

2016

Commissioners

Chair

Sherwood Darington
Public Member

Vice Chair

Joe Gunter
City Member

Fernando Armenta
*County Member,
Alternate*

Matt Gourley
Public Member, Alternate

Maria Orozco
City Member, Alternate

John Phillips
County Member

Warren E. Poitras
*Special District Member,
Alternate*

Ralph Rubio
City Member

Simón Salinas
County Member

Steve Snodgrass
Special District Member

Graig R. Stephens
Special District Member

Counsel

Leslie J. Girard
General Counsel

Staff

Kate McKenna, AICP
Executive Officer

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Salinas, CA 93901

P. O. Box 1369
Salinas, CA 93902

Voice: 831-754-5838
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www.monterey.lafco.ca.gov

AGENDA

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

Monday, June 27, 2016
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 Re-Appointment of City Member (Alternate) Commissioner Orozco.
Recommended Action: LAFCO Chair Darington will administer the Oath of Office.
2. Adopt Resolutions Declaring the April and May 2016 Selection Results of Special District Member (Regular) Commissioner Poitras and Special District Member (Alternate) Commissioner Snodgrass.
Recommended Action: Adopt resolutions.

3. Administer the Oath of Office for Special District Members Poitras and Snodgrass.
Recommended Action: LAFCO Chair Darington will administer the Oath of Office.
4. Select the LAFCO Chair and Chair Pro Tempore for a Period Ending in May 2017.
Recommended Action: Conduct the selection process.

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.

5. Approve Draft Minutes from the April 25, 2016 LAFCO Regular Meeting.
Recommended Action: Approve minutes.
6. Accept Notes from the May 4, 2016 Budget and Finance Committee Meeting.
Recommended Action: Accept meeting notes.
7. Accept Report on Anticipated Future Agenda Items.
Recommended Action: Accept report.
8. Approve Registers of Checks for April and May 2016.
Recommended Action: Approve registers.
9. Accept Report of Draft Financial Statements for Period Ending March 31, 2016.
Recommended Action (by Budget and Finance Committee): Accept report.
10. Approve Year-End Budget Encumbrance of any Funds Remaining in Human Resources Professional Services on June 30, 2016 for use in Special Projects in Fiscal Year 2016-2017.
Recommended Action (by Budget and Finance Committee): Adopt resolution.
11. Accept Report on Activities of the California Association of Local Agency Formation Commissions.
Recommended Action: Accept report.
12. Approve Amendment to Agreement for Professional Services with the Office of County Counsel, County of Monterey, for General Legal Services.
Recommended Action: Approve amendment.

Public Hearing

13. Carmel Area Wastewater District:
 - Consider the Draft *2016 Municipal Service Review and Sphere of Influence Study*, and
 - Consider the District's proposed Sphere of Influence Amendment and annexation totaling approximately 3,040 acres (approximately five square miles), primarily in portions of Carmel Valley, the Carmel Hills area near the mouth of the valley, and lands in and near the Point Lobos State Natural Reserve (LAFCO File #16-01).

Recommended Actions: Conduct a public hearing and consider a resolution to:

- a) Find the Draft *2016 Municipal Service Review and Sphere of Influence Study* exempt from the California Environmental Quality Act (CEQA) under Sections 15306 and 15061(b)(3) of the CEQA Guidelines;
- b) Approve the *2016 Municipal Service Review and Sphere of Influence Study*;

- c) Consider the Negative Declaration that the District adopted in 2015, pursuant to CEQA, to address the potential environmental effects of the proposed Sphere of Influence Amendment and annexation;
- d) Approve the District's proposed Sphere of Influence Amendment and annexation, and
- e) Authorize the Executive Officer to set Monday, August 22, 2016 at 4:00 PM in the Board of Supervisors Chambers as the Conducting Authority ("protest") hearing for this proposal.

Executive Officer's Report

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

Commissioner Comments

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

Adjournment to the Next Meeting

The next Regular LAFCO Meeting is on Monday, August 22, 2016 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.

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

KATE McKENNA, AICP
Executive Officer

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Telephone (831) 754-5838 Fax (831) 754-5831
www.monterey.lafco.ca.gov

DATE: June 27, 2016
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: OATH OF OFFICE FOR CITY MEMBER COMMISSIONER

SUMMARY OF RECOMMENDATION:

It is recommended that the Commission Chair administer the Oath of Office to Commissioner Orozco.

EXECUTIVE OFFICER'S REPORT:

In accordance with State law, the Monterey County City Selection Committee re-appointed City of Gonzales Mayor Maria Orozco on April 1, 2016 to serve as the City Member Commissioner (Alternate) to LAFCO. The term of office for this seat will expire on the first Monday in May 2020. The Selection Committee's letter is attached to this report.

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 Darington will administer the oath to Commissioner Orozco, who will then take her seat on the Commission.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments: Monterey County City Selection Committee Letter dated April 7, 2016
Oath of Office

cc: Gail Borkowski, Secretary to the City Selection Committee, County of Monterey

MONTEREY COUNTY



BOARD OF SUPERVISORS

FERNANDO ARMENTA, *District 1*

LOUIS R. CALCAGNO, *District 2*

SIMÓN SALINAS, *Chair, District 3*

JANE PARKER, *Vice Chair, District 4*

DAVE POTTER, *District 5*

LAFCO

APR 11 2016

April 7, 2016

Kate McKenna, AICP
Executive Officer
LAFCO of Monterey County
P.O. Box 1369
Salinas, CA 93902

Re: Alternate City Member Appointment to LAFCO

Dear Ms. McKenna,

On Friday, April 1, 2016, the Monterey County City Selection Committee reappointed Mayor Maria Orozco as the Alternate City Member to LAFCO for a term ending May 1, 2020.

Contact information for Mayor Orozco is as follows:

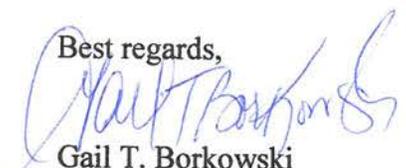
Mayor Maria Orozco
P.O. Box 647
147 Fourth Street
Gonzales, CA 93926,
(831) 675-5000

or

City Clerk at: cityclerk@ci.gonzales.ca.us.

If you need further assistance, do not hesitate to contact me at (831) 755-5066.

