially as the Monterey Peninsula Garbage and Refuse Disposal District
Legal Authority	Health and Safety Code, Sections 4100-4165
Board of Directors	The nine-member board includes a representative from each of the municipalities within the District boundaries, one to represent unincorporated Monterey County within the District, and a director-at-large. Board members are appointed to four-year terms.
District Area	The District encompasses 760 square miles, including the Cities of Carmel-by-the-Sea, Del Rey Oaks, Marina, Monterey, Pacific Grove, Sand City, and Seaside and the unincorporated areas of Big Sur, Carmel, Carmel Highlands, Carmel Valley, Castroville, Corral De Tierra, Laguna Seca, Moss Landing, Pebble Beach, San Benancio, and Toro Park.
Sphere of Influence	405 square miles beyond current District boundaries
Population	Approximately 149,400
Agency Powers	Responsible for the solid waste management, processing, and disposal of garbage and refuse (includes recycling). District may also operate and maintain garbage and refuse disposal sites and generate power.
Budget (FY 2014-15)	\$19,974,000 (operating and non-operating expenses, including long-term debt reduction); \$7,306,000 capital outlay for equipment and facility improvements
Vision Statement	“Turning Waste into Resources”
Mission Statement	“Turning Waste into Resources in the Most Cost-Effective and Environmentally Sound Manner to Benefit the Community”
General Manager	William Merry, P.E., B.C.E.E., General Manager
Contact Information	14201 Del Monte Boulevard, Marina, CA 93933-1670, (831) 384-5313
Web site	www.mrwmd.org

EXECUTIVE SUMMARY AND RECOMMENDATIONS

Background and Purpose

This Municipal Service Review and Sphere of Influence Study provides information about the services and boundaries of the Monterey Regional Waste Management 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 districts in Monterey County (Government Code section 56425). State law also requires that, prior to updating an adopted Sphere, LAFCO shall conduct a review of municipal services (Government Code section 56430). In addition, this report informs the general public about the nature, accomplishments and challenges of an entrepreneurial, successfully managed agency of regional importance.

District Boundaries and Sphere of Influence

From its 1951 origins as the Monterey Peninsula Garbage and Refuse Disposal District, the Monterey Regional Waste Management District's boundaries have expanded through annexations to its current 760-square-mile area. The annexed territory covers most of the western side of Monterey County. Another 405 square miles beyond the District's current boundaries are designated as the District's Sphere of Influence, including North Monterey County, the Greater Salinas Area and a portion of the Big Sur Area. Please see Figure 1 for a map of the current District boundaries and Sphere of Influence. No changes are proposed or recommended at this time.

Established by LAFCO in 1982, the District's Sphere of Influence designation was based in part on the County of Monterey's 1981 Solid Waste Management Plan. The plan envisioned developing the Monterey Peninsula (Marina) landfill site into a regional facility that serves North Monterey County and the Greater Salinas Area, as well as the District's then-existing boundaries. This regional vision was based in part on the potential for a single, consolidated facility to develop and implement economies of scale in resource recovery and energy conversion. The landfill facility's size, proximity to waste generation centers, and other advantages were also identified in the Commission's 1982 action.

In establishing the District's Sphere of Influence, LAFCO recognized that evolution of the Monterey Peninsula (Marina) landfill into a single, consolidated facility to serve all or most of the District's Sphere would be a long-term process. Since 1982, some of the initial actions identified as likely steps toward the MRWMD landfill's eventual consolidation into a single facility for North County have occurred, including closure of the Crazy Horse Canyon and Lewis Road facilities. Other actions are underway and are continuing to evolve, such as the District's continuing development of large-scale, state-of-the-art waste reduction/diversion facilities and services at its Marina facility.

Other strengths originally identified in support of a consolidated Marina landfill facility—such as size and proximity to primary population centers, and thus waste-generation areas—remain relevant today. Substantial portions of the original Sphere of Influence have been annexed to the Monterey Regional Waste Management District in 1982 and 1996. Additional annexations and/or contracts to provide service may reasonably be anticipated in the future.

The District's rate of annexation into its northerly Sphere of Influence area may have been slowed by the 1997 formation of the Salinas Valley Solid Waste Authority, a Joint Powers Authority that currently provides solid waste services in northern and eastern Monterey County. The Solid Waste Authority is a voluntary-participation entity whose formation and service area are not subject to LAFCO regulation, but which is subject to Municipal Service Reviews and other informational studies by LAFCO. The Authority's self-designated service area includes areas of North Monterey County and the Greater Salinas Area – areas that are within the District's Sphere of Influence. As a result, formation of the Authority and its service area in 1997 resulted in an overlap with the District's Sphere of Influence.

Figure 2 illustrates the overlap of the Authority's service area (1997) with the District's Sphere of Influence (1982). LAFCO identified this overlap issue in Municipal Service Reviews prepared for the Monterey

Regional Waste Management District (2007) and the Salinas Valley Solid Waste Authority (2006). The issue was also raised in an April 2014 letter from the Solid Waste Authority to the LAFCO Executive Officer. The Authority questions whether the District's 1982 North County Sphere of Influence is still appropriate, given that the Authority now has existing operations and future plans in the same area.

While the District and LAFCO respect the activities of the Authority, and no annexations are proposed at this time, the overlap does not negate the long-term vision of the County's 1981 Solid Waste Management Plan and LAFCO's 1982 Sphere of Influence action, and the significant investments that the District has made—and is making—to develop and deploy regional facilities, services and programs. Future service changes and needs may be identified that will necessitate annexation or contract services in the District's Sphere of Influence. For example, the County of Monterey in 2012 issued a notice of withdrawal from the Authority, and then in 2013 rescinded that notice and decided to remain a conditional member of the Authority. A County condition of continued membership is a requirement for the Authority to participate in an independent study of countywide waste management and opportunities for greater efficiency. That study is now underway. If the County (or other member) withdraws from the voluntary Authority, the Monterey Regional Waste Management District is capable of providing vital solid waste service to affected residents in the 1982 Sphere of Influence area, potentially at a cost equal to or lower than current service costs. Accordingly, it is important to maintain the current Sphere to facilitate possible future provision of services to that area whether by contract or annexation, if requested by the citizens of the area.

District Facilities, Services, Capacity and Other Highlights

The Monterey Regional Waste Management District provides comprehensive, state-of-the-art waste management services. The facility is located two miles northeast of Marina, in the Monterey Regional Environmental Park shared with the Monterey Regional Water Pollution Control Agency. In addition to a landfill with enormous capacity, this site features several important waste-reduction and waste-diversion facilities that implement the District's stated vision of "*Turning Waste into Resources*." These include an indoor materials recovery facility to divert recyclable and reusable materials from the waste stream; systems that use landfill gas to generate electricity, and an innovative, anaerobic digestion food scrap composting project. The District also provides green waste processing and composting, household hazardous waste collection, reusable materials resale and public outreach programs in support of its mission.

Landfill and waste-reduction and diversion components of the District's operations have adequate capacity to meet existing and likely future service needs within existing boundaries and in areas within the District's Sphere of Influence, in the event of annexations or new contracts for service. The District estimates its landfill to have a remaining site life of approximately 150 years. The estimated site life has been increasing in recent years, rather than decreasing, as the District has been implementing waste-reduction technologies and site improvements.

The District partners with the Monterey Regional Water Pollution Control Agency (MRWPCA). Both utilize methane as a biogas fuel to produce electricity. The MRWPCA's gas-generated electrical power is used to process wastewater into a valuable source of irrigation water. The District and the MRWPCA are in discussion about other opportunities for collaboration in the shared utilization of biogas and processing of food scraps. In addition, the District and the MRWPCA actively engage with the community through facility tours, public workshops, and outreach to schools. Both Boards have adopted "shared services" agreements.

The nine-member Board of Directors of the Monterey Regional Waste Management District broadly represents its constituent communities. The District recently obtained a certification for excellence in meeting the highest standards of accountability, transparency and ethics. The Board and staff are committed to delivery of high quality services in a cost-efficient manner. The District's finances are stable and responsibly managed. It consistently operates in the black and its net assets are stable. The District has accumulated substantial cash reserves to cover operational emergencies and long-term capital improvements. The District is currently debt free, but has indicated that it plans to borrow funds in 2015 to finance planned capital improvements.

The District has the capability to address likely future challenges and state waste reduction mandates. Of the challenges identified and discussed in this study, the most salient is the issue of long-term sustainability of the District's revenue model – revenues rely heavily on landfill tipping fees, while the District's leadership in waste reduction and diversion is achieving the desired result of reducing landfill deposits. The District is exploring alternatives to the current revenue model. In the meantime, District finances remain stable and healthy.

With its past and present investments in comprehensive, state-of-the-art facilities such as the materials recovery facility, the Monterey Regional Waste Management District has the potential to develop a collaborative service delivery arrangement with the Salinas Valley Solid Waste Authority. The District and the Authority are currently participating in a comprehensive independent countywide study of solid waste streams and processes. That study may identify additional opportunities for shared facilities between the two waste management agencies.

Recommendations

Based on determinations presented on pages 25 through 27 of this Municipal Service Review and Sphere of Influence Study, the Executive Officer recommends that the Commission conduct a public hearing and adopt a resolution: (1) finding this study exempt under California Environmental Quality Act Guidelines; (2) approving this study, (3) adopting the MSR and Sphere determinations contained in this report, and (4) affirming the Monterey Regional Waste Management District's currently adopted Sphere of Influence.

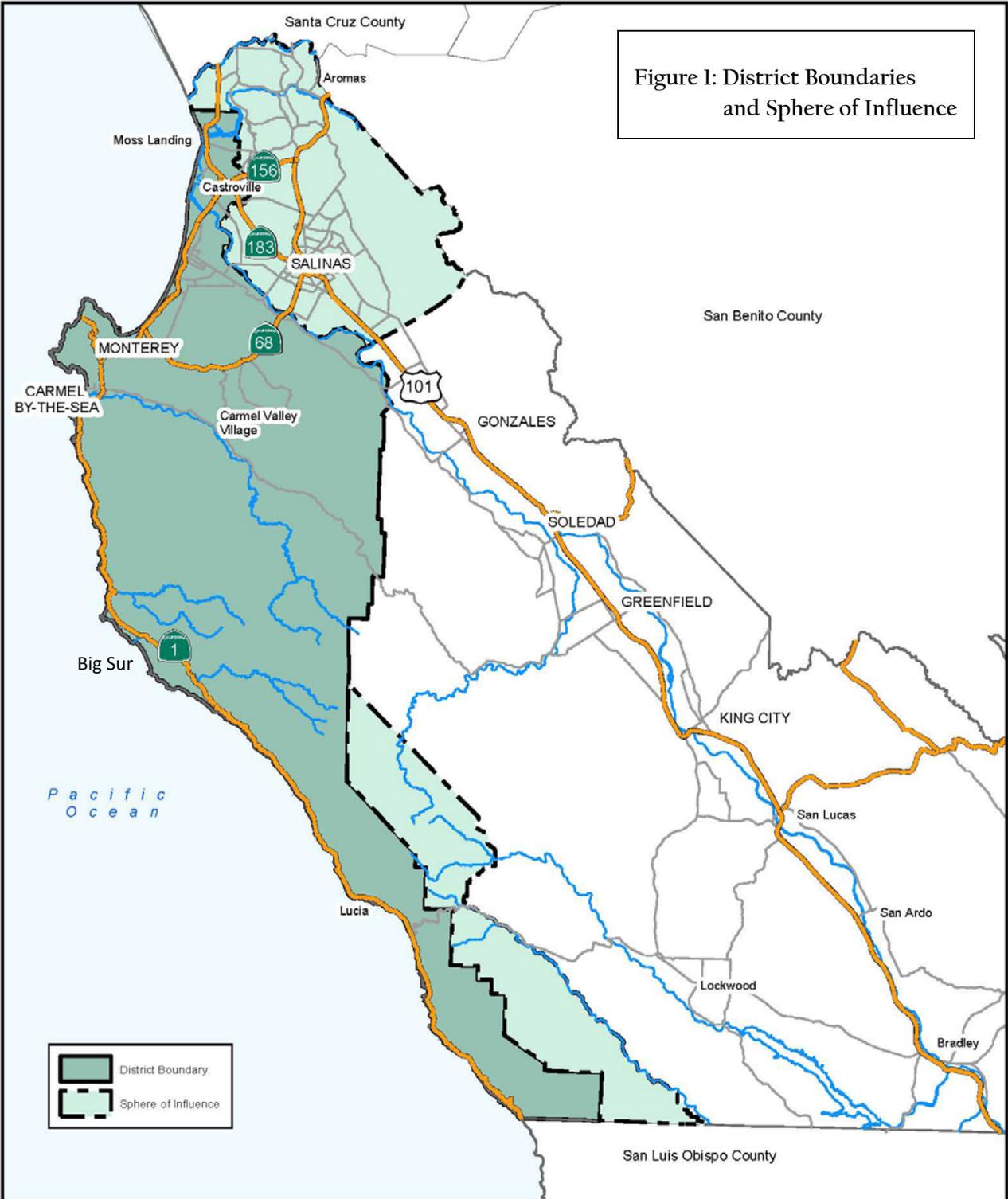
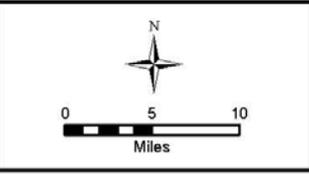


Figure 1: District Boundaries and Sphere of Influence

LAFCO of Monterey County
 LOCAL AGENCY FORMATION COMMISSION

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SPECIAL DISTRICTS

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Last LAFCO-Approved Change: 04/02/1982
 Sphere of Influence Adopted: 04/27/1982
 Map Prepared: 5/8/2014

HOW THIS REPORT IS ORGANIZED

This report presents a brief history of the District. It discusses the status of the District's boundaries and Sphere of Influence, and describes the District's facilities, services, needs and plans for expansion. It reviews the District's governance, community partnerships and finances. The report examines future challenges facing the District. It concludes with recommended determinations as required by the Cortese-Knox-Hertzberg Act, and with acknowledgements and source references.

DISTRICT HISTORY

The Monterey Regional Waste Management District formed as the Monterey Peninsula Garbage and Refuse Disposal District in 1951. It formed after City leaders from Pacific Grove, Monterey, and Carmel united to petition the Monterey County Board of Supervisors to find a solution to the routine dumping and burning of waste on nearby coastal sand dunes. The District initially served a 75-square-mile area. The Monterey Peninsula Garbage and Refuse Disposal District purchased 570 acres north of Marina in 1966 as the site for the new Monterey Peninsula Landfill and received its first load of waste in 1965. The District changed its name to the Monterey Regional Waste Management District in 1987.

Summary of Past LAFCO Actions

The following is a summary of past LAFCO actions related to the District's boundaries and Sphere of Influence.

1976: First LAFCO record of annexation of new territory (Marina Area).

1982: LAFCO establishes a Sphere of Influence for the District (Note: the District's Sphere has not changed since 1982).

1982: Annexation of North County and South County service areas, consistent with the District's adopted Sphere of Influence.

1996: Annexation of two separate areas near Castroville, consistent with the District's adopted Sphere of Influence. (No further boundary changes have occurred since 1996.)

2007: Adoption of LAFCO's original Municipal Services Review for the District. The 2007 Review included, on page 149, a brief discussion of the District's Sphere of Influence, and did not identify any recommended changes to the District's Sphere.

Two of these items—the 1982 Sphere of Influence designation and the 2007 Municipal Services Review—are discussed in more detail below.

District's Sphere of Influence Designation (1982)

A Sphere of Influence is a LAFCO-designated area of territory that is outside a local agency's current boundaries but is planned for the agency's probable future boundaries and service area. LAFCO established the District's Sphere of Influence in March 1982. The District's Sphere of Influence includes the City of Salinas area and other areas in northern Monterey County and the Salinas Valley that are currently served by the Salinas Valley Solid Waste Authority. The District's Sphere also includes a sparsely populated area along the Santa Lucia Mountain Range in the Big Sur region.

In establishing the District's Sphere of Influence in 1982, LAFCO based its decision on the County of Monterey's 1981 Solid Waste Management Plan, which envisioned developing the Marina landfill site into a regional facility serving the greater Salinas area and the rest of North Monterey County as well as the District's then-existing boundaries.

"The County's Solid Waste Management Plan discusses development of the Marina site into a regional facility. The plan looked at consolidation of the Salinas, Lewis Road and Fort Ord dump sites into the Marina site. This means the Marina site would service the entire North County Area." (1982 LAFCO Sphere of Influence Study, page 25)

“[T]he County's ultimate waste management goal... is to provide for a consolidated resource recovery and energy conversion program.” (1982 LAFCO Sphere of Influence Study conclusions, page 36)

This regional vision was based in part on the potential for a single, consolidated facility to develop and implement economies of scale in resource recovery and energy conversion. The Marina landfill facility's size, proximity to waste generation centers, and other advantages were also identified in the Commission's 1982 action.

“The Marina site was selected as the regional site in the County [1981] Solid Waste Management Plan based on its size, accessibility to area waste generation centers, manageable water pollution problems, accessibility to potential energy markets, acceptable distance from potential materials markets, and favorable economic factors with increased scale of waste input.” (1982 LAFCO Resolution 82-5, page 3)

LAFCO's 1982 designation of the District's Sphere of Influence recognized that consolidation into a single landfill facility for all of North Monterey County would be a long-term process.

“[T]he likelihood of a change of disposal site status in North Monterey County and thus a change in the district's service area in the next five years is minimal. Change in the district's service area within five to twenty years will most likely be based on the implementation of resource recovery techniques and further advancements in the field of waste disposal.” (1982 LAFCO Sphere of Influence Study, page 27)

The 1981 Solid Waste Management Plan served as a historical basis for LAFCO's original designation of the District's Sphere of Influence in 1982. The current guiding document for countywide solid waste services and facilities is the Monterey County Integrated Waste Management Plan. The Monterey CIWMP was originally approved in 1997 and is updated with a status report every five years, most recently in September 2012. The CIWMP provides information about countywide demographics, waste quantities, funding sources, administrative responsibilities, waste diversion program implementation status and schedules, disposal capacity, and markets for recyclable materials.

District's 2007 Municipal Service Review and Identification of Boundary Issue with the Salinas Valley Solid Waste Authority

LAFCO's 2007 Municipal Service Review Study discussed the District's services, boundaries, and Sphere of Influence. This Study affirmed the District's infrastructure capacity and capabilities, management efficiencies, and accountability/governance. It identified no deficiencies and recommended maintaining the District's current Sphere of Influence.

The 2007 Study noted that the District's Sphere covers a broader area than the District's service area, and that no annexation proposals were anticipated at that time. It referenced the possibility of the District eventually serving the North Monterey County's waste management needs, particularly upon closure of the Crazy Horse Landfill northeast of Salinas. That landfill closed in 2009.

The 2007 Study also identified that the District's Sphere overlaps with service area of the Salinas Valley Solid Waste Authority, a Joint Powers Authority that serves the Salinas Valley area and northern Monterey County. This overlap, created by the Authority's formation in 1997 without LAFCO regulation or oversight, was identified as an issue. While LAFCO's 2007 Study did not recommend any changes to the District's 1982 Sphere of Influence, it did recommend consulting with the Solid Waste Authority to discuss the overlap issue (2007 Municipal Service Review, page 148). The overlap issue is further discussed in the District Boundaries and Sphere of Influence section, below.

Exercising its authority to study a Joint Powers Authority, LAFCO also prepared a Municipal Service Review for the Salinas Valley Solid Waste Authority in 2006 to understand the nature of the JPA and its relationship to the Monterey Regional Waste Management District. The 2006 study noted that SVSWA was in the process of securing a site for development of long-term capacity expansion, and made several references to future opportunities for sharing resources with the Monterey Regional Waste Management District.

DISTRICT BOUNDARIES AND SPHERE OF INFLUENCE

Introduction

LAFCO's designation of the District's Sphere of Influence in 1982 recognized that evolution of the District's Marina landfill into a single, consolidated facility to serve all of the District's Sphere would be a long-term process.

- “[T]he Salinas-Crazy Horse Canyon landfill and the Lewis Road Disposal sites have many years of remaining life. Consolidation of the dump sites will probably not be considered until their lives have been completely utilized.” (1982 LAFCO Sphere of Influence Study, page 26)
- “[T]he likelihood of a change of disposal site status in North Monterey County and thus a change in the district's service area in the next five years is minimal. Change in the district's service area within five to twenty years will most likely be based on the implementation of resource recovery techniques and further advancements in the field of waste disposal.” (1982 LAFCO Sphere of Influence Study, page 27)

Significant progress has been made, and is ongoing, to implement the actions identified in 1982 as likely steps toward the MRWMD's eventual consolidation into a single facility for the entire District including its Sphere of Influence. For instance, the Crazy Horse Canyon and Lewis Road facilities are now closed. Also, the District is continuing to develop and deploy large-scale, state-of-the-art waste reduction/diversion facilities and services at its Marina Site. For example, District operations now include a materials recovery facility, landfill gas to energy, an anaerobic digester, a comprehensive food scrap compost program, and other systems that are discussed in the Facilities, Services and Programs chapter of this Study. Other strengths identified in 1982 in support of a consolidated Marina facility—such as size and proximity to primary population centers (and thus waste-generation areas) — also remain relevant today.

At this time, the District is not proposing to modify its existing Sphere of Influence or boundaries (Figure 1). It believes it is important to maintain the current Sphere to facilitate possible future provision of services to that area whether by contract or annexation, if requested by the citizens of the area.

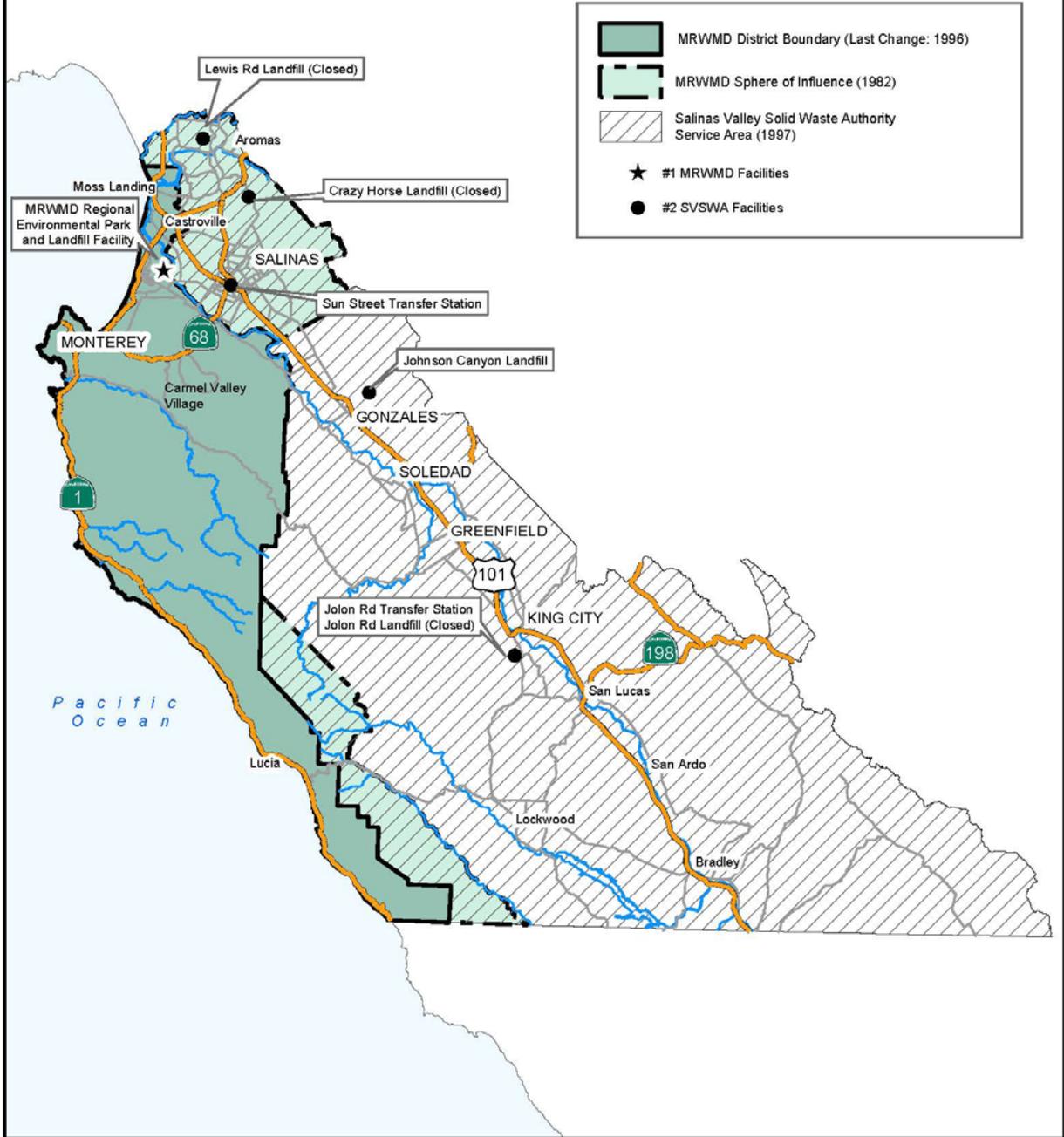
Discussion of Boundary “Overlap” Issue with the Salinas Valley Solid Waste Authority

Creation of the Salinas Valley Solid Waste Authority was not foreseen in 1982. As a Joint Power Authority formed in 1997 outside of the Cortese-Knox-Hertzberg Act and without LAFCO oversight, the Authority's self-determined service area overlaps with a portion of the District's Sphere of Influence. Please see the illustrative map in Figure 2. This overlap created the potential for conflict. It also creates opportunities for cooperation.

In an April 2014 letter from its Board of Directors to the LAFCO Executive Officer, the Salinas Valley Solid Waste Authority questioned whether the District's North County Sphere of Influence is still appropriate, given that the Authority has existing operations and future plans in the same area. As discussed above, the District's Sphere of Influence predated the Solid Waste Authority's formation by 15 years. The present-day overlap in the Authority's service area and the District's Sphere of Influence was the result of formation of the Joint Powers Authority. The overlap does not negate the long-term vision of the County's 1981 Solid Waste Management Plan, and the significant investments that the District has made, and continues to make, to develop and deploy regional facilities, services and programs.

While the District does not intend to annex the Sphere of Influence area at this time, it may initiate the annexation process in the future. Also, future service changes and needs may be identified that will necessitate annexation or contract services in the District's Sphere of Influence. For example, if the County of Monterey (or other member) withdraws from the voluntary Authority, the Monterey Regional Waste Management District is capable of providing vital solid waste services to affected residents. As noted above, the Solid Waste Authority's formation took place outside the LAFCO process, and resulted in the present-day overlap in the Authority's service area and the District's Sphere of Influence. The District respects the Authority's right to currently serve areas that overlap with the District's Sphere of Influence,

Figure 2: Monterey Regional Waste Management District and Salinas Valley Solid Waste Authority



<p>LAFCO of Monterey County LOCAL AGENCY FORMATION COMMISSION</p> <p>P.O. Box 1369 Salinas, CA 95902 Telephone (831) 754-5838</p> <p>132 W. Gabilan St., Suite 102 Salinas, CA 95901 FAX (831) 754-5831</p>	<p>N</p> <p>0 5 10 Miles</p>	<p>MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT & SALINAS VALLEY SOLID WASTE AUTHORITY</p>
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outside of the District boundaries. However, the District also intends to preserve its Sphere of Influence and its options to annex all or part of the area, or to provide contractual service to all or part of the Sphere area.¹ Any future annexation would be subject to the requirement (Cortese-Knox-Hertzberg Act, §56668) to consider any proposed change of organization's impact on other agencies. When an area is being transferred from an agency that is subject to bonded indebtedness to another agency, a LAFCO has the authority, pursuant to §56886(a)(c) and (d), to apportion the obligation and transfer a pro rata portion to the receiving agency. LAFCO could create a zone of benefit over the transferred area within the receiving agency to fund the repayment obligation. Any adverse effect on the Authority's bond obligation could be mitigated through this process as well as through negotiations between the member agencies of a Joint Powers Authority.