Best regards,


Gail T. Borkowski
Secretary to the City Selection Committee
County of Monterey

cc: Mayor Maria Orozco

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

Oath of Office

Commissioner Maria Orozco

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

THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

RESOLUTION NO. 16-xx

INDEPENDENT SPECIAL DISTRICT SELECTION COMMITTEE – LAFCO REGULAR MEMBER
SELECTION RESULTS FOR A TERM ENDING ON THE FIRST MONDAY IN MAY 2020

WHEREAS, a vacancy for the Special District Member (Regular) Commissioner was created by the completion of Stephen Snodgrass' term as LAFCO Commissioner; and

WHEREAS, the Executive Officer determined that a meeting of the Independent Special District Selection Committee, for the purpose of selecting the Special District Member (Regular) Commissioner, was not feasible; and

WHEREAS, an election for the Special District Member (Regular) Commissioner to serve a four-year term of office on the Commission was called as required by law, and the election was completed on April 8, 2016; and

WHEREAS, the Executive Officer has provided a report to the Commission on the results of the new election; and

WHEREAS, it is now necessary and appropriate for the Commission to declare the results of that election, and for the newly elected Member to take an oath of office and be seated with the Commission.

NOW THEREFORE, BE IT RESOLVED, by the Local Agency Formation Commission of Monterey County, that the report of the Executive Officer regarding the results from the election for the Special District Member (Regular) Commissioner to serve on the Commission is hereby accepted.

BE IT FURTHER RESOLVED, that the results of the election are hereby declared as follows:

- Warren E. Poitras (Monterey County Regional Fire District) 16 votes;
- Stephen Snodgrass (Pajaro/Sunny Mesa CSD) 6 votes;
- Grant T. Leonard (North County Recreation and Park District) 4 votes;

BE IT FURTHER RESOLVED, that Warren E. Poitras is hereby declared to be elected to the position of Special District Member (Regular) Commissioner pursuant to the above declared election results.

UPON MOTION OF Commissioner _____, seconded by Commissioner _____, the foregoing resolution is adopted this 27th day of June, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

, 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 June, 2016

By: _____

Kate McKenna, AICP, Executive Officer

THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

RESOLUTION NO. 16-xx

INDEPENDENT SPECIAL DISTRICT SELECTION COMMITTEE – LAFCO ALTERNATE MEMBER
SELECTION RESULTS FOR A TERM ENDING ON THE FIRST MONDAY IN MAY 2020

WHEREAS, a vacancy for the Special District Member (Alternate) Commissioner was created by the selection of Warren Poitras as a Regular LAFCO Commissioner on April 8; and

WHEREAS, the Executive Officer determined that a meeting of the Independent Special District Selection Committee, for the purpose of selecting the Special District Member (Alternate) Commissioner, was not feasible; and

WHEREAS, an election for the Special District Member (Alternate) Commissioner to serve a four-year term of office on the Commission was called as required by law, and the election was completed on May 30, 2016; and

WHEREAS, the Executive Officer has provided a report to the Commission on the results of the new election; and

WHEREAS, it is now necessary and appropriate for the Commission to declare the results of that election, and for the newly elected Alternate Member to take an oath of office and be seated with the Commission.

NOW THEREFORE, BE IT RESOLVED, by the Local Agency Formation Commission of Monterey County, that the report of the Executive Officer regarding the results from the election for the Special District Member (Alternate) Commissioner to serve on the Commission is hereby accepted.

BE IT FURTHER RESOLVED, that the results of the election are hereby declared as follows:

- Stephen Snodgrass (Pajaro/Sunny Mesa CSD) 15 votes;
- Grant T. Leonard (North County Recreation and Park District) 9 votes;
- No Position Taken 2 votes;

BE IT FURTHER RESOLVED, that Stephen Snodgrass is hereby declared to be elected to the position of Special District Member (Alternate) Commissioner pursuant to the above declared election results.

UPON MOTION OF Commissioner _____, seconded by Commissioner _____, the foregoing resolution is adopted this 27th day of June, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

, 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 June, 2016

By: _____

Kate McKenna, AICP, Executive Officer

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

KATE McKENNA, AICP
Executive Officer

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Fax (831) 754-5831

DATE: June 27, 2016

TO: Chair and Members of the Formation Commission

FROM: Kate McKenna, AICP, Executive Officer

SUBJECT: OATH OF OFFICE FOR SPECIAL DISTRICT MEMBERS

SUMMARY OF RECOMMENDATION:

It is recommended that Chair Darington administer the oath of office to Commissioner Warren E. Poitras and Commissioner Stephen Snodgrass.

EXECUTIVE OFFICER'S REPORT:

In a process that concluded on April 8, and in accordance with State law and local procedures, the Independent Special District Selection Committee elected Commissioner Warren E. Poitras as a Special District Member (Regular) Commissioner. Commissioner Poitras is the President of the Monterey County Regional Fire District and currently serves as the Alternate Special District representative on LAFCO. Commissioner Poitras will fill the Regular seat that had been held by Stephen Snodgrass, and will serve a four-year term ending on May 4, 2020.

In a process that concluded on May 30, and in accordance with State law and local procedures, the Independent Special District Selection Committee elected Commissioner Stephen Snodgrass as a Special District Member (Alternate) Commissioner. Commissioner Snodgrass is the President of the Pajaro/Sunny Mesa Community Services District Board of Directors and currently serves as the Regular Special District representative on LAFCO. Commissioner Snodgrass will fill the Alternate seat that had been held by Commissioner Poitras, and will serve a four-year term ending on May 4, 2020.

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 Darington will administer the oath to Commissioner Poitras and to Commissioner Snodgrass.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments: Oaths of Office

cc: Warren E. Poitras, President, Independent Special Districts Association of Monterey County
Russ Jeffries, Vice President, Independent Special Districts Association of Monterey County
Rick Verbanec, Secretary, Independent Special Districts Association of Monterey County

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

Oath of Office

Commissioner Warren E. Poitras

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

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

Oath of Office

Commissioner Steve Snodgrass

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

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

KATE McKENNA, AICP
Executive Officer

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DATE: June 27, 2016
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: SELECTION OF CHAIR AND CHAIR PRO TEMPORE

SUMMARY OF RECOMMENDATION:

It is recommended that the Commission select the Chair and Chair Pro Tempore for a one-year period ending in May 2017.

EXECUTIVE OFFICER'S REPORT:

LAFCO *Rules and Regulations for the Orderly and Fair Conduct of Hearings* provide that the Commission shall annually, by majority vote, select from its regular members one to serve as Chair and one to serve as Chair Pro Tempore of the Commission until the following May. Any Chair or Chair Pro Tempore selected under the provision of this section shall continue to act as Chair or Chair Pro Tempore until their successors are seated on the Commission.

The *Rules and Regulations* provide that the Commission shall rotate the positions of Chair and Chair Pro Tempore from among Commissioners according to the following schedule:

<u>Chair</u>	<u>Chair Pro Tempore</u>
2013-14 County Member	Special District Member
2014-15 Special District Member	Public Member
2015-16 Public Member	City Member
➔ 2016-17 City Member	County Member

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachment: Section 10 of the "Rules and Regulations for the Orderly and Fair Conduct of Hearings" relating to the Chair and Chair Pro Tempore

THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

RESOLUTION NO. 08-02

**RULES AND REGULATIONS FOR THE ORDERLY AND FAIR
CONDUCT OF HEARINGS OF THE LOCAL AGENCY FORMATION COMMISSION
OF MONTEREY COUNTY**

...

Section 10. CHAIR AND CHAIR PRO TEMPORE. At its first meeting in the month of May, the Commission shall by majority vote, select from its regular members one to serve as Chair and one to serve as Chair Pro Tempore of the Commission until the following May. Any Chair or Chair Pro Tempore selected under the provisions of this section shall continue to act as Chair or Chair Pro Tempore until the selection of their successors.

- a. Beginning in May 2008, the positions of Chair and Chair Pro Tempore will be rotated among Commissioners according to the following schedule, and then repeated:

	<u>Chair</u>	<u>Chair Pro Tempore</u>
Year 1	City Member	County Member
Year 2	County Member	Special District Member
Year 3	Special District Member	Public Member
Year 4	Public Member	City Member

...

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

2016

Commissioners

Chair

Sherwood Darington
Public Member

Vice Chair

Joe Gunter
City Member

Fernando Armenta
County Member, Alternate

Matt Gourley
Public Member, Alternate

Maria Orozco
City Member, Alternate

John Phillips
County Member

Warren E. Poitras
Special District Member,
Alternate

Ralph Rubio
City Member

Simón Salinas
County Member

Steve Snodgrass
Special District Member

Graig R. Stephens
Special District Member

Counsel

Leslie J. Girard
General Counsel

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DRAFT MINUTES

LOCAL AGENCY FORMATION COMMISSION
OF MONTEREY COUNTY

Monday, April 25, 2016

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 Darington, Chair
Commissioner Gourley
Commissioner Gunter, Chair Pro-Tem
Commissioner Phillips
Commissioner Orozco
Commissioner Poitras
Commissioner Snodgrass
Commissioner Stephens

Members Absent (Excused Absences)

Commissioner Rubio
Commissioner Salinas

Members Not Present (Presence Not Required)

Commissioner Armenta.

Staff Present

Kate McKenna, AICP, Executive Officer
Leslie J. Girard, General Counsel
Darren McBain, Senior Analyst
Tiffany Hutchison, Administrative Assistant (Temporary)

Call To Order

The Local Agency Formation Commission was called to order by Chair Darington at 4:00 p.m. in the Monterey County Board of Supervisors Chambers.

Pledge of Allegiance

Commissioner Gunter led the Pledge of Allegiance.

Public Comments

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

Consent Calendar

1. Approve Draft Minutes from the March 28, 2016 LAFCO Regular Meeting.
2. Accept Report on Anticipated Agenda Items and Progress Report on LAFCO Special Studies.
3. Accept Register of Checks for March 2016.

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

Commission Action: Upon motion by Commissioner Gunter, seconded by Commissioner Snodgrass, the Consent Items were unanimously approved by those present. Abstain: None.
Absent: Commissioner Rubio, Commissioner Salinas.

Public Hearing-

4. Consider Adoption of a Final Budget for Fiscal Year 2016-2017.
Executive Officer McKenna presented a report. There were no public comments. Commissioner Stephens provided comments.

Commission Action: Upon motion by Commissioner Phillips, seconded by Commissioner Gunter, the recommended Resolution adopting the Budget and directing the distribution of the adopted Final Budget to local agencies and the Auditor-Controller was unanimously approved by those present. Abstain: None.
Absent: Commissioner Rubio, Commissioner Salinas.

New Business-

5. Consider Establishing a Part-Time Administrative Assistant Position with related Job Description and Salary Range.
Executive Officer McKenna presented a report. There were no public or Commissioner comments.

Commission Action: Upon motion by Commissioner Gunter, seconded by Commissioner Snodgrass, The recommended Resolution for Establishing a Part-Time Administrative Assistant with related Job Description and Salary Range was unanimously approved by those present. Abstain: None.
Absent: Commissioner Rubio, Commissioner Salinas.

Executive Officer's Report

None.

Commissioner Comments

None.

Correspondence

None.

Closed Session

The Commission will conduct a Public Employee Annual Performance Evaluation in closed session, pursuant to Code Section 54957. Position: LAFCO Executive Officer.

The Commission convened to Closed Session at 4:10 pm.

The Commission reconvened the Regular LAFCO meeting at 4:20 pm. Legal Counsel, Leslie Girard stated there was no reportable action from the closed session.

Adjournment to the Next Meeting

Chair Darington adjourned the meeting at 4:26. p.m.

*The next Regular LAFCO meeting is scheduled for Monday, May 23, 2016 at 4:00 p.m.

**2016
Committee**

Chair
Ralph Rubio
City Member

Simón Salinas
County Member

Graig R. Stephens
Special District Member

**MEETING NOTES
BUDGET AND FINANCE COMMITTEE MEETING**

Wednesday, May 4, 2016

11:00 a.m.

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

Staff

Kate McKenna, AICP
Executive Officer

Counsel
Leslie J Girard
General Counsel

Roll Call

Members Present

Commissioner Ralph Rubio (2016 Chair)
Commissioner Simón Salinas (Outgoing Chair)
Commissioner Graig Stephens

Staff Present

Kate McKenna, AICP, Executive Officer
Mike Briley, CPA, Hayashi Wayland

Call to Order

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.