The current guiding document for countywide solid waste services and facilities (Monterey County Integrated Waste Management Plan) recognizes the Authority as the current provider of services for areas within the District's Sphere of Influence. Staff has reviewed the September 2012 Five-Year CIWMP Review Report and previous updates. They do not appear to contain any recommendations or other provisions that are fundamentally incompatible with the District retaining its existing Sphere of Influence and its potential to annex—or provide contractual services to—areas within it at a future date.

In 2014, the Monterey Regional Waste Management District and its member jurisdictions, along with the Salinas Valley Solid Waste Authority and its member jurisdictions, engaged an engineering firm to prepare a comprehensive evaluation of the current countywide solid waste management system and potential service improvements and efficiencies. The consultant's preliminary report is expected in 2015 and is further discussed in the Future Opportunities and Challenges section of this Study (below).

POPULATION AND GROWTH

As of 2015, the current population within the District's annexed boundaries is approximately 149,400. The population in the North County portion of the District's Sphere of Influence is 191,000, most of which is within the City of Salinas. The southern portion of the District's Sphere, on the inland side of the coastal mountains of Big Sur, is almost uninhabited, with a population estimated to be fewer than 20 persons outside of current District boundaries.

Population growth rate is one of several variables affecting the longevity of the District landfill and, consequently, its future ability to serve member agencies. Slower-than-expected rates of actual and projected population growth in the District's current boundaries and Sphere of Influence suggest that solid waste volume growth, as a result of population growth, is not currently a significant challenge to the District's outlook.

The District's current site-life estimate of approximately 150 years includes a population growth factor of 1%. According to the Association of Monterey Bay Area Government's (AMBAG), between 2000 and 2010 the countywide population grew by a total of only 3.3% for the entire decade, equating to a 0.1% compound annual growth rate. In June 2014, AMBAG adopted an update to its Regional Growth Forecast. As of 2014, the currently projected 2010-2035 countywide population increase is 19.3% (a 0.7% compound annual growth rate). The currently projected annual growth rate for the seven incorporated cities within the District's current boundaries is somewhat higher: 21.5%, or approximately 0.8% per year.

¹ Provision of contractual services would be subject to LAFCO approval of an out-of-agency service extension, pursuant to the Cortese-Knox-Hertzberg Act (§56133), unless the proposal is exempt under one of the exemptions to §56133. If it is not exempt, then the area to be served must be within the agency's Sphere in order for LAFCO to be able to approve the out-of-agency service extension. Whether a particular contractual agreement would be exempt depends on its terms and whether they come within the limited scope of the §56133 exemption provisions.

FACILITIES, SERVICES, AND PROGRAMS

Facilities

The District's facility is located about two miles northeast of the City of Marina. The site includes a 315-acre sanitary landfill site, a 126-acre buffer area, and 20 acres for the District's resource recovery facilities, administrative offices, board chambers, and maintenance buildings; see Figure 3. The District's facility is located at the Monterey Regional Environmental Park, where the District shares facilities and services with the Monterey Regional Water Pollution Control Agency.

Landfill: The District's landfill has a design capacity of approximately 84 million cubic yards. The remaining landfill waste capacity is approximately 72 million cubic yards, or approximately 86% of the site's capacity remains available. The District estimates its Monterey Peninsula (Marina) landfill to have a projected remaining lifespan of approximately 150 years. With physical site enhancements such as the Module Five landfill cell completed in July 2013, as well as continually increasing diversion rates, the landfill's projected lifespan has steadily increased over the years rather than decreasing. For example, in 1982 its lifespan was estimated to be 40 years. This is the case even after closure of the nearby Crazy Horse Canyon and Lewis Road landfills in the early 2000s, and with the Marina landfill also now receiving additional solid waste streams from outside Monterey County. (The landfill accepts haul loads from Santa Cruz and Santa Clara Counties, in addition to solid waste generated within the District).

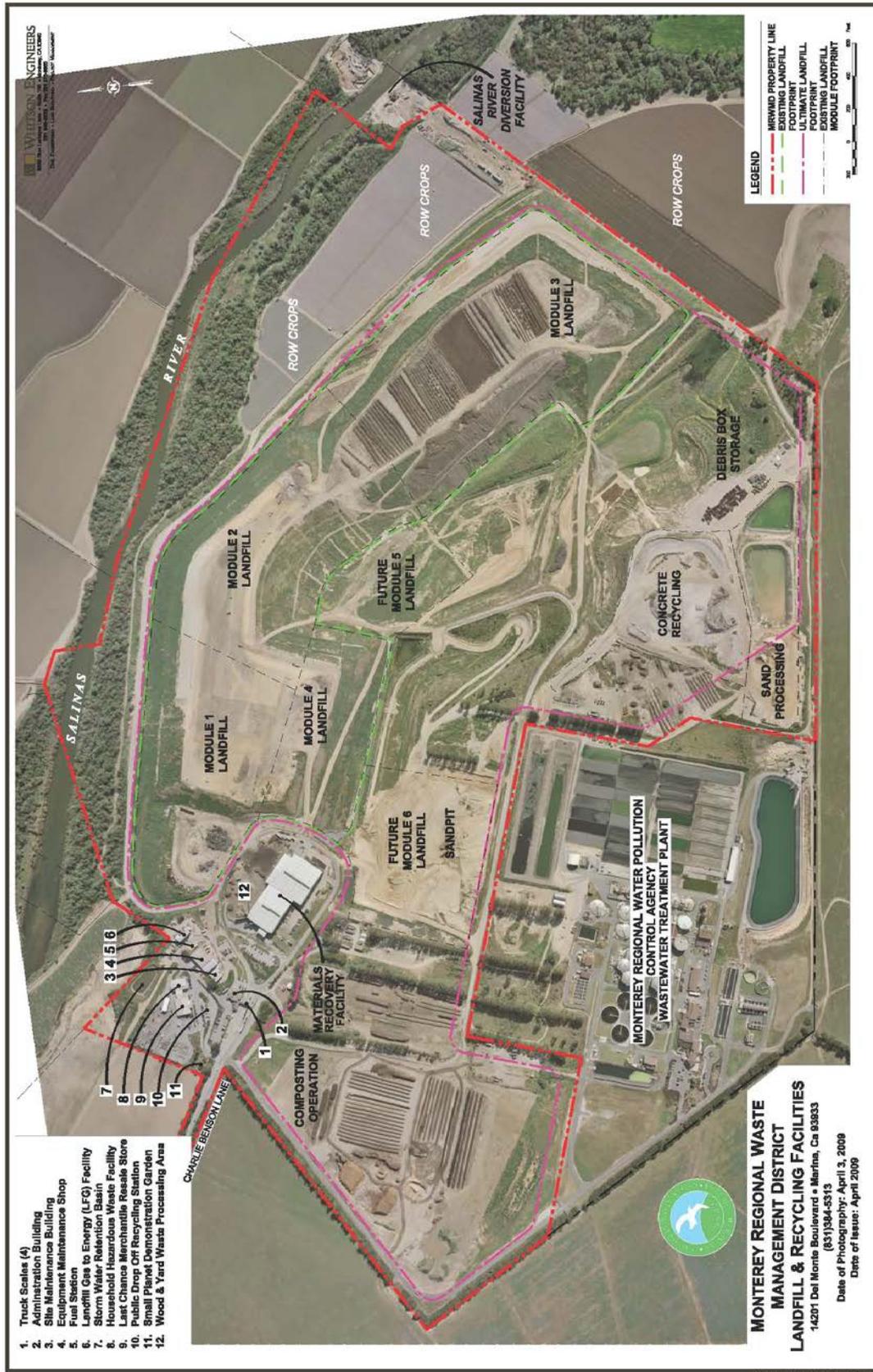
Various factors affect the actual site life of a landfill. As diversion rates rise with the advent of new technologies and legislative requirements, less of the waste stream goes to the landfill, continually increasing its projected lifespan. Other factors are variations in the rate of population growth in the service area, strength of the economy affecting commercial and agricultural waste generation rates, changes in waste generation rates due to fluctuations in source reduction and recycling volumes, and volumes of solid waste accepted from areas beyond Monterey County.

Resource Recovery Facilities: A modern, comprehensive solid waste management facility is much more than a landfill disposal site. In keeping with the District's vision statement, "*Turning Waste into Resources*," the District and its facility employ state-of-the-art waste reduction, diversion, and reuse systems and techniques. The District's primary innovative waste management facilities include:

- **Materials Recovery Facility (MRF):** This indoor facility, which opened in 1996, is a specialized plant for community waste processing, recycling and reuse. The MRF processes more than 70,000 tons of "dry mixed waste" each year that arrives in debris boxes, dumpsters, pick-up trucks, and trailers. The MRF also receives clean loads of source-separated green waste and wood scraps, the raw materials for making compost and wood chips. The MRF separates commingled reusable/recyclable materials and prepares them for sale to customers.

The facility's development responded to the 1989 Assembly Bill 939 mandate for California cities and counties to reduce their waste by 50% by the year 2000. As of the end Fiscal Year 2013/14, the District's on-site diversion rate was approximately 29%, with the MRF accounting for approximately 46% of the total diversion achieved by the member agencies of the District. The total diversion achieved by the member agencies of the District as measured by AB 9393 accounting ranged between 65% and 75%. With passage of AB 341 in October 2011, the statewide diversion goal increased to 75% by 2020. To address this new mandate, District staff is preparing for a \$21 million improvement project that will enable its facility to recover 75% or more of the mixed waste stream arriving from self-haul, commercial and multi-family sources, in addition to continuing to process the construction/demolition and self-haul loads it now receives, and is projected to enable the District member agencies to be in full compliance with the State's AB 341 diversion goal of 75% by 2020.

Figure 3: District Landfill and Recycling Facilities



(Source: MRWMD)

- **“Landfill Gas to Energy” Facility:** In 1983, the District developed and began operating one of the nation’s first landfill gas-to-electric energy plants at its facility. The process of capturing methane (“landfill”) gas begins after organic waste deposited into the landfill is digested by anaerobic bacteria. The bacteria produce methane gas, which is recovered via a series of wells placed into the landfill. The wells are connected by a pipe system that creates a vacuum and induces the gas into a compression facility. After further refining, the gas is pumped into internal combustion engines, powering four engine/generators to make electricity.

The District’s four generators now provide approximately five megawatts (MWs) of clean alternative power, meeting all of the District’s own power needs and electrical power equivalent to the needs of 4,000 residences. The carbon savings realized from using this amount of landfill gas for power, rather than fossil fuel-generated power, is equivalent to removing emissions from an estimated 33,760 vehicles. The District sells excess power generated from this project to Pacific Gas and Electric (PG&E) and other power purchasers. Revenues from this project have generally exceeded expenses. In the future, the District intends to process methane gas into compressed natural gas (CNG), some of which may be used to fuel some or all of the collection fleet that hauls solid waste to the District facility.

In July 2014, the District authorized a contract for approximately \$4 million in improvements to expand the Landfill Gas project’s capabilities from 5 to 8 MWs. District staff are also working with PG&E to upgrade the project’s utility connections in preparation for additional Landfill Gas-based power generation.

- **“SmartFerm” Anaerobic Digestion Fermentation System:** In 2013, the District began, on a pilot basis, to operate the first U.S.-based application of SmartFerm anaerobic digestion technology. SmartFerm is a state-of-the-art, trademarked system, comparable in size and appearance to four large shipping containers. The process uses microorganisms in an airtight chamber to harvest the energy value of organic materials (in this case, a 70-30 mix of food scraps and landscape trimmings) over a 21-day cycle, prior to composting. The District obtains food scraps through its Monterey Regional Compost Program, described below.

The SmartFerm facility can convert up to 5,000 tons of waste per year into “digestate” (the organic material), which is then removed and further composted) and methane gas. The methane gas is then combusted to produce enough electricity to power approximately 25 homes. The electricity produced is supplied to the Monterey Regional Water Pollution Control Agency’s regional wastewater treatment plant, providing 10% of the wastewater treatment plant’s power needs.

Community Partnerships

The District’s **Landfill Gas to Energy Project** and **SmartFerm System** are examples of partnerships with private entities and a local public agency. Each of these projects provides a benefit, in the form of renewable electric energy. The adjacent Monterey Regional Water Pollution Control Agency (MRWPCA) then uses the provided electrical power to process wastewater into an irrigation water source for Castroville-area agriculture.

The District and the MRWPCA have also discussed the possibility of sharing some administrative or other personal services in the future.

The District also partners with other private entities such as Zero Waste Energy, the Keith Day Company, and the Offset Project to develop and carry out District facilities and programs.

In addition, the District actively engages with the community through facility tours, public workshops, and outreach to schools, as discussed in the Public Education subsection, below.

Services and Programs

Diversion of waste from the landfill has long been a priority of the District board. With the advent of commercial recycling and other innovative programs—several of which have received statewide and national recognition—the District is moving forward toward meeting the AB 341 statewide goal of 75% diversion by 2020. The District’s services and programs include:

- **“Organics to Energy” - The Monterey Regional Compost Program:** The District offers a regional program that diverts food and other compostable organic “waste” from landfill disposal, turning organics into two resources: energy and compost. Through this program, participating businesses and institutions diligently separate food scraps and certified compostable food items and byproducts from their waste streams. These items are picked up by local haulers, inspected for contamination at the District’s Marina site, mixed with mulch, and loaded into an anaerobic digestion unit (see **SmartFerm System** description, above). Inside, biogas (methane) is released and used as fuel to produce electricity. After 21 days, the organic “digestate” is removed and finishes composting for the next 60-90 days in nearby windrows. It is then screened to remove any remaining contaminants and sold to agricultural users such as local vineyards.

In its first year of operation, this program has diverted 3,325 tons of food scraps and 1,425 tons of green waste, and produced more than 500,000 kilowatt-hours of electricity for use by the MRWPCA’s nearby wastewater treatment plant, as well as 4,400 tons of high-quality soil amendment for sale. As of June 2014, 24 large and small food service operations are contributing food scraps to the program. Participants include several major institutions such as the Monterey Bay Aquarium, Community Hospital of the Monterey Peninsula, California State University Monterey Bay, University of California Santa Cruz, and Asilomar Conference Grounds. www.organicstoenergy.org

Residential food scrap collection is not envisioned in the short term as co-collecting food scraps with green waste would devalue the high grade compost product produced at the MRWMD from green waste. Analysis of residential food scrap programs in other areas has shown that increase in diversion has been negligible following program implementation. Staff recommends that a pilot project be conducted locally in the next 3 years to better evaluate the potential of residential food scrap diversion co-collected with green waste. Finally, the planned MRF Improvements scheduled to be operational by mid-2016 is designed to recover organics from the mixed waste stream.