New Business

1. Draft Financial Statements for Period Ending March 31, 2016.
Executive Officer McKenna and Mr. Briley presented a report. After discussion, the Committee unanimously voted to recommend approval of the financial statements.
2. Profit/Loss Budget v. Actual Worksheet dated April 22, 2016.
Executive Officer McKenna and Mr. Briley presented a report. After discussion, the Committee unanimously accepted the report for information only.

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3. Year-End Budget Encumbrance for Fiscal Year 2015-2016.

Executive Officer McKenna proposed a budget encumbrance of any funds remaining in Human Resources Professional Services on June 30, 2016, for use in special projects in Fiscal Year 2016-2017.

The Committee unanimously voted to approve of the carryover of these funds.

Adjournment to the Next Meeting

Chair Rubio adjourned the meeting at 10:00 a.m. The next Budget and Finance Committee Meeting is scheduled for Friday, November 4, 2016 at 11:00 a.m. in the LAFCO Conference Room.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

KATE McKENNA, AICP
Executive Officer

LOCAL AGENCY FORMATION COMMISSION
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DATE: June 27, 2016
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 through December 2016

1. **Recreation Districts (3)** – 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 (*Initiated by LAFCO staff in March 2016. Administrative drafts will be reviewed with Districts in July 2016.*)
2. **City of Greenfield** – Potential commercial/industrial and residential annexation proposals (Franscioni, Scheid, Hearne). (*CEQA clearance, Williamson Act exchange agreements, and other “pre-LAFCO application” actions are in progress. Annexation application may be filed in second half of 2016.*)
3. **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. (*A comprehensive City-County MOA was approved by the Soledad City Council in February 2016 and the Board of Supervisors in March 2016. LAFCO will initiate a Municipal Service Review/Sphere of Influence study in Spring- Summer 2016, depending on city's schedule. City applications for a Sphere of Influence Amendment and Annexations are anticipated in fall 2016 and beyond.*)

4. **King City** – Potential Sphere of Influence Amendment and Annexation of the existing College Ville farmworker housing complex located adjacent to existing city limits, and possibly one or more other nearby parcels. (*Applications have not yet been submitted.*)
5. **Marina Coast Water District** –
 - a) 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. A December 8, 2015 letter from SCSD to MCWD requested additional coordination on engineering studies. MSR and SOI adoption schedule is dependent on the districts.*)
 - b) Sphere of Influence Amendment and Annexation of portions of the former Fort Ord, and/or the “Cemex” site, to provide water and wastewater services (*May be initiated by the District. See MSR discussion above.*)
6. **Seaside County Sanitation District** –
 - a) Municipal Service Review (*Initiated by LAFCO. Administrative draft MSR was prepared by LAFCO staff and reviewed with District in 2013. MSR and SOI adoption schedule is dependent on the two districts. See related MCWD item above.*)
 - b) 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.*)
7. **City of Seaside** – Municipal Service Review (*will be initiated by LAFCO at such a time as warranted by schedule for a potential Sphere of Influence Amendment*); Sphere of Influence Amendment and Annexation of the Proposed Monterey Downs Project, Horse Park and Central Coast Veterans Cemetery project (*to be initiated by the City. Sphere / annexation applications are not yet submitted – pending CEQA clearance, and other City/County actions.*)
8. **Municipal Service Review and Sphere of Influence Study for Water and Wastewater Service Districts:** Aromas Water District and the Boronda, Pajaro, and Monterey Regional County Sanitation Districts, a dependent district related to the Monterey Regional Water Pollution Control Agency. (*This item is anticipated to include participation in exploratory discussions regarding the possibility of Sphere of Influence and annexation applications to connect a farmworkers housing opportunity near Salinas, and several other wastewater opportunity areas, to the regional wastewater treatment and recycling system operated by the MRWPCA. Opportunity areas informally identified include Toro, Spreckels and several other rural communities now served by private sewer companies.*)

Anticipated Agenda Items through June 30, 2017.

9. **Salinas Valley Memorial Healthcare System** – Municipal Service Review and Sphere of Influence Study (*Initiated by LAFCO in September 2014; information collection in progress.*)
10. **County of Monterey** – Potential formation of a new community services district to serve development of Ferrini Ranch and other Highway 68 – area properties. (*Not yet initiated by County of Monterey, property owners, or other parties. County met with LAFCO staff in May 2016 to begin discussion.*)
11. **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 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. (LAFCO submitted a comment letter on the City's Notice of Preparation of a draft, program-level EIR in December 2015. The EIR has not yet been circulated.)

12. **Municipal Service Reviews and Sphere of Influence Studies –**

- a) **Community Services Districts:** Pebble Beach, Santa Lucia
- b) **Other Government Services:** Monterey Peninsula Airport District, Moss Landing, Harbor District, North Salinas Valley Mosquito Abatement District, Resource Conservation District of Monterey County

13. **City of Greenfield/Greenfield Fire Protection District –** A reorganization application is anticipated as a possible outcome of a 2016 fire service study that is underway now.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachment I: Progress Report – LAFCO Special Studies

Prepared by: Darren McBain, Senior Analyst

Attachment 1

STATUS OF SPECIAL STUDIES
LISTED IN THE FY 2015/2016 WORK PROGRAM
(Municipal Service Reviews and Sphere of Influence Studies)
June 27, 2016

Completed in December 2015:

- Gonzales Cemetery District
- Soledad Cemetery District
- Greenfield Cemetery District
- King City Cemetery District
- San Lucas Cemetery District
- San Ardo Cemetery District
- Cholame Cemetery District
- Castroville Cemetery District
- Pajaro Valley Public Cemetery District
- Greenfield Memorial District
- Soledad Mission Recreation District
- Greenfield Public Recreation District
- San Ardo Water District
- San Lucas County Water District

Completed in 2016, to date:

- Spreckels Community Services District
- Spreckels Memorial District
- Carmel Area Wastewater District

Currently in Progress, as of April 2016 (Timing is Dependent on other Agency Actions):

- Marina Coast Water District – *Administrative draft under review*
- Seaside County Sanitation District – *Administrative draft under review*
- Salinas Valley Memorial Healthcare System – *Information collection in process*

Initiated in March 2016, with Anticipated Completion by August 2016:

- Carmel Valley Recreation and Park District – *Information collection in progress*
- North County Recreation and Park District – *Information collection in progress*
- Monterey Peninsula Regional Park District – *Information collection in progress*

Not Yet Initiated, Anticipated Carry/Over to FY 2016/ 2017 (Timing is Dependent on other Agency Actions):

- City of Seaside
- City of Soledad
- City of Salinas
- County of Monterey, Highway 68 Corridor / 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 OF MONTEREY COUNTY

KATE McKENNA, AICP
Executive Officer

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

DATE: June 27, 2016
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: LAFCO CHECK REGISTERS – APRIL AND MAY 2016

SUMMARY OF RECOMMENDATION:

It is recommended that the Commission approve the check registers for April and May 2016.

EXECUTIVE OFFICER'S REPORT:

Attached are lists of LAFCO checks written in the past two months. Expenditures are consistent with the normal monthly averages.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments: Check Registers, April and May 2016

LAFCO
 LOCAL AGENCY FORMATION COMMISSION
 OF MONTEREY COUNTY
 WELLS FARGO BANK WARRANT REGISTER
 FOR APRIL 30, 2016

DATE	CK#	NAME	DESCRIPTION	CHECK AMOUNT	DEPOSIT AMOUNT	ACCOUNT BALANCE
Beginning Balance 4/1/2016						\$ 223,969.52
04/05/2016	EFT	CalPERS Health	April 2016 Health Insurance EFT#1000679299	3,798.68		220,170.84
04/07/2016	EFT	QuickBooks Payroll Service	For Payroll Period Ending 4/1/16 Paid 4/8/16	9,199.01		210,971.83
04/08/2016	DEP	Staples	Deposit-Invoice paid twice		153.70	211,125.53
04/08/2016	EFT	CalPERS 457 Program	CalPers 457 Deferred Compensation Contribution	2,113.29		209,012.24
04/08/2016	EFT	CalPERS Retirement	CalPers Retirement Contribution	1,887.05		207,125.19
04/08/2016	EFT	EDD	State Payroll Tax Deposit	1,006.85		206,118.34
04/08/2016	EFT	EFTPS	Federal Payroll Tax Deposit	2,729.00		203,389.34
04/08/2016	5344	Darren J McBain	For Payroll Period Ending 4/1/16 Paid 4/8/16	0.00		203,389.34
04/08/2016	5345	Gail M Lawrence	For Payroll Period Ending 4/1/16 Paid 4/8/16	0.00		203,389.34
04/08/2016	5346	Kathryn M. McKenna	For Payroll Period Ending 4/1/16 Paid 4/8/16	0.00		203,389.34
04/08/2016	5347	Thomas A. McCue	For Payroll Period Ending 4/1/16 Paid 4/8/16	0.00		203,389.34
04/08/2016	5348	Accountemps	Temp Help: Hutchison,Tiffany W/E 3/18/16 & 3/25/16	1,740.22		201,649.12
04/08/2016	5349	IBM Corporation	Leased Computers for Lafco Staff 4/1/16-4/30/16	172.96		201,476.16
04/08/2016	5350	Quality Water Enterprises, Inc.	Water Dispenser Rental	19.30		201,456.86
04/08/2016	5351	Cardmember Service	Norton Virus Automatic Program Renewal-Payment transferred to I	89.99		201,366.87
04/08/2016	5352	Cash	Replenish Petty Cash: Postage	91.12		201,275.75
04/11/2016	EFT	EDD	Quarter 1, 2016 SUI & ETT Payroll Taxes Due	1,400.00		199,875.75
04/21/2016	EFT	QuickBooks Payroll Service	For Payroll Period Ending 4/15/16 Paid 4/22/16	8,739.63		191,136.12
04/22/2016	EFT	CalPERS 457 Program	CalPers 457 Deferred Compensation Contribution	2,077.55		189,058.57
04/22/2016	EFT	CalPERS Retirement	CalPers Deferred Compensation Contribution	1,887.05		187,171.52
04/22/2016	EFT	EDD	State Payroll Tax Deposit	886.62		186,284.90
04/22/2016	EFT	EFTPS	Federal Payroll Tax Deposit	2,405.20		183,879.70
04/22/2016	5353	Darren J McBain	For Payroll Period Ending 4/15/16 Paid 4/22/16	0.00		183,879.70
04/22/2016	5354	Gail M Lawrence	For Payroll Period Ending 4/15/16 Paid 4/22/16	0.00		183,879.70
04/22/2016	5355	Kathryn M. McKenna	For Payroll Period Ending 4/15/16 Paid 4/22/16	0.00		183,879.70
04/22/2016	5356	Thomas A. McCue	For Payroll Period Ending 4/15/16 Paid 4/22/16	0.00		183,879.70
04/22/2016	5357	Accountemps	Temp Help: Hutchison,Tiffany W/E 4/1/16 & 4/8/16	1,714.82		182,164.88
04/22/2016	5358	AT&T	Telephone Service from 3/12/16-4/11/16	163.68		182,001.20
04/22/2016	5359	Benefit Coordinators Corp.	Dental & Vision Insurance: May 2016	595.44		181,405.76
04/22/2016	5360	Copymat	Board Packet	146.01		181,259.75
04/22/2016	5361	Hayashi Wayland	Accounting Services	3,000.00		178,259.75
04/22/2016	5362	Office of County Counsel - Co of Monterey	Legal Services March 2016	278.51		177,981.24
04/22/2016	5363	Sunrise Express	3/1 & 3/23 binder delivery	321.00		177,660.24
04/22/2016	5364	County of Monterey, Information Technology	Computer Support Services Through 2/29/16	2,645.71		175,014.53
04/22/2016	5365	Payment Remittance Center	CaLafco Staff Workshop 3/30/16-4/1/16	974.20		174,040.33
04/22/2016	5366	Bruce Lindsey	Monthly Building Rent	2,027.66		172,012.67
				<u>52,110.55</u>	<u>153.70</u>	
Ending Balance 4/30/16						<u>\$ 172,012.67</u>