- **Green Waste (Yard Waste):** Through a contract with the Keith Day Company, the District produces several landscape products for sale to the public including: OMRI (Organic Materials Review Institute) listed organic compost, top soil, potting soil, and wood chips/mulch. The mulch is made using an electric grinder, powered by electricity that the District produces through the landfill gas renewable energy program.
- **Household Hazardous Waste (HHW):** The District receives approximately one million pounds of chemical and solid HHW and electronic waste annually from local residents and small businesses. Sixty percent of the HHW collected, primarily paint, is made available for reuse free of charge to District residents at the Last Chance Mercantile. The facility can receive household batteries, fluorescent bulbs, and “over the counter” medications and medical sharps.
- **Last Chance Mercantile:** This resale store is located in a 7,000-square-foot building and paved two-acre yard at the District’s Marina facility. The store offers convenient and free drop-off for reusable goods as an alternative to landfill disposal. The store also receives more than 800 tons of salvaged reusable goods from the materials recovery facility each year. Free ewaste collection is also offered along with a buyback center for California Redemption Value beverage containers. Financing for the building was included as part of the original financing for the Materials Recovery Facility, landfill gas building, and other site improvements. Builders who donate items to Last Chance Mercantile can receive credit toward meeting CalGreen or LEED waste diversion requirements.
- **Public Education:** The District offers tours of the landfill and Materials Recovery Facility by appointment to members of the public and student groups residing or operating in the District’s service area. The District’s Small Planet School Education Program provides education to thousands of local students, Elementary to postgraduate, on waste reduction, reuse and recycling. The District also offers a variety of free workshops throughout the year to members of the public. Most workshops are focused on green gardening topics, such as home composting. The District sells home composting supplies at the Last Chance Mercantile, the costs of which are subsidized for those living within the District’s service area.

District Recognition

The District strives to be at the forefront of innovation in waste reduction and recycling. In 1998, the Solid Waste Association of North America recognized the District with its Best Integrated Solid Waste Management System in North America award. In 2014 alone, the District received the following awards:

- Breathe California Central Coast's 2014 Clean Air Award, Technology Category (May 2014),
- California Resource Recovery Association's Dave Hardy Leadership in Organics Award (August 2014),
- Solid Waste Association of North America's Gold Excellence Award in Composting (August 2014),
- California Special District Association. Innovative Program of the Year Award for a Large District (October 2014),
- Solid Waste Association of North America, California Gold Rush Chapter Outstanding Public Agency Award (October 2014),
- Solid Waste Association of North America, California Gold Rush Chapter Municipal Member of Year - Tim Flanagan (October 2014), and
- Special District Leadership Foundation District Transparency Certificate of Excellence Recipient (September 2014).

The District's 2014 awards were based primarily on the District's innovative SmartFerm and Organics-to-Energy programs described above.

GOVERNANCE / TRANSPARENCY AND ACCOUNTABILITY

Governance

The District is an independent special district and governed by a nine-member Board of Directors. The Board is comprised of a representative from each of the seven cities within the District boundaries, plus one to represent unincorporated areas of the District, and a director-at-large. Board members are appointed to four-year terms. The Board maintains standing Finance and Personnel Committees, plus a Technical Advisory Committee that meets on an as-needed basis.

Transparency and Accountability

The District conscientiously meets and exceeds compliance with all State requirements for transparency and public accountability. It maintains a comprehensive web site (www.mrwmd.org) with links to current and past meeting agendas, agenda packets, meeting minutes, annual budgets, audited financial statements, and annual reports. Regular Board meetings are typically held on the third Friday of the month at 9:30 AM at the District's offices. District personnel post agendas and agenda packets for upcoming meetings on the District's web site and outside the District Office. 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.

In September 2014, the Monterey Regional Waste Management District received the prestigious District Transparency Certificate of Excellence from the Special District Leadership Foundation (an independent non-profit organization formed to promote good governance and best practices among California's special districts through certification, accreditation and other recognition programs). The Certificate of Excellence is intended to promote public transparency in the operations and governance of special districts. The program provides agencies with an opportunity to showcase their achievements in meeting and exceeding minimum legal requirements for governmental transparency.

In order to obtain this certification, the Monterey Regional Waste Management District documented its compliance with current minimum legal requirements related to:

- Current ethics training for all Board members,
- Brown Act compliance,
- Adoption of an expense reimbursement policy,
- Annual disclosure of reimbursements,
- Timely filing of financial transaction reports, including compensation, disclosure, to the State Controller, and
- Conducting of annual audits.

Beyond these minimum requirements, Transparency Certificate recipients have adopted policies about financial reserves, conflicts of interest, ethics, and handling Public Records Act requests. The certificate program also requires an agency's web site to provide specific and detailed current and archival information, and includes other stringent requirements related to outreach and best practices.

FINANCES

Operating Revenues and Expenses

The District's adopted Budget for Fiscal Year 2014-15 includes estimated revenues of \$21.1m. Sources of anticipated revenue include tipping fees (81%), landfill gas-to-energy sales (9.5%), other sales² (8.6%), and miscellaneous revenues (< 1%).

The District's \$19.4m in operating expenses budgeted for Fiscal Year 2014-15 occur within 20 separate accounts. The District's largest operating expenditure categories include Wages (36.0%), Benefits (17.5%), Amortization/ Depreciation (13.3%), and Repairs/Maintenance (9.3%).

The District's adopted 2014-15 budget projects a 12.6% increase in revenues compared to the 2013-14 budgeted amount, with a 3.2% increase in operating expenses. The increased income is primarily a result of increases in various types of solid waste tonnage coming into the District's landfill, along with increased tipping fees.

Non-Operating Revenues and Expenses

Non-operating revenues (such as interest income and leases) and expenses (e.g., revenue bond interest payments) represent a small proportion of the District's budget. The District's increased non-operating expenses in the 2014-15 budget, compared to 2013-14, largely reflect reduction of long-term debt; specifically, a \$250,000 revenue bond payment to fund infrastructure improvements.

Net Income

At the end of Fiscal Year 2013-14, the District's actual operating revenues and expenses were each higher than originally budgeted at the beginning of the fiscal year. However, the 17% increase in actual (vs. budgeted) operating revenues was much higher than the corresponding 1.3% increase in operating expenses, resulting in a much higher than expected FY 2013-14 net income.

The adopted FY 2014-15 budget anticipates a year-end \$1,511,000 net income that is substantial but is less than the 2013-14 actual amount.

Table 1, below, presents an overview of recent and budgeted District revenues, expenses, and net income.

Table 1 Monterey Regional Waste Management District: Income Budget Summary Fiscal Years 2012-13 through 2014-15				
	2012-13 (audited)	2013-14 (budgeted)	2013-14 (actual)	2014-15 (budgeted)
Operating Revenues	\$20,634,277	\$18,745,000	\$21,927,743	\$21,100,000
Operating Expenses	(18,922,937)	(18,818,000)	(19,070,481)	(19,424,000)
Non-Operating Revenues (Expenses)	(930,765) ³	95,000	113,878	(165,000)
NET INCOME	\$780,575	\$22,000	\$2,971,159	\$1,511,000

Source: Monterey Regional Waste Management District

² Includes sales of Last Chance Mercantile items, metals, sand, mulch, compost, wood chips, and biomass.

³ Primarily a result of one-time costs related to voluntary employee separations

Assets, Liabilities and Reserves

The District conducts annual financial audits, as required by law. An audit includes examining supporting evidence, testing account balances, and assessing the accounting principles used as well as overall financial statement presentation. All recent annual audits have resulted in a “clean opinion” being issued by the independent auditors, indicating that no deficiencies were found.

The District has accumulated sufficient cash reserves to cover current needs and long-term capital improvements. The District’s adopted FY 2014-15 budget includes \$7.3m in capital outlay for purchase of equipment and for facility improvements. A major investment in expanding the landfill gas-to-energy facility accounts for most of the anticipated FY 2014-15 capital outlay. After the current fiscal year, lesser capital outlays, averaging \$2.3m per year, are anticipated through FY 2018-19.

The audit for the FY 2013/14 (the most recent period for which final audited figures are available) indicated that the District had over \$34.6m in net assets as of the fiscal year’s end. The largest category of the District’s assets is its capital assets, which is the value of the District’s buildings, equipment, and infrastructure after deducting accumulated depreciation and debt still owed on these assets.

Total assets increased by approximately 3.9% between 2012 and 2014, largely due to increased operations income. In 2013, bond principal payments of \$1.4m were made, fully paying off a 1998 \$15.6m recycling facilities bond. The slight decrease in net assets resulting from bond repayment has been more than offset by a corresponding substantial (33.7%) decrease in total liabilities, resulting in an increase in the District’s total net position, as shown in Table 2, below.

The District’s total net position (difference between assets and liabilities) has made steady increases through FY 2013/14, an indicator of the District’s good overall fiscal health. The District has also proven itself to be a reliable borrower as reflected in its Standard and Poor’s bond rating, which improved in 2010 from A to AA-. The District paid off its debt early in 2014 and currently is debt-free.

An overview of assets, liabilities, and total net position is presented in Table 2, below.

Table 2 Monterey Regional Waste Management District: Assets, Liabilities, and Net Position Fiscal Years 2010-11 through 2012-13				
	As of June 30, 2011	As of June 30, 2012	As of June 30, 2013	As of June 30, 2014
ASSETS				
Current Assets ⁴	\$10,770,000	\$10,448,000	\$8,940,000	\$11,767,000
Total Assets	39,192,000	38,530,000	37,378,000	40,024,000
LIABILITIES				
Current Liabilities ⁵	2,747,000	3,214,000	1,235,000	659,000
Total Liabilities	8,535,000	7,584,000	5,651,000	5,326,000
TOTAL NET POSITION⁶	\$30,657,000	\$30,946,000	\$31,727,000	\$34,698,000

Source: Monterey Regional Waste Management District annual audited financial reports

⁴ Cash, cash equivalents, accounts receivable, etc.

⁵ Accounts payable, payroll obligations, current portions of revenue bonds payable and capital lease obligations, etc.

⁶ Total assets, less total liabilities

FUTURE CHALLENGES AND OPPORTUNITIES

Revenue Model Sustainability

As noted above, the majority of the District's revenue comes from landfill disposal (tipping) fees. Disposal revenue is generated from in-District franchise and self-haul waste and also from long-term contracts for out-of-District waste. Revenue derived from contract waste is used for rate stabilization and to offset the cost of implementing new technologies to divert waste and extend landfill site life. The District has become a leader in implementing progressive waste-reduction techniques and meeting State waste diversion mandates, as discussed in the Facilities, Services, and Programs section, above.

However, as diversion rates increase and less waste goes to the landfill, there is an attendant decrease in tipping-fee revenue. The District is aware that the existing revenue model, which is based largely on landfill tipping fees, could incentivize a reliance on accepting waste from outside the service area, and has the potential to discourage investment in technologies and programs to reduce the waste stream. The District is concerned about the potential long-term impact of this revenue model and is exploring "alternative" revenue models to allow it to maintain and expand its diversion programs without jeopardizing revenue sources. As discussed in the Finances section, above, District income and assets have been consistently stable and healthy.

The District's staff and Board of Directors have adopted a Strategic Plan aimed at developing actionable and measurable goals, strategies, initiatives, and programs, to include the "Pillars of Sustainability" (see Appendix A), to guide the District's future decision making. Development of non-tonnage based revenue was one of six Strategic Plan goals identified in the District's March 14, 2014 Board packet.

Improving Energy Recovery

Identifying and implementing a conversion technology to extract more energy from waste at a reasonable cost and reduce the amount of residue going to the landfill is a challenge highlighted by District staff. In recent national publications and awards, General Manager William Merry has been quoted on the District's successful operation of the anaerobic digestion process described on page 17 of this report. The District hopes that the anaerobic digestion process will provide a pathway to increasing waste-to-energy conversion in an economically feasible way.

District's Relationship to Salinas Valley Solid Waste Authority

The District Boundaries and Sphere of Influence section of this report discusses the two-agency solid waste management system—including an overlap between the SVSWA's service area and the District's Sphere of Influence—that currently exists within Monterey County. The existing arrangement represents an opportunity for resource sharing between the two agencies. Two potential near-term opportunities for greater efficiency are outlined below.

Opportunity for Shared Services

As with the District, the SVSWA has legal mandates and strategic goals to divert reusable and recyclable materials away from the landfill. Within the SVSWA's service area, solid waste is currently collected at transfer stations and then hauled to the Johnson Canyon Landfill, northeast of Gonzales and approximately 20 miles south of Salinas, for disposal. In recent years, the SVSWA has studied options for relocating its existing Sun Street transfer station's operations to a new site. One likely component of the new site would be a materials recovery facility with functions similar to the Waste Management District's facility, described on page 15, above. Relocation options that the SVSWA has studied include sites on Work Street in the Alisal area of Salinas, Hitchcock Road (off Davis Road, southwest of Salinas), and Madison Lane in the unincorporated Boronda neighborhood.

As part of SVSWA's forthcoming environmental review of the proposed relocation of operations, LAFCO encourages the SVSWA to consider the option to contract with the Monterey Regional Waste Management District to provide materials recovery services at the District's Marina facility. This option

could potentially be a cost-effective alternative. The District's material recovery facility is a significant, existing capital asset for the region, and is currently undergoing a major capacity expansion. The proximity and capacity of the District's existing material recovery facility to North Monterey County, the City of Salinas and portions of the Salinas Valley represent a potential opportunity for the two agencies to enter into a collaborative service delivery arrangement, reaching outside their traditional boundaries to deliver quality services in a cost-efficient and effective manner.

2014-2015 Countywide Solid Waste Management Study

In 2010, citing concerns with "inefficiency" of the existing two-agency solid waste management arrangement (i.e., the Monterey Regional Waste Management District and the Salinas Valley Solid Waste Authority), and other concerns, the County of Monterey directed its staff to evaluate the feasibility of redirecting some or all of the waste generated in unincorporated areas to the Monterey Peninsula (Marina) landfill. County staff recommended that, in order to do this, the County would have to withdraw from the SVSWA joint powers agreement.

In 2012, the County submitted a formal notice of intent to withdraw from the Authority. However, in December 2013, the Board of Supervisors rescinded the Notice of Intent and decided to conditionally remain a member of the Authority. The Board's resolution included a condition that the Authority participate in, and help pay for, an independent study examining the most efficient way to handle waste management countywide. The County, the Authority, the District, the incorporated cities in Monterey County, and the Pebble Beach Community Services District entered into an agreement to participate in and fund the study.

The District and its member jurisdictions, along with the County of Monterey and other members of the Salinas Valley Solid Waste Authority, issued a Request for Proposals, conducted interviews, and retained a consultant in April 2014 to carry out a comprehensive evaluation of the current countywide solid waste management system and potential service improvements. The study, which commenced work in April 2014, will "explore alternatives for creating a system for collaborative approach to solid waste management throughout the County, one that can be more responsive to the needs of all Monterey County communities." The study will evaluate both agencies' current service areas, waste-flow control restrictions, the ways in which waste is transported, and the two agencies' differing fee structures.

The report will identify opportunities for providing greater efficiency and provide actionable recommendations for consideration by the decision-making bodies. However, it should be noted that in their 2013 agreement to fund and participate in this study, the District and the Authority specifically set forth that "the objective of this analysis is not to merge the two existing solid waste agencies." This limitation does not extend to the responsibility of LAFCO, under the provisions of the Cortese-Knox-Hertzberg Act, to study the services and boundaries of the two agencies, and to encourage more regional collaboration—a process that may or may not lead to eventual boundary changes or other reorganization.

Long-Term Fire Protection Services

Solid waste management facilities have needs for fire protection and emergency services related to hazardous materials management, fires caused by hot ashes or other items received in solid waste delivery loads, and other occasional eventualities. The District's Monterey Regional Environmental Park facility is located outside of any fire protection agency's current jurisdictional boundaries or Sphere of Influence, with contractual services currently provided by the City of Marina Fire Department.

The District's facility is located outside, but adjacent to, the North County Fire Protection District's boundaries. The Monterey County Regional Fire Protection District is also in the vicinity. As part of LAFCO's 2012 study of all special districts providing fire protection and emergency services, the Commission designated the Waste Management District facility's site as part of a Future Study Area for the North Monterey County Fire Protection District. LAFCO of Monterey County's adopted Policies and Procedures define a Future Study Area as "territory outside of an adopted Sphere of Influence that may warrant inclusion in the Sphere in future years. Further study would have to be completed prior to inclusion."

The Monterey Regional Environmental Park (including Monterey Regional Waste Management District and Monterey Regional Water Pollution Control Agency facilities) is a 2.5-mile driving distance north of the City of Marina's city limits. The Environmental Park has received fire services from the City of Marina Fire Department by contract since approximately the 1980s. With these long-standing agreements, the City provides fire protection and emergency medical services outside of its boundaries and Sphere of Influence, and the MRWMD and MRWPCA reimburse the City on a "cost recovery for call for service" basis. Through these agreements, the Environmental Park's immediate fire protection and emergency medical services needs are being met. However, annexing the MRWMD and MRWPCA facilities into the North County Fire Protection District would provide a more comprehensive, long-term solution for addressing future fire protection and EMS needs. LAFCO staff is continuing to coordinate with the agencies to work toward this site's annexation into the North County Fire Protection District.

MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the recommended determinations in this section, and on the information elsewhere in this report, the Executive Officer recommends that the Commission adopt the District's 2015 Municipal Service Review.

1. Growth and Population Projections for the Affected Area

As discussed in the Population and Growth section of this report, actual recent past and projected future population growth within the District is lower than the 1% growth rate that the District uses in calculating landfill site life. Slower-than-expected population growth within the District's boundaries and Sphere of Influence suggests that population growth-related solid waste volumes are not currently a significant challenge to the District's outlook or its Sphere.

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

State law defines Disadvantaged Unincorporated Communities as communities with an annual median household income that is less than 80% of the statewide annual median household income. Census block group data indicate that numerous areas within and adjacent to the District's existing Sphere have incomes below 80% of the statewide median income. These areas are currently being served by either the District or by the Salinas Valley Solid Waste Authority. There are no identified Disadvantaged Unincorporated Communities within or contiguous to the District's Sphere that are unserved or underserved with regard to solid waste management.

3. 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)

The District has established itself as a capable provider of solid waste management services. The District's landfill has an estimated remaining lifespan of 150 years. The District has also implemented a variety of facilities and services to reduce waste and meet statewide diversion goals, as discussed in the Facilities and Services section of this report.

4. Financial Ability of Agency to Provide Services

As waste volume generation rates decrease over time due to increased efficiency of waste diversion and recycling, the District has expressed concerns about the potential long-term impact of tonnage-based revenue models. The District is exploring ways to develop non-tonnage based revenue to maintain its fiscal health while also maintaining and expanding its diversion programs. The District has a demonstrated ability to fund comprehensive waste management facilities and services to its constituent communities. The District's finances are stable, with ample reserves and a gradually increasing total net position. The

Finances Section of this report outlines the District's current financial status and assets. Current and previous-year District budgets and audited financial statements are available on the District's web site.

5. Status of, and Opportunities for, Shared Facilities

The District has a long-standing and productive partnership with the neighboring Monterey Regional Water Pollution Control Agency, as described in the Facilities and Services section of this report. The electricity produced by the District's anaerobic digester is sold to the MRWPCA, which provides 10% of the power used by the wastewater treatment plant. In addition, the District accepts biosolids produced at the regional wastewater treatment facility, which it uses to produce compost, as landfill vegetative cover or is landfilled.

As discussed in this report's Future Challenges section, the Salinas Valley Solid Waste Authority has studied options for relocating its existing Sun Street transfer station's operations and developing a materials recovery facility (MRF) with functions similar to the Waste Management District's facility. A potentially cost-effective alternative would be for the District to provide materials recovery services to the SVSWA, by contractual agreement, at the District's Marina facility. The District and the Salinas Valley Solid Waste Authority are currently participating in a comprehensive independent study to analyze the solid waste management system in Monterey County. This study may identify additional opportunities for shared facilities between the two waste management agencies.

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

The District's nine-member appointed Board of Directors represents a broad range of the District's constituent communities. The District maintains an informative web site that is regularly updated with meeting information, agendas, and agenda packet materials. The District meets State law requirements for transparency, accountability, and ethics, as outlined in the Governance and Community Involvement Section of this report. The District has obtained certification for transparency in special district governance.

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

LAFCO has reviewed its local policies and notes no additional pertinent matters.

SPHERE OF INFLUENCE DETERMINATIONS

Based on the recommended determinations in this section, and on the preceding information in this report, the Executive Officer recommends that the Commission affirm the currently adopted Sphere of Influence of the Monterey Regional Waste Management District.

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

The District's boundaries encompass the cities of Carmel-by-the-Sea, Del Rey Oaks, Marina, Monterey, Pacific Grove, Sand City, and Seaside and the unincorporated areas of Big Sur, Carmel, Carmel Highlands, Carmel Valley, Castroville, Corral De Tierra, Laguna Seca, Moss Landing, Pebble Beach, San Benancio, and Toro Park. Present and planned land uses in these areas are primarily urban land uses with moderate population growth projected in the range of less than 1% per year. Beyond its current boundaries, the District's Sphere of Influence includes both developed areas and important productive farmlands in the Salinas Valley and nearby areas of North Monterey County, as well as significant open-space lands in the Big Sur Area and elsewhere. Affirmation of the District's existing Sphere of Influence will not impact the physical and economic integrity of these agricultural and open-space lands.

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

The District has landfill site capacity for an estimated 150 years. The District provides comprehensive, state-of-the-art facilities and services at its Monterey Regional Environmental Park to meet and exceed statewide waste-reduction/diversion mandates. Customers within the District's current boundaries do not have any known, unmet needs for additional solid waste management facilities or services. However, solid waste within the District's northern Sphere of Influence, currently served by Salinas Valley Solid Waste Authority, is transported up to 35 miles one-way to the Johnson Canyon Landfill, as discussed in this report's Potential Future Challenges section, above. The District and the Authority are currently participating in a study to seek a more efficient and sustainable long-term solution to the region's waste management needs. For areas of the District's Sphere, the study could recommend consideration of contracting to handle waste materials at District facilities to reduce cost and environmental impacts.

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

The District provides comprehensive and reliable solid waste services to its constituent communities, as described in this report. The District has ample facilities—in terms of both landfill capacity and innovative, state-of-the-art waste reduction/diversion facilities—to expand services to not-yet-annexed areas within its Sphere of Influence, if needed. Such expansion could occur via future annexation proposals, subject to LAFCO approval, or by contract. The District also provides a range of services and programs related to reducing and diverting waste streams and implementing the District's vision of “turning waste into resources.”

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 existing Sphere of Influence encompasses Salinas and northern Monterey County, as well as the greater Monterey Peninsula and other areas already within District boundaries. With this broad geographical expanse, the District includes a wide distribution of income levels, including areas with high concentrations of lower-income households. However, these areas are currently being served by either the District or by the Salinas Valley Solid Waste Authority (which operates in areas of the County outside District boundaries, including the District's Sphere of Influence). There are no identified communities, within or contiguous to the District's Sphere, that are unserved or underserved with regard to solid waste management.

5. Functions and Classes of Service (56425(i))

The District provides the following functions and classes of service: Function: Solid Waste Management; Classes of Service: Solid waste processing and disposal; recycling; energy recovery and power generation.

SOURCES & ACKNOWLEDGEMENTS

The information in this study was primarily developed in coordination with staff from the Monterey Regional Waste Management District. District representatives met with LAFCO staff to discuss District services, operations, and concerns. LAFCO also reviewed numerous written resources such as audits, budgets, Board agenda packets, and annual reports. These documents, and others, are available at the District's web site, www.mrwmd.org. Finally, the LAFCO Executive Officer consulted with the General Manager of the Salinas Valley Solid Waste Authority on matters pertinent to both agencies.



APPENDIX A

Monterey Regional Waste Management District 2014-2015 Strategic Plan

Vision and Mission: *Our mission is to **Turn Waste Into Resources** in the most cost effective and environmentally sound manner to benefit the community.*

- Goals:**
1. Safety
 2. Waste diversion
 3. Regional refuse tonnage
 4. Cost/ton diverted
 5. Community outreach
 6. Non-tonnage based revenue

Strategic Initiatives: (Pillars of Sustainability)

People: *An engaged and talent workforce allows us to pursue the District's mission.*

1. Utilize an intentional and mindful process in the recruitment, development, and growth of our people.
2. Build a high performance, safety-oriented culture.
3. Promote the health and well being of our employees.

Finance: *Strike a balance between community needs, cost containment, and environmental protection.*

1. Develop a sustainable revenue structure that provides funding for the programs and services we provide to the community.
2. Follow and update the District's alternative funding options.
3. Pursue strategic partnerships that allow for increased efficiencies and revenues, decreased costs, and enhanced environmental benefits.

Environment: *The District's environmental stewardship promotes a sustainable community.*

1. Implement the member agency franchise agreements with trash haulers.
2. Construct the MRF improvement project to increase diversion.
3. Promote the beneficial use of biogas.
4. Maximize opportunities to become a carbon-neutral energy producer.

Community: *Align District services and programs to be responsive to the unique needs of our community.*

1. Ensure the effectiveness of the District's programs and services.
2. Strengthen the District's identity in the community.
3. Build upon our coordinated education and outreach programs between District and community partners.

Innovation: *Early adopters of programs and processes that best serve the needs of the District and the community it serves.*

1. Stay abreast of industry trends through involvement and education, and broaden strategic partnerships.
2. Develop a comprehensive and innovative plan to maximize use of technology internally and externally.

RESOLUTION NO. 15-XX

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY MAKING DETERMINATIONS ADOPTING THE 2015 MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY FOR THE MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

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

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

WHEREAS, the District is proposing no modifications to its existing boundaries or Sphere of Influence; and

WHEREAS, LAFCO staff has met and consulted with representatives of the District, and other affected agencies, 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, LAFCO staff has met and consulted with representatives of the Salinas Valley Solid Waste Authority, a Joint Powers Authority providing solid waste services in an area that includes a portion of the District's Sphere of Influence in northern Monterey County, and the Commission has reviewed and considered correspondence submitted by the Authority; and

WHEREAS, the information gathered has provided the basis for preparation of *2015 Municipal Service Review and Sphere of Influence Study for the Monterey Regional Waste Management District* and the Executive Officer has furnished a copy of this Study to each person entitled to a copy or expressing interest in receiving a copy; and

WHEREAS, the Commission set February 23, 2015 as the meeting date to consider the Study and Sphere of Influence update; and

WHEREAS, the Commission has heard from interested parties, considered the *2015 Municipal Service Review and Sphere of Influence Study for the Monterey Regional Waste Management 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;

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 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 affirms the status quo and therefore does not have the potential for causing a significant effect on the environment. The Study recommends affirmation of the Commission’s previous Sphere determinations, with no changes to the District’s Sphere. Because the areas of the Sphere are already receiving recycling and solid waste handling services, the current Sphere determination will not result in the potential for extension of entirely new services into a previously unserved area. Finally, provision of solid waste services is not significantly growth-inducing and will not generate indirect growth inducement impacts. Based on these considerations, the Commission finds that the Sphere Update qualifies under 15061(b)(3).

Section 3. In evaluating the District’s Sphere of Influence, the Commission has conducted a review of the services provided by this district. This service review was conducted in accordance 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 Commission.

Section 4. In evaluating the service review, the Commission has considered a written statement of its determinations in accord with Government Code section 56430(a). These determinations, included in the *2015 Municipal Service Review and Sphere of Influence Study for the Monterey Regional Waste Management District*, 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 District’s Sphere of Influence, the Commission has considered a written statement of its determinations, in accord with Section 56425(e) of the Government Code. These determinations, included in the Study, are made with respect to each of the following four areas and are incorporated by reference into this resolution.

- 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. In compliance with Cortese-Knox-Hertzberg Act Section 56425(i), the Commission hereby finds and affirms as set forth in the *2015 Municipal Service Review and Sphere of Influence Study for the Monterey Regional Waste Management District* that the District provides the following function and classes of service throughout its boundaries: Function: Solid Waste Management; Classes of Service: Solid waste processing and disposal; recycling; energy recovery and power generation

Section 7. The Commission has considered, as a part of its deliberations, all oral presentations and written communications received prior to the close of the public meeting.