LAFCO
LOCAL AGENCY FORMATION COMMISSION
OF MONTEREY COUNTY
WELLS FARGO BANK WARRANT REGISTER
FOR MAY 2016

DATE	CK#	NAME	DESCRIPTION	CHECK AMOUNT	DEPOSIT AMOUNT	ACCOUNT BALANCE
Beginning Balance 5/1/2016						\$ 172,012.67
5/2/2016	EFT	CalPERS Health	May 2016 Health Insurance EFT#1000689512	3,798.68		168,213.99
5/5/2016	DEP		Project Fees: Carmel Area Wastewater District		4,200.00	172,413.99
5/5/2016	EFT	QuickBooks Payroll Service	For Payroll Period Ending 4/29/16 Paid 5/6/16	7,878.13		164,535.86
5/6/2016	EFT	CalPERS 457 Program	CalPers 457 Deferred Compensation Contribution	1,864.05		162,671.81
5/6/2016	EFT	CalPERS Retirement	CalPers Retirement Contribution	1,685.13		160,986.68
5/6/2016	EFT	EDD	State Payroll Tax Deposit	921.04		160,065.64
5/6/2016	EFT	EFTPS	Federal Payroll Tax Deposit	2,421.58		157,644.06
5/6/2016	5367	Darren J McBain	For Payroll Period Ending 4/29/16 Paid 5/6/16	0.00		157,644.06
5/6/2016	5368	Gail M Lawrence	For Payroll Period Ending 4/29/16 Paid 5/6/16	0.00		157,644.06
5/6/2016	5369	Kathryn M. McKenna	For Payroll Period Ending 4/29/16 Paid 5/6/16	0.00		157,644.06
5/6/2016	5370	Thomas A. McCue	For Payroll Period Ending 4/29/16 Paid 5/6/16	0.00		157,644.06
5/6/2016	5371	Accountemps	Temp Help: Hutchison,Tiffany W/E 4/15/16 & 4/22/16	1,717.58		155,926.48
5/6/2016	5372	AT&T Mobility	Telephone Service 3/14/16-4/13/16	159.91		155,766.57
5/6/2016	5373	IBM Corporation	Leased Computers for Lafco Staff 5/1/16-5/31/16	172.96		155,593.61
5/6/2016	5374	Monterey County Herald	12 Week Subscription-Customer #49013	81.52		155,512.09
5/6/2016	5375	Principal Life	May 2016 Benefits: LTD,ADD,STD,Life	524.17		154,987.92
5/6/2016	5376	Quality Water Enterprises, Inc.	Water Dispenser Rental	27.60		154,960.32
5/11/2016	DEP		Funds Transfer-Rabobank Checking Account Closed		10,617.95	165,578.27
5/19/2016	EFT	QuickBooks Payroll Service	For Payroll Period Ending 5/13/16 Paid 5/20/16	8,231.78		157,346.49
5/20/2016	EFT	CalPERS 457 Program	CalPers 457 Deferred Compensation Contribution	1,891.25		155,455.24
5/20/2016	EFT	CalPERS Retirement	CalPers Retirement Contribution	1,712.53		153,742.71
5/20/2016	EFT	EDD	State Payroll Tax Deposit	875.75		152,866.96
5/20/2016	EFT	EFTPS	Federal Payroll Tax Deposit	2,313.60		150,553.36
5/20/2016	EFT	CalPERS Retirement	GASB 68 Reporting Services Fee, CalPERS	1,300.00		149,253.36
5/20/2016	5377	Darren J McBain	For Payroll Period Ending 5/13/16 Paid 5/20/16	0.00		149,253.36
5/20/2016	5378	Gail M Lawrence	For Payroll Period Ending 5/13/16 Paid 5/20/16	0.00		149,253.36
5/20/2016	5379	Kathryn M. McKenna	For Payroll Period Ending 5/13/16 Paid 5/20/16	0.00		149,253.36
5/20/2016	5380	Thomas A. McCue	For Payroll Period Ending 5/13/16 Paid 5/20/16	0.00		149,253.36
5/20/2016	5381	Accountemps	Temp Help: Hutchison,Tiffany W/E 4/29/16 & 5/6/16	1,745.12		147,508.24
5/20/2016	5382	County of Monterey, Information Technology	Computer Support Services Through 3/31/16	985.21		146,523.03
5/20/2016	5383	Hayashi Wayland	Accounting Services	3,000.00		143,523.03
5/20/2016	5384	MBS Business Systems	Copy Machine Rental & Usage	2,004.97		141,518.06
5/20/2016	5385	Sunrise Express	4/20,4/14,4/28 Binder Deliveries	614.72		140,903.34
5/20/2016	5386	Payment Remittance Center	Postage; Office Supplies	408.54		140,494.80
5/20/2016	5387	Aromas Water District	Refund on Unused Deposit for 2016 Processing Costs	2,101.77		138,393.03
5/20/2016	5388	Bruce Lindsey	Monthly Building Rent	2,027.66		136,365.37
				50,465.25	14,817.95	
Ending Balance 5/31/2016						\$ 136,365.37

LAFCO
 LOCAL AGENCY FORMATION COMMISSION
 OF MONTEREY COUNTY
 RABOBANK WARRANT REGISTER
 FOR APRIL 2016

DATE	CK#	NAME	DESCRIPTION	CHECK AMOUNT	DEPOSIT AMOUNT	ACCOUNT BALANCE
Beginning Balance 4/1/2016						\$ 10,651.80
4/12/2016	Rabobank		Bank Service Charge: Account Analysis Fees	16.88		10,634.92
				<u>\$ 16.88</u>	<u>\$ -</u>	
Ending Balance 4/30/2016						<u>\$ 10,634.92</u>

LAFCO
 LOCAL AGENCY FORMATION COMMISSION
 OF MONTEREY COUNTY
 RABOBANK WARRANT REGISTER
 FOR MAY 2016

DATE	CK#	NAME	DESCRIPTION	CHECK AMOUNT	DEPOSIT AMOUNT	ACCOUNT BALANCE
Beginning Balance 5/1/2016						\$ 10,634.92
5/10/2016	Rabobank		Bank Service Charge: Account Analysis Fees	16.97		10,617.95
5/11/2016	Rabobank		Balance Transferred to Wells Fargo Bank- Account Closed	10,617.95		(0.00)
				<u>\$ 10,634.92</u>	<u>\$ -</u>	
Ending Balance 5/31/2016						<u>\$ (0.00)</u>

**Local Agency Formation Commission
of Monterey County
Financial Statements
March 31, 2016**

Draft

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

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HAYASHI | WAYLAND

ACCOUNTANTS' COMPILATION REPORT

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

We have compiled the accompanying financial statements of the **Local Agency Formation Commission of Monterey County (LAFCO)** as of and for the nine months ended March 31, 2016. 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**.