Section 8. In accordance with Government Code section 56430, the Commission hereby approves the *2015 Municipal Service Review and Sphere of Influence Study for the Monterey Regional Waste Management District*.

Section 9. Based on the Study's recommended determinations, the Commission hereby affirms and updates the District's currently adopted Sphere of Influence, as shown in Exhibit A, with no changes.

UPON MOTION OF Commissioner _____, seconded by Commissioner _____, the foregoing resolution is adopted this 23rd day of February, 2015 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

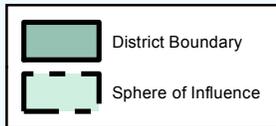
Steve Snodgrass, Chair
Local Agency Formation Commission of Monterey County

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

Witness my hand this ____ day of February, 2015

By: _____
Kate McKenna, AICP, Executive Officer

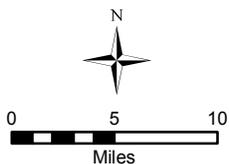



 District Boundary
 Sphere of Influence

LAFCO of Monterey County
 LOCAL AGENCY FORMATION COMMISSION

P.O. Box 1369
 Salinas, CA 93902
 Telephone (831) 754-5838

132 W. Gabilan St., Suite 102
 Salinas, CA 93901
 FAX (831) 754-5831



SPECIAL DISTRICTS

**MONTEREY REGIONAL WASTE
 MANAGEMENT DISTRICT**

Last LAFCO-Approved Change: 10/15/96

Sphere of Influence: Adopted 04/27/1982, Affirmed 02/23/2015

2015 January 9, 2015

Commissioners

Chair

Steve Snodgrass
Special District Member

Vice Chair

Sherwood Darington
Public Member

Fernando Armenta
County Member, Alternate

Louis R. Calcagno
County 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

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Elizabeth Silva, President
Board of Directors
Salinas Valley Solid Waste Authority
P.O. Box 2159
Salinas, CA 93902-2159

Subject: **Public Review Draft – 2015 Municipal Service Review and Sphere of Influence Study for the Monterey Regional Waste Management District**

Dear Board President Silva:

Thank you for your letter of April 17, 2014 providing background information about the Salinas Valley Solid Waste Authority (Authority), and requesting consideration of that information as part of LAFCO's Municipal Service Review and Sphere of Influence update for the Monterey Regional Waste Management District (District). Authority General Manager Patrick Mathews provided additional helpful information at a meeting last month with District General Manager William Merry and me. I appreciate the Authority's early participation in the LAFCO process, and this opportunity for dialogue.

I am pleased to enclose courtesy copies of the recently released draft LAFCO study of the Monterey Regional Waste Management District. Prepared by the staff of the Local Agency Formation Commission, the study is intended to comply with statutes that require periodic reviews and updates of the Spheres of Influence of cities and special districts, and that require a review of municipal services prior to updating an adopted Sphere. One of the identified issues is a partial overlap of the Authority's self-designated service area (1997) with the District's adopted Sphere of Influence (1982). An enclosed map shows the relationship of the District and Authority boundaries. The overlap issue is discussed in several places in the study (*Executive Summary, District History, District Boundaries and Sphere of Influence, and Future Challenges and Opportunities*).

To summarize the discussion, LAFCO staff do not propose or recommend changes to the Monterey Regional Waste Management District's 1982 Sphere of Influence, and no annexation is proposed or under discussion at this time. The study provides historical context and concludes that the District's original Sphere of Influence is still appropriate, even though the Authority now has existing operations and future plans in the North County Area and Greater Salinas Area of the District's Sphere. While the District and LAFCO respect the activities of the Authority, and no annexations are proposed, the overlap does not negate the long-term vision for a single, consolidated regional facility identified in the County of Monterey's 1981 Solid Waste Management Plan, and does not negate LAFCO's 1982 Sphere of Influence action which was based in part on that vision. The landfill facility's size, proximity to waste generation centers, and other advantages were also identified in the 1982 action. The overlap also does not negate the significant investments that the District has made, and is making, to develop and deploy regional facilities, services and programs. Some of the identified steps toward the County's regional vision have taken place, other actions are underway, and others are continuing to evolve.

In addition, it is important to maintain the District's Sphere of Influence to facilitate possible future provision of services to that area whether by contract or annexation, if requested by jurisdictions or citizens of the area. The Sphere of Influence is a flexible mechanism for this purpose. The County's 2012 action to initiate a withdrawal from the Authority's membership (rescinded in 2013) illustrates the potential for changing needs and the practical value of maintaining the status quo.

At this time, the Authority is invited to review and comment on the draft LAFCO study. I would be glad to attend an Authority Board meeting to provide a brief overview and answer any questions. The Local Agency Formation Commission will consider and act on recommendations in the study at its regular meeting on February 23. The meeting will take place at 4:00 p.m. in the Board of Supervisors Chambers, Monterey County Government Center, Salinas. The agenda packet will be available on February 19. Comments received through the close of the public comment period for this agenda item will be given consideration.

Again, thank you for the early participation by the Authority Board of Directors and General Manager in this LAFCO process, and for any comments you may have upon review of the draft study. Please feel welcome to contact me at (831) 754-5838 or 682-0157 at any time.

Sincerely,



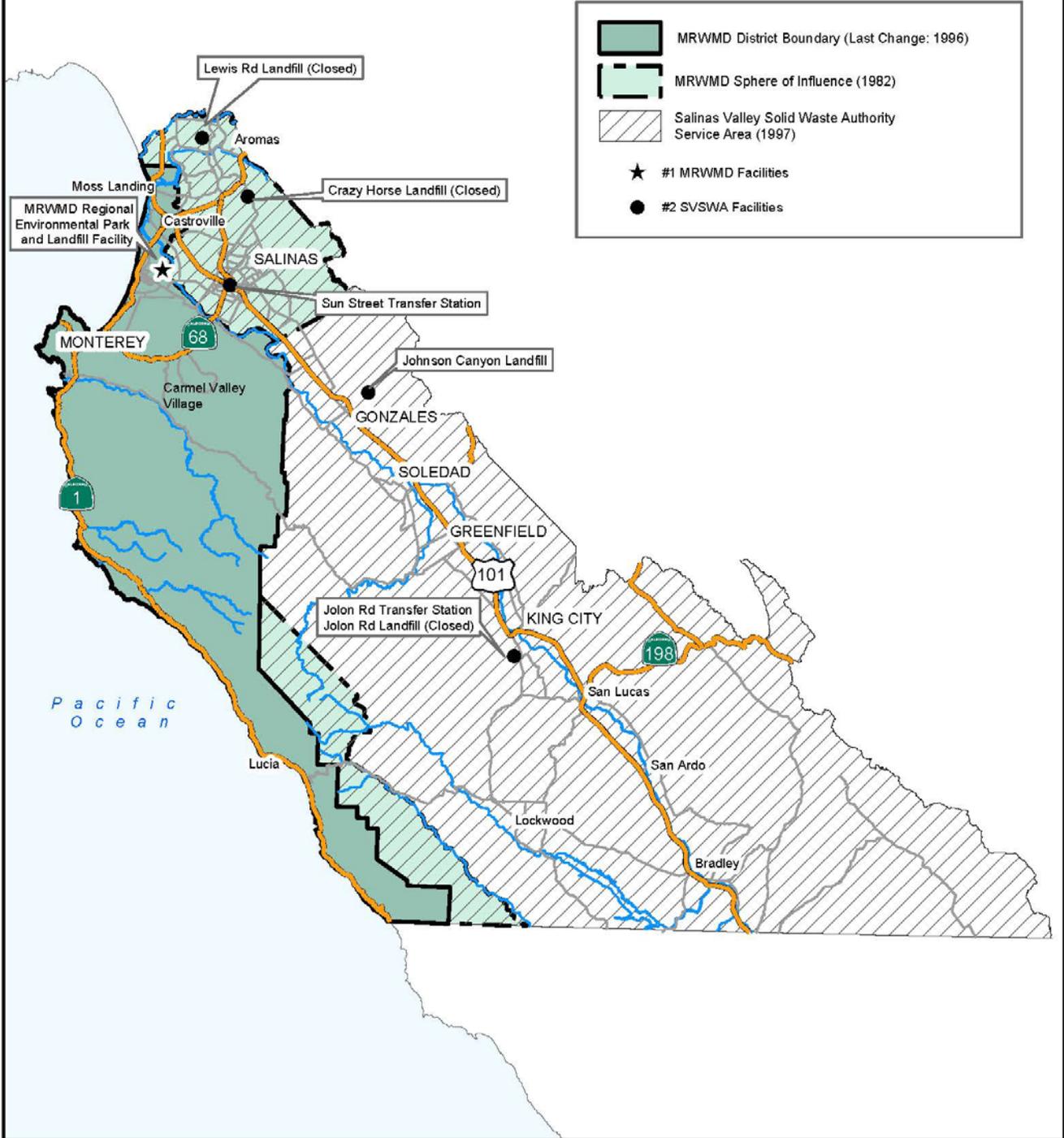
Kate McKenna, AICP
Executive Officer

Enclosures:

- Map of the Monterey Regional Waste Management District and the Salinas Valley Solid Waste Authority (Figure 2 from the attached 2015 Public Review Draft Study)
- Letter from Elizabeth Silva, President, Salinas Valley Solid Waste Authority
- Public Review Draft – 2015 Municipal Service Review and Sphere of Influence Study for the Monterey Regional Waste Management District, January 9, 2015

cc: William M. Merry, Monterey Regional Waste Management District

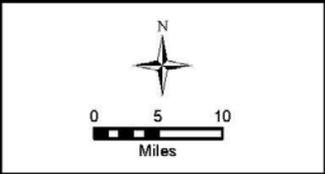
Figure 2: Monterey Regional Waste Management District and Salinas Valley Solid Waste Authority



LAFCO of Monterey County
 LOCAL AGENCY FORMATION COMMISSION

P.O. Box 1369
 Salinas, CA 93902
 Telephone (831) 754-5838

132 W. Gabilan St., Suite 102
 Salinas, CA 93901
 FAX (831) 754-5831



MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT & SALINAS VALLEY SOLID WASTE MANAGEMENT AUTHORITY

Map Prepared: 8/8/2014



Mission

To manage Salinas Valley solid waste as a resource, promoting sustainable, environmentally sound and cost effective practices through an integrated system of waste reduction, reuse, recycling, innovative technology, customer services and education

Vision

To reduce the amount of waste by promoting individual and corporate responsibility.
To recover waste for its highest and best use while balancing rates and services.
To transform our business from burying waste to utilizing waste as a resource
To eliminate the need for landfills.

Innovation • Integrity • Public Education • Efficiency • Fiscal Prudence • Resourcefulness • Customer Service • Community Partnerships

April 17, 2014

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

Attn: Kate McKenna, Executive Officer

132 W. Gabilan Street, Suite 102

Salinas, CA, 93901

Subject: Sphere of Influence, Monterey Regional Waste Management District

Dear Ms. McKenna,

On behalf of the Salinas Valley Solid Waste Authority (SVSWA) Board of Directors, we are providing the following background information on the Salinas Valley Solid Waste Authority in conjunction with LAFCOs 5-year Municipal Service Review and Sphere of Influence Updates for the Monterey Regional Waste Management District (MRWMD).

The MRWMDs Sphere of influence was last approved in 1982, 15 years prior to the formation off the Authority in 1997. The current MRWMD Sphere of Influence includes several large areas of the Authority's service area including Salinas, North County and a portion of the south County along River road. A map of the MRWMDs current approved Sphere of Influence is included for your reference. Currently within the MRWMDs Sphere of Influence the Authority has many public service assets and operations including: Lewis Road Landfill, Crazy Horse Landfill and Sun Street Transfer Station. These facilities provide public services and/or revenue for SVSWA activities with further potential expansion of services and activities at these facilities under review as part of the Board of Director's Strategic Plan.

It is our understanding under LAFCO's definition of Sphere of Influence that it represents an agency's probable future physical boundary and service area. It is territory that a city or special district will annex in the future. It's also the area where local government will build facilities and deliver services sometime in the future.

As part of our 2014 bond refinancing Master Indenture and Waste Delivery Agreements, the Authority now includes other facilities outside of our service area as part of our "System". This language in the Master Indenture provides the Board with clear discretion to send materials or waste to other facilities under contract and that those facilities may be considered part of our System. However, annexation of portions of the Authority service area and the resulting relinquishment of waste flow control obligations would not be appropriate under our bond covenants.

www.svswa.org

PO Box 2159, Salinas CA 93902-2159 • 128 Sun Street, Ste. 101, Salinas CA 93901
tel. (831) 775-3000 • fax (831) 755-1322

We appreciate your consideration of this information as part of the MRWMDs 5-year Municipal Service Review and Sphere of Influence updates. Please feel free to contact our General Manager, Patrick Mathews at (831) 775-3000 if you need further information or assistance with this matter.

Sincerely,

A handwritten signature in black ink that reads "Elizabeth Silva". The signature is written in a cursive style with a large, decorative initial "E".

Elizabeth Silva, President
Salinas Valley Solid Waste Authority

Attachment: MRWMD Sphere of Influence Map, 1982



SalinasValleyRecycles.org
SALINAS VALLEY SOLID WASTE AUTHORITY

Report to the Board of Directors

ITEM NO. 6

[Signature]
Finance Manager/Controller-Treasurer

[Signature]
General Manager/CAO

T. Bruen by ez
General Manager/CAO

[Signature]
Board President

Date: February 19, 2015
From: Patrick Mathews, General Manager/CAO
Tom Bruen, Authority Counsel
Title: Local Agency Formation Commission (LAFCO)
Report on Sphere of Influence for Monterey
Regional Waste Management District
(MRWMD)

RECOMMENDATION

The Executive Committee recommends that that the Board consider submitting a response letter to LAFCO (draft attached).

STRATEGIC PLAN RELATIONSHIP

The recommended action is not directly related to SVR's Strategic Plan, but retains the opportunity for MRWMD to consider annexation in the future. This majority service area of the SVR watershed is critical to compliance with bond covenants and obligations, and waste recovery programs in-place and in-development under SVR's Strategic Plan.