April 25, 2016



LAFCO of Monterey County
Balance Sheets
March 31, 2016 and 2015

ASSETS			
	ACCT #	2016	2015
CURRENT ASSETS:			
Cash Held in Bank:			
Rabobank Operating	1000	\$ 10,665.84	\$ 115,537.98
Wells Fargo Operating	1007	223,969.52	48,678.31
Total Cash Held in Bank		<u>234,635.36</u>	<u>164,216.29</u>
Cash Held in County Treasury:			
Cash Held for Operating Expenses	1010	347,068.81	280,555.08
Designated Cash for Reserve for Litigation	1012	300,036.51	300,036.51
Designated Cash for Accrued Leave	1013	35,248.33	38,519.73
Designated Cash for Post Retirement (GASB 45)	1014	9,379.00	9,379.00
Designated Cash for Reserve for Contingency	1015	156,779.00	156,779.00
Total Cash Held in County Treasury		<u>848,511.65</u>	<u>785,269.32</u>
Petty Cash	1100	100.00	100.00
Total Cash		<u>1,083,247.01</u>	<u>949,585.61</u>
Other Current Assets:			
Accounts Receivable - For Fiscal Yr Ending 6/16	1228	41.00	-
Wells Fargo Bank Receivable	1310	-	181.85
Prepaid Insurance	1400	2,744.44	2,819.71
Prepaid Expenses	1405	2,343.36	3,163.81
Total Other Current Assets		<u>5,128.80</u>	<u>6,165.37</u>
Total Current Assets		<u>1,088,375.81</u>	<u>955,750.98</u>
NON-CURRENT ASSETS:			
Equipment	1500	13,753.18	29,120.35
Accumulated Depreciation	1550	(10,351.88)	(24,130.14)
Total Non-Current Assets		<u>3,401.30</u>	<u>4,990.21</u>
DEFERRED OUTFLOWS OF RESOURCES (GASB 68):			
Deferred Outflows of Resources - PERS Contributions	1800	146,482.21	-
Deferred Outflows of Resources - Actuarial	1805	18,876.00	-
Total Deferred Outflows of Resources (GASB 68)		<u>165,358.21</u>	<u>-</u>
		<u>\$ 1,257,135.32</u>	<u>\$ 960,741.19</u>
LIABILITIES AND EQUITY			
	ACCT #	2015	2014
CURRENT LIABILITIES:			
Accounts Payable	2000	\$ 4,610.08	\$ 1,627.66
Payroll Liabilities	2200	1,568.00	168.00
CalPers 457 Liability	2205	-	-
Direct Deposit Liabilities	2210	-	-
Accrued Leave	2220	35,248.33	38,519.73
Total Current Liabilities		<u>41,426.41</u>	<u>40,315.39</u>
NON-CURRENT LIABILITIES:			
Post Retirement (GASB 45)	2230	9,379.00	9,379.00
Net Pension Liability (GASB 68)	2400	108,773.00	-
Total Non-Current Liabilities		<u>118,152.00</u>	<u>9,379.00</u>
DEFERRED INFLOWS OF RESOURCES (GASB 68):	2500	48,732.00	-
EQUITY:			
Beginning Net Position (GASB 68)	3400	(108,279.00)	-
Invested in Capital Assets	3700	3,401.30	4,990.21
Encumbered Funds	3710	2,316.90	14,681.90
Reserve for Litigation	3800	300,036.51	300,036.51
Reserve for Contingency	3810	156,779.00	156,779.00
Unreserved Fund*	3850	694,570.20	434,559.18
Total Equity		<u>1,048,824.91</u>	<u>911,046.80</u>
		<u>\$ 1,257,135.32</u>	<u>\$ 960,741.19</u>

*Includes revenue received in the current year to be used for operating expenses through 6/30/16

LAFCO of Monterey County
Income and Expense Budget Performance - Summary
March 31, 2016