FISCAL IMPACT

This item has no immediate fiscal impact, but could impact existing and future waste recovery efforts and costs if future annexation efforts were undertaken. MRWMD continues to seek imported waste from outside their boundaries to support their revenue needs and future programs. North county waste was specifically identified in the LAFCO report as a possible additional wastestream for MRWMD.

Please note that the LAFCO letter and report specifically states that MRWMD is not currently contemplating annexation of SVR service areas within their Sphere of Influence. MRWMD also specifically requested elimination of any consideration of merger with SVR within the scope of services for the ongoing Solid Waste Study being conducted by the City Managers group.

The 2014 bond issuance included affirmation from each of SVR's members to direct their respective wastestreams to an SVR designated site for the term of the bond. This was done to ensure a revenue source sufficient to maintain the required revenue to debt ratio. Loss of revenue from loss of tonnage would jeopardize the ratio, could violate the bond covenants, and the County or any City member would still be responsible for their pro-rata share of the long term bond debt and liabilities.

DISCUSSION & ANALYSIS

In summary, the LAFCO letter to President Silva and the Board suggests that merger or annexations are still active objectives. This position by LAFCO relies heavily on the 1981 Solid Waste Management plan that is no longer a valid planning document and has been replaced several times with the now current Integrated Waste Management Plan, last updated in 2009-10. The subsequent County General Plan in 1992 (excerpt attached) also

contemplated consolidation into two major disposal sites, the MRWMD landfill near Marina and SVR's Johnson Canyon Landfill near Gonzales (current structure).

LAFCO's position also relies on the possibility that SVR and MRWMD may in the future enter into contracts for sharing of services, which is a discretionary decision of both Boards and not related to or dependent upon LAFCO's Sphere of Influence determination, or jurisdictional boundary determinations. Under LAFCO guidelines:

What is a "Sphere of Influence"?

A Sphere of influence designates an agency's probable future physical boundary and service area. It is territory that a city or special district will annex in the future. It's also the area where local government will build facilities and deliver services sometime in the future.

SVR retains full control, bond obligations and long term liabilities for all services within MRWMD's 1982 Sphere of Influence determination by LAFCO. It does not appear the LAFCO basis for retaining the MRWMD's Sphere of Influence is consistent with their regulatory guidelines for a Sphere of Influence. This raises the simple question: "Is there still a plan for future annexation of SVR service areas that is not known to SVR?"

BACKGROUND

LAFCO prepares a Municipal Service Review and Sphere of Influence Study for each of its member jurisdictions or special districts every 5 years. With the MRWMD study set for completion in 2014, the SVR Board requested clarification from LAFCO as to the legal basis for maintaining the MRWMD Sphere of Influence within SVR boundaries that has existed for the last 18 years. The MRWMD Sphere of Influence was established in 1982 and includes all of North County and City of Salinas. However, in 1995, MRWMD rejected the County efforts to consider a MRWMD takeover of County solid waste facilities, including north county wasteshed and landfill facilities. A copy of the Board of Supervisors, September 12, 1995, staff report letter to this effect is attached for reference. This action directly resulted in the formation of the Salinas Valley Solid Waste Authority (SVR) in 1997 to assume regional operations of County and City of Salinas solid waste assets and programs for the entire Salinas Valley.

In 2002, MRWMD responded to the SVR Regional Solid Waste Facilities study option to again consider use of the MRWMD landfill for SVR disposal. A copy of the MRWMD letter of April 19, 2002, is included for reference. In that letter, MRWMD expressed opposition and local environmental concerns related to the SVR study option to utilize their landfill for future SVR disposal needs. As a result, this option was eliminated from further consideration and the SVR long range facilities plan was approved and implemented, including issuance of new debt to support the plan, limited expansion of SVR's Johnson Canyon Landfill, and planning to move forward with advanced technologies to eventually replace landfilling.

MRWMD also specifically requested elimination of any consideration of merger with SVR within the scope of services for the ongoing Solid Waste Study being conducted by the City Managers group.

ATTACHMENT(S)

1. Draft letter to LAFCO
2. LAFCO 2015 Municipal Service Review and Sphere of Influence Study for MRWMD
3. Excerpt from 1992 County General Plan, "Solid Waste Disposal"
4. Board of Supervisors Report regarding termination of partnering efforts with MRWMD and commitment to form SVR (SVSWA), 9/12/1995
5. MRWMD letter to SVR (SVSWA) commenting on Regional Facilities Study EIR, April 22, 2002



Mission

To manage Salinas Valley solid waste as a resource, promoting sustainable, environmentally sound and cost effective practices through an integrated system of waste reduction, reuse, recycling, innovative technology, customer services and education.

Vision: To reduce the amount of waste by promoting individual and corporate responsibility. To recover waste for its highest and best use while balancing rates and services. To transform our business from burying waste to utilizing waste as a resource. To eliminate the need for landfills.

February 10, 2015

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

Attn: Commissioners & Kate McKenna, Executive Director
132 W. Gabilan Street, Suite 102
Salinas, Ca 93901

Subject: LAFCO Sphere of Influence Study for Monterey Regional Waste Management District

Dear Commissioners and Ms. McKenna,

Salinas Valley Recycles (SVR) has reviewed and considered LAFCO's Sphere of Influence (SOI) Study for the Monterey Regional Waste Management District (MRWMD). Attached you will find the SVR Board report on this matter that has been reviewed and forwarded by our Executive Committee to the full Board for its February 19th agenda. We believe this report provides historical background and important information that should be considered by LAFCO in its consideration of the MRWMD SOI study.

Of particular importance is the history surrounding the formation of SVR (aka, Salinas Valley Solid Waste Authority). Between 1993 and 1995, the County of Monterey was in active negotiations with MRWMD to expand (annex) its district to include eastern unincorporated county and south valley cities. In 1995, MRWMD rejected the agreements negotiated with the County after consideration of a negative declaration regarding expansion of the MRWMD service area. As a direct result of this action, Monterey County and the City of Salinas entered into discussions to form a regional agency (SVR) to collectively service solid waste needs for the balance of the County not being served by the MRWMD. Investment in the SVR regional agency followed in 1997 with issuance of debt, management of all long term landfill liabilities, and construction of an integrated system to provide services across the 2,400 square mile service area under SVR's jurisdiction.

Additionally, we want to clarify the role of the SVR in the County-wide implementation of the requirements of the Integrated Waste Management Act of 1989, as amended (AB 939). There is a repeated reference in the LAFCO report regarding a vision for a unified solid waste system. As an example, LAFCO's report transmittal to SVR's Board to Directors stated: *"Some of the identified steps towards the County's regional vision have taken place, other actions are underway, and others continue to evolve"*. This reference to a plan underway has created some confusion and concern as it does not exist within any current planning guidance/document that has been shared SVR. SVR continues to operate and plan for the long range regional needs and programs of the SVR jurisdictional area developed over the last 18 years. The SVR is a regional agency under the authority of AB 939, and as such is responsible for the effective implementation of Monterey County's integrated waste management plan obligations and the applicable requirements of each member city within SVR's boundaries as required by AB 939.



A regional solid waste system study is underway to determine if there are areas of cooperation that the two agencies can undertake to reduce costs and improve services. However, this study specifically does not consider any merger, consolidation or joint governance of the two agencies at the direct request of the MRWMD. LAFCO further confirms in its SOI study that merger or annexation is not under consideration. Absent any interest in merger and conjoined governance, and MRWMD's rejection of an expanded Sphere of Influence in 1995 and acceptance of SVR refuse in 2002, we question why the MRWMD Sphere of Influence in the SVR service area is still appropriate? Contractual agreements for sharing of any services do not require a Sphere of Influence designation, as these would be discretionary arrangements between the two Boards and not subject to any LAFCO oversight.

Finally, SVR's 2014 bond issuance also includes affirmation from each of SVR's member agencies, including the County, to direct their respective waste streams to an SVR designated site for the term of the bonds. This underwriting covenant was undertaken to ensure a revenue source sufficient to maintain the required revenue to debt ratio. Loss of revenue from loss of tonnage would jeopardize this ratio, could violate the bond covenants, and the County or any City member would still be jointly and severally responsible for the long term bond debt. As you know, LAFCO cannot impair the contractual obligations of the SVR or its member agencies, and thus it seems inappropriate and counterintuitive to continue evaluating an MRWMD SOI in the SVR jurisdictional service area.

We thank you for consideration of our comments and concerns.

Sincerely,

Liz Silva, President
Salinas Valley Recycles

Attachments: SVR Board Report on MRWMD Sphere of Influence Study by LAFCO, 2/19/2015

Copy to: William Merry, General Manager, MRWMD

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

2015
January 9, 2015

Commissioners

Chair
Steve Snodgrass
Special District Member

Vice Chair
Sherwood Darlington
Public Member

Fernando Armenta
County Member, Alternate

Louis R. Calcagno
County Member

Matt Gourley
Public Member, Alternate

Joe Gunter
Alternate, City Member

Maria Orozco
City Member

Warren E. Poltras
Special District Member, Alternate

Ralph Rubio
City Member

Simón Salinas
County Member

Graig R. Stephens
Special District Member

Counsel

Leslie J. Girard
General Counsel

Staff

Kate McKenna, AICP
Executive Officer

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

P. O. Box 1369
Salinas, CA 93902

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

www.monterey.lofco.ca.gov

Elizabeth Silva, President
Board of Directors
Salinas Valley Solid Waste Authority
P.O. Box 2159
Salinas, CA 93902-2159

Subject: Public Review Draft – 2015 Municipal Service Review and Sphere of Influence Study for the Monterey Regional Waste Management District

Dear Board President Silva:

Thank you for your letter of April 17, 2014 providing background information about the Salinas Valley Solid Waste Authority (Authority), and requesting consideration of that information as part of LAFCO's Municipal Service Review and Sphere of Influence update for the Monterey Regional Waste Management District (District). Authority General Manager Patrick Mathews provided additional helpful information at a meeting last month with District General Manager William Merry and me. I appreciate the Authority's early participation in the LAFCO process, and this opportunity for dialogue.

I am pleased to enclose courtesy copies of the recently released draft LAFCO study of the Monterey Regional Waste Management District. Prepared by the staff of the Local Agency Formation Commission, the study is intended to comply with statutes that require periodic reviews and updates of the Spheres of Influence of cities and special districts, and that require a review of municipal services prior to updating an adopted Sphere. One of the identified issues is a partial overlap of the Authority's self-designated service area (1997) with the District's adopted Sphere of Influence (1982). An enclosed map shows the relationship of the District and Authority boundaries. The overlap issue is discussed in several places in the study (*Executive Summary, District History, District Boundaries and Sphere of Influence, and Future Challenges and Opportunities*).

To summarize the discussion, LAFCO staff do not propose or recommend changes to the Monterey Regional Waste Management District's 1982 Sphere of Influence, and no annexation is proposed or under discussion at this time. The study provides historical context and concludes that the District's original Sphere of Influence is still appropriate, even though the Authority now has existing operations and future plans in the North County Area and Greater Salinas Area of the District's Sphere. While the District and LAFCO respect the activities of the Authority, and no annexations are proposed, the overlap does not negate the long-term vision for a single, consolidated regional facility identified in the County of Monterey's 1981 Solid Waste Management Plan, and does not negate LAFCO's 1982 Sphere of Influence action which was based in part on that vision. The landfill facility's size, proximity to waste generation centers, and other advantages were also identified in the 1982 action. The overlap also does not negate the significant investments that the District has made, and is making, to develop and deploy regional facilities, services and programs. Some of the identified steps toward the County's regional vision have taken place, other actions are underway, and others are continuing to evolve.

LAFCO staff note: The SVSWA's Attachment 2 included copies of the:

- 1/9/15 letter from LAFCO to SVSWA,
- 4/17/14 letter from SVSWA to LAFCO, and
- 1/09/15 initial public review draft of the current study.

ATTACHMENT 3

Excerpt from the Monterey County 1992 General Plan, "Solid Waste Disposal"

The future of solid waste management in Monterey County will involve employing innovative technologies which allow for economical waste processing to create marketable waste byproducts such as fuel and raw materials. By the year 2000 the County will also have established educational and public information programs which emphasize conservation, recycling, and resource recovery. During this period, some of the County disposal sites may close and solid waste may be consolidated into two major disposal sites at the current Marina and Johnson Canyon Road (near Gonzales) disposal sites.

Joe Cochran (revised)

REPORT TO MONTEREY COUNTY BOARD OF SUPERVISORS

SUBJECT		BOARD MEETING DATE	AGENDA NUMBER
ACCEPT PUBLIC WORKS STATUS REPORT ON LANDFILLS, AND DIRECT STAFF TO CONTINUE NEGOTIATIONS WITH THE CITIES OF SALINAS, GONZALES, SOLEDAD, KING, AND GREENFIELD TO CREATE A SVSWA (SALINAS VALLEY SOLID WASTE AUTHORITY) WITH RESPONSIBILITY TO MANAGE EXISTING LANDFILL ASSETS AND TO PROVIDE LONG-TERM CAPACITY FOR MEMBER AGENCIES		9/12/95 10:00 a.m.	
DEPARTMENT	Public Works		

RECOMMENDATION

It is recommended that the Board of Supervisors:

1. Accept the Public Works status report on landfills;
2. Direct the County staff (County Administrative Office, County Counsel, Environmental Health, and Public Works) to continue negotiations with the Cities of Salinas, Gonzales, Soledad, Greenfield, and King to create a SVSWA (Salinas Valley Solid Waste Authority) with responsibility to manage existing landfill assets and to provide long-term capacity for member agencies.

SUMMARY

The recommendation will allow staff to continue negotiations on agreements for the shared landfill, long-term development, financing, operation, and governance.

DISCUSSION

In 1993, staff began negotiations with the MRWMD (Monterey Regional Waste Management District) on expansion of the District to include the County Unincorporated Area and the South County Cities. On February 22, 1994, the Board of Supervisors approved a Conceptual Plan and an MOI (Memorandum of Intent) authorizing staff to continue negotiations. Negotiations culminated in January 1995 with circulation of an Initial Study and Negative Declaration on the expansion that included a Joint Exercise of Powers Agreement, Transfer of Assets Agreement, and Contract for Services Agreement. After reviewing comments submitted on the Negative Declaration and re-evaluating District Board member concerns, Mr. David Myers, General Manager for the MRWMD, rejected the negotiated agreements. Mr. Myers' April 12, 1995 letter is attached for your reference.

PUBLIC WORKS STATUS REPORT ON LANDFILLS
BOARD MEETING DATE 9/12/95 Page 2

Interest in the formation of a SVSWA became a viable option when the City of Salinas expressed an interest. Staffs of the County and City of Salinas, and a South County Cities representative have been meeting regularly since March 1995. A matrix of issues regarding the negotiations is attached. There is general concurrence by staff on most issues. The column on the matrix titled "Agreement" indicates the status of negotiations.

The three primary issues to be resolved between the parties are the governance structure, schedule for rate standardization, and the source of initial operating capital for the Authority. Staff has been working on the development of these issues and there appear to be solutions available that can be negotiated between the parties.

A realistic timetable for the SVSWA would include adopting an agreement by member agencies in December 1995, and the Authority fully managing all assets by July 1, 1996. Full implementation may take financial support by participating agencies for the first few years.

OTHER AGENCY INVOLVEMENT

County staff has met with the other agencies outlined in the discussion. Substantial progress has been made in negotiations on the creation of the SVSWA. Environmental Health, County Administrative Office, County Counsel, Public Works, a South County Cities representative, and the City of Salinas have been actively involved in this effort.

FINANCING

Formation of a SVSWA will eventually result in the development of a cost-effective landfill program that will benefit from economies of scale, flow control, and the most effective use of resources.

By: 
GERALD J. GROMKO, PhD, PE
PUBLIC WORKS DIRECTOR


R.J.L.:reh

Attachments: Proposed Board Order; 4/12/95 MRWMD letter; Matrix (Draft 8/18/95)

Distribution: Clerk to the Board (16); Public Works (8); Auditor-Controller; County Counsel; Environmental Health; IGA; King City Manager, Gonzales City Manager, Greenfield City Manager, Soledad City Manager; Al Rossi, Salinas Dispos-All; Jim Carroll, Carmel-Marina Corporation; City of Salinas

**Before the Board of Supervisors in and for the
County of Monterey, State of California**

ACCEPT PUBLIC WORKS STATUS REPORT ON)
LANDFILLS, AND DIRECT STAFF TO CONTINUE)
NEGOTIATIONS WITH THE CITIES OF SALINAS,)
GONZALES, SOLEDAD, GREENFIELD, AND KING)
TO CREATE A SVSWA (SALINAS VALLEY SOLID)
WASTE AUTHORITY) WITH RESPONSIBILITY TO)
MANAGE EXISTING LANDFILL ASSETS AND TO)
PROVIDE LONG-TERM CAPACITY FOR MEMBER)
AGENCIES)

Upon motion of Supervisor _____, seconded by Supervisor _____,
and carried by those members present, the Board of Supervisors:

1. Accepts the Public Works status report on landfills;
2. Directs staff to continue negotiations with the Cities of Salinas, Gonzales, Soledad, Greenfield, and King to create a SVSWA (Salinas Valley Solid Waste Authority) with responsibility to manage existing landfill assets and to provide long-term capacity for member agencies.

PASSED AND ADOPTED this 12th day of September, 1995, by the following vote, to-wit:

AYES:

NOES:

ABSENT:

I, ERNEST K. MORISHITA, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof at page _____ of Minute Book _____, on _____.

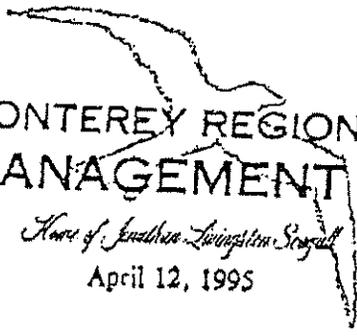
Dated:

ATTEST:

ERNEST K. MORISHITA, Clerk of the Board
of Supervisors, County of Monterey,
State of California.

By _____
Deputy

BOARD OF DIRECTORS
GARY BALES
CHAIRMAN
DAN ALBERT
ELSE WICKHAM
RONDA LEWIS
BARBARA LIVINGSTON
LINDA HORNING
GERT FOREMAN
JACK BARLICH



MONTEREY REGIONAL
WASTE MANAGEMENT DISTRICT

Name of Judith Livingston Sengul

April 12, 1995

DAVID IRS
GENERAL MANAGER
WILLIAM MERRY
DISTRICT ENGINEER
RICHARD BRIDGEN
SENIOR ENGINEER
RICHARD NORTON
ADMIN. SERVICES MGR.
ROBERT WELLINGTON
COUNSEL

Dr. Gerald Gromko
Director, Monterey County
Public Works Department
312 E. Allsal Street
Salinas, CA 93901

RE: Proposed District Expansion

Dear Gerry:

For nearly two years we have all worked very hard to try to develop a Countywide solid waste system that would be acceptable to all parties involved. After all of this time, I would have hoped that we would have come to a point where we could all be reasonably happy with the compromises that have been negotiated. Unfortunately, our tentative agreements are not universally appreciated. As you know, the City of Marina has a variety of concerns due to their proximity to our landfill site, and the City of Salinas is concerned because they have been left out of the negotiations. In addition, the private contractors, especially Rural Dispos-All, are concerned that the expanded District/JPA will adversely affect their operations and revenue streams.

Prior to the recent questions raised and concerns about the expansion, our District Boardmembers were having some difficulty accepting the expansion as a "good deal" for the existing District. On several occasions, I have presented all of the reasons for the expansion, which still overshadow the reasons against, but Boardmembers have failed to become very enthusiastic about the prospects and they continue to have serious concerns about the problems that must be resolved after the expansion is approved. All of the negative input that we have received in the last month certainly has not helped the situation.

I am sorry to say that I share some of their concerns, especially regarding the financial burden that the expansion may pose on the existing District. I really believe that for a two-thirds majority of our Boardmembers to approve the amendments to the Joint Powers Agreement, changes will have to be made in the agreement to transfer assets and the agreement for services:

- 1) The California Integrated Waste Management Board, upon transfer of the County Solid Waste Facilities Permits to the District will insist that the permits are up to date and the Closure and Post-Closure funds are at adequate levels. This must be accomplished by the County before any transfer of assets and operating responsibilities can take place.
- 2) The County should agree to pay for the closure of the Lewis Road site whenever the County decides it should close.

Dr. Gerald Gronko
April 12, 1995
Page 2

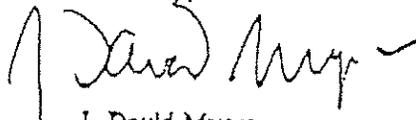
- 3) The limit on the tipping fee surcharges for the expanded area should be eliminated. We would support the imposition of a County surcharge to fund site closure and/or remediation, if necessary. The goal of the expanded District is to have the same tipping fee throughout the County, but financial necessity might dictate otherwise.
- 4) If the Johnson Canyon and Jolon Road landfills are expanded, and State Closure Fund requirements are reduced, I would support the return of Closure Fund balances exceeding what is required to the County at the time expansions are approved.

Throughout our negotiations, our Board has made it perfectly clear to me that they would not agree to subsidize the expanded area of the District. Without changing the agreements as I have suggested above, this subsidy could very well occur. In spite of the fact that we have studied all of the options and potential operating costs very closely, there still is a great deal of uncertainty regarding the renegotiation of the operating contracts and the level of income that will be generated at the existing sites. It is my understanding that Rural Dispos-All is charging \$7.55 per cubic yard at the Johnson Canyon Landfill and \$7.75 per cubic yard at the Lewis Road Landfill. Depending on the level of compaction of the waste, they may be collecting an average of \$40 per ton at Johnson Canyon and perhaps as much as \$60 per ton at Lewis Road. If that is the case, it may be very difficult for the District to charge only \$30 or even \$36 per ton at those sites without subsidy from the Marina operation. If the County is truly willing to turn over its solid waste operations to the District in the future, the County should be able to trust the expanded Board to make fair decisions on disposal rates.

I apologize for suggesting such drastic changes in the structure of our agreements at this late date. However, I thought it best to share these ideas with you prior to you presenting a package to the Board of Supervisors that very likely will not be acceptable to the District/JPA Board. I am not even certain that the District/JPA Board will approve of the expansion with these changes, but I believe there is a much greater chance. The timing of the Board of Supervisors' decision is no longer critical to us, since I do not believe these issues will be completely resolved in time to include County Project Funds in our forthcoming bond issue. Besides, what I am proposing here is that there would be no funds included in this bond issue for County projects.

I would suggest that we schedule another meeting of the staff as soon as possible to discuss these issues. Please call me at 384-5313 to set a date. We would prefer to meet sometime before April 28th when Board packets will be mailed out prior to our May 10, 1995 public hearing on the expansion. I look forward to hearing from you.

Sincerely,



J. David Myers
General Manager

cc: MRWMD Board of Directors
Doug Holland
Walter Wong
Blaine Michaelis
Richard Andrews

file www.willamethers/expco495

BOARD OF DIRECTORS

GARY BALES
MAN
D. ALBERT
JACK BARLICH
WILLIAM GIANELLI
SUE McCLOUD
THOMAS MANCINI
DAVID PENDERGRASS
JIM PERRINE
EDITH JOHNSEN



COPY
ATTACHMENT 5

DAVID MYERS
GENERAL MANAGER
WILLIAM MERRY
DISTRICT ENGINEER
RICHARD SHEDDEN
SENIOR ENGINEER
RICHARD NORTON
ADMIN. SERVICES MGR.
ROBERT WELLINGTON
COUNSEL

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Home of the Last Chance Moravians

April 19, 2002

RECEIVED
APR 22 2002
SVSWA

Board of Directors
Salinas Valley Solid Waste Authority
337 Melody Lane
Salinas, CA 93901

RE: Comments on Regional Solid Waste Facilities Project EIR

Dear Boardmembers:

On behalf of the Board of Directors of the Monterey Regional Waste Management District, we would like to offer the following comments in response to your recently issued Solid Waste Facilities Project Environmental Impact Report (EIR):

While the MRWMD applauds your efforts to establish 70 years of disposal capacity for your agency, please be advised that the use of the MRWMD's Monterey Peninsula Landfill as an alternative as described in Section 9.4 of the EIR, may not be viable. It would be impossible at this time for the MRWMD Board of Directors to authorize waste from the SVSWA service area in 2016. That is a decision that will have to be made by a future MRWMD Board of Directors.

As stated in your EIR, there will be issues related to traffic, especially through the City of Marina, and permit issues related to increased tonnage and trips into the disposal site located just north of Marina. The reduction in our site life from 2090 to 2055 will be difficult for any MRWMD Board to accept, unless new waste reduction technologies evolve that are mutually advantageous and the economies of scale provided by the acceptance of your wastestream are compelling enough to offset the loss of capacity.

We look forward to working with you and your staff during the coming years, as we have in the past, to provide the highest level of waste management services throughout Monterey County. Please contact me or David Myers, our General Manager, if you have any questions or if we can be of any help during your landfill expansion process.

Sincerely,

Gary W. Bales
Chair

cc. MRWMD Board of Directors
Steve Johnson

file: ba/jam/board/svswatr 402

**AGENDA
ITEM
NO. 10**

LAFCO of Monterey County

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

KATE McKENNA, AICP
Executive Officer

DATE: February 23, 2015
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: ANNOUNCEMENTS (INFORMATION ONLY)

This report announces two items relating to the activities of the Commission.

First, the San Benito LAFCO has adopted a general rule authorizing LAFCO of Monterey County to process annexation applications for the portions of the Aromas Water District that lie inside Monterey County. Correspondence is attached for information.

Second, LAFCO of Monterey County now provides educational resources and training about basic State requirements for special districts. Our goal is to help smaller, older districts that may need assistance in complying with current State laws relating to governance, operations, accountability and transparency. This service is being provided as part of our current Municipal Service Review and Sphere of Influence studies for all cemetery districts in Monterey County and several water, recreation and memorial districts in South Monterey County.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachment: Correspondence from San Benito LAFCO

LAFCO

JAN 26 2015

LOCAL AGENCY FORMATION COMMISSION
SAN BENITO COUNTY

2301 Technology Parkway
Hollister, CA 95023
Phone: (805) 647-7612

January 23, 2015

Kate McKenna, AICP
Executive Officer
Monterey LAFCO
PO Box 1369
Salinas CA 93902

**Annexations to Aromas Water District of Properties
Located within Monterey County**

Dear Kate:

At its meeting on January 22, the San Benito LAFCO designated the Monterey LAFCO to process annexations to the Aromas Water District of properties which are located within Monterey County.

Testimony was provided Vickie Morris representing the Aromas Water District and the Commission received your January 21, 2015 e-mail supporting the staff recommendation.

Please let me know if you have any questions.

Very truly yours,



BOB BRAITMAN
Executive Officer

cc: Vicki Morris, General Manager, Aromas Water District

LAFCO

JAN 26 2015

LOCAL AGENCY FORMATION COMMISSION
SAN BENITO COUNTY

2301 Technology Parkway
Hollister, CA 95023
Phone: (805) 647-7612

January 23, 2015

Kate McKenna, AICP
Executive Officer
Monterey LAFCO
PO Box 1369
Salinas CA 93902

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Located within Monterey County**

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Please let me know if you have any questions.

Very truly yours,



BOB BRAITMAN
Executive Officer

cc: Vicki Morris, General Manager, Aromas Water District

Local Agency Formation Commission
Monterey LAFCO and Aromas Water District
January 22, 2015 (Agenda)
Page 2

Section 56124 states if a proposed change of organization applies to two affected counties exclusive jurisdiction may be vested in the commission other than the principal county if the following occur:

- The commission of the principal county designates the affected county which shall assume exclusive jurisdiction
- The commission of the affected county so designated agrees to assume exclusive jurisdiction.

With an earlier annexation to the Aromas Water District, the Commission authorized the Monterey LAFCO to serve as the conducting authority to process the annexations. It is recommended that this delegation be a standard procedure for similar annexations.

We have discussed this matter with Aromas Water District and Monterey LAFCO staffs and they are in concurrence with this recommendation.

Please contact the LAFCO office should you have any questions.

Very truly yours,



BOB BRAITMAN
Executive Officer

cc: Vicki Morris, General Manager, Aromas Water District
Kate McKenna, Executive Officer, Monterey LAFCO
Darren McBain, Senior Analyst, Monterey LAFCO