ACCT #	Income:	Mar 16	Mar 15	% of Budget		July 15-Mar 16	July 14-Mar 15	Adopted 15/16 Budget	Remaining Budget Balance	% of Remaining Budget Balance
				Received/ Spent Mar 16	Spent					
4000	Fees: Project	\$ -	\$ -	0.00%		\$ 6,590.03	\$ 5,512.97	\$ 10,000.00	\$ (3,409.97)	-34.10%
4205	County Contributions	-	-	0.00%		269,068.00	249,367.00	269,067.00	1.00	0.00%
4210	City Contributions	-	-	0.00%		269,067.00	249,366.99	269,067.00	-	0.00%
4220	District Contributions	-	-	0.00%		269,067.00	249,367.00	269,067.00	-	0.00%
4300	Interest	-	0.04	0.00%		3,570.97	2,193.79	1,500.00	2,070.97	138.06%
	Total Income	-	0.04	0.00%		817,363.00	755,807.75	818,701.00	(1,338.00)	-0.16%
	Expense:									
VAR	Employee Salaries	31,994.01	31,737.27	7.19%		285,833.78	300,859.18	445,000.00	159,166.22	35.77%
VAR	Employee Benefits	11,442.23	12,849.01	6.18%		99,890.59	113,752.94	185,000.00	85,109.41	46.01%
7000	Postage and Shipping	586.03	503.57	19.53%		2,013.33	1,709.14	3,000.00	986.67	32.89%
7010	Books and Periodical	91.97	293.49	9.20%		672.70	944.50	1,000.00	327.30	32.73%
7030	Copy Machine	315.70	315.70	4.86%		5,341.74	4,825.75	6,500.00	1,158.26	17.82%
7040	Outside Printers	356.73	1,162.15	5.95%		2,194.11	3,094.78	6,000.00	3,805.89	63.43%
7060	Office Supplies	67.71	185.21	1.50%		3,249.22	2,444.95	4,500.00	1,250.78	27.80%
7070	Office Equipment & Furnishings	-	-	0.00%		411.53	-	1,000.00	588.47	58.85%
7080	Computer Hardware/Peripherals	172.96	171.16	5.77%		1,556.64	1,524.65	3,000.00	1,443.36	48.11%
7085	Computer Support Svcs Fixed Costs	1,587.72	-	21.17%		5,862.08	667.00	7,500.00	1,637.92	21.84%
7090	Computer Support Svcs Variable Costs	2,091.00	-	17.43%		4,640.92	4,623.00	12,000.00	7,359.08	61.33%
7100	Computer Software	-	79.99	0.00%		529.93	411.90	1,000.00	470.07	47.01%
7105	Meeting Broadcast Services	-	-	0.00%		1,950.00	-	3,300.00	1,350.00	40.91%
7110	Property and Gen Liability Insurance	419.78	422.30	7.92%		3,778.02	3,800.70	5,300.00	1,521.98	28.72%
7120	Office Maintenance Services	-	-	0.00%		-	-	400.00	400.00	100.00%
7140	Travel	7.53	-	0.11%		3,856.81	2,809.73	7,000.00	3,143.19	44.90%
7150	Training, Conferences & Workshops	667.62	-	7.85%		3,973.86	2,422.52	8,500.00	4,526.14	53.25%
7160	Vehicle Mileage	-	147.78	0.00%		135.70	595.05	2,000.00	1,864.30	93.22%
7170	Rental of Buildings	2,027.66	1,926.28	8.31%		18,248.94	17,336.52	24,400.00	6,151.06	25.21%
7200	Telephone Communications	966.02	1,097.46	16.10%		3,655.72	4,615.17	6,000.00	2,344.28	39.07%
7230	Temporary Help Services (Clerical)	3,254.76	-	13.02%		14,806.30	-	25,000.00	10,193.70	40.77%
7242	Outside Prof. Services: Accounting	3,000.00	3,000.00	8.00%		27,012.70	24,000.00	37,500.00	10,487.30	27.97%
7245	General and Special Legal Services	-	3,041.28	0.00%		1,364.18	3,974.94	11,000.00	9,635.82	87.60%
7247	Outside Prof. Services: Human Resources	-	-	0.00%		-	-	10,000.00	10,000.00	100.00%
7248	Outside Prof. Services: Annual Audit	-	-	0.00%		13,000.00	13,000.00	13,500.00	500.00	3.70%
7250	Miscellaneous Office Expense	19.30	17.84	3.22%		289.02	372.08	600.00	310.98	51.83%
7260	Legal Notices	176.55	279.52	4.41%		801.05	1,184.99	4,000.00	3,198.95	79.97%
7280	LAFCO Memberships	-	-	0.00%		4,377.00	4,239.00	4,700.00	323.00	6.87%
7285	Records Storage & Security	-	-	0.00%		-	8,332.00	10,000.00	10,000.00	100.00%
7300	Depreciation	172.00	230.00	0.00%		1,542.00	2,091.00	-	(1,542.00)	0.00%
	Total Expense	59,417.28	57,460.01	7.00%		510,987.87	523,631.49	848,700.00	337,712.13	39.79%
	Net Ordinary Income (Loss)	(59,417.28)	(57,459.97)			306,375.13	232,176.26	(29,999.00)		
	Other Income/(Expense):									
8110	From Unreserved Funds	-	(108,396.00)			-	(108,396.00)	30,000.00		
8111	Encumbered Funds: Computer Support Variable	-	-			(5,470.00)	-	-		
8112	Encumbered Funds: Recruitment Advertising	-	-			-	(862.50)	-		
8113	Encumbered Funds: Human Resources	-	-			(50.84)	-	-		
8114	Encumbered Funds: Temp Help Svcs -Clerical	-	-			(7,000.00)	-	-		
	Total Other Income/(Expense)	-	(108,396.00)			(12,520.84)	(109,258.50)	30,000.00		
	Net Income (Loss)	\$ (59,417.28)	\$ (165,855.97)			\$ 293,854.29	\$ 122,917.76	\$ 1.00		

LAFCO of Monterey County
Income and Expense Budget Performance - Detail
March 31, 2016

ACCT #	Income:	% of Budget Received/Spent					Adopted 15-16 Budget	Remaining Budget Balance	% of Remaining Budget Balance
		Mar 16	Mar 15	Mar 16	July 15-Mar 16	July 14-Mar 15			
4000	Fees: Project	\$ -	\$ -	0.00%	\$ 6,590.03	\$ 5,512.97	\$ 10,000.00	\$ (3,409.97)	-34.10%
4205	County Contributions	-	-	0.00%	269,068.00	249,367.00	269,067.00	1.00	0.00%
4210	City Contributions	-	-	0.00%	269,067.00	249,366.99	269,067.00	-	0.00%
4220	District Contributions	-	-	0.00%	269,067.00	249,367.00	269,067.00	-	0.00%
4300	Interest	-	0.04	0.00%	3,570.97	2,193.79	1,500.00	2,070.97	138.06%
	Total Income	-	0.04	0.00%	817,363.00	755,807.75	818,701.00	(1,338.00)	-0.16%
Expense:									
6002	Regular Earnings	31,994.01	31,737.27		285,833.78	300,859.18			
	Employee Salaries	31,994.01	31,737.27	7.19%	285,833.78	300,859.18	445,000.00	159,166.22	35.77%
6006	Flex Plan Cash	270.06	270.06		2,430.54	2,430.54			
6007	Management Expense Allowance	50.00	50.00		450.00	450.00			
6010	Accrued Leave	1,707.09	1,500.91		(3,108.92)	(1,480.41)			
6011	Car Allowance	400.00	400.00		3,600.00	3,600.00			
6013	Post Retirement Healthcare Reserve	-	-		-	(589.00)			
6101	Payroll Expenses	687.37	486.24		6,932.89	6,549.74			
6102	Worker's Compensation Insurance	135.62	129.33		1,220.58	1,164.00			
6103	Employee Memberships	-	-		728.00	718.00			
6104	Deferred Comp Plan Contribution	1,735.23	1,967.71		16,291.27	17,855.39			
6105	PERS Retirement	2,033.54	3,323.95		20,375.98	29,788.96			
6110	PERS Health - Other	14.06	18.11		109.44	142.16			
6111	PERS Health - Med ER Non-Elective	500.00	610.00		4,428.00	4,924.00			
6112	PERS Health - Med ER Pre Tax	2,884.62	3,442.13		22,165.68	25,804.53			
6131	LIFE	76.80	71.40		691.20	642.60			
6132	ADD	12.00	12.00		108.00	108.00			
6133	Dental	526.40	245.38		4,747.62	3,702.04			
6134	Vision	69.04	19.64		592.80	425.32			
6135	LTD	262.43	227.23		4,221.74	3,978.54			
6136	EAP	26.80	26.80		241.20	241.20			
6139	STD	51.17	48.12		469.77	438.13			
6140	Cobra Fee	-	-		(50.00)	-			
7294	Accrued Leave Reserve	-	-		13,244.80	12,859.20			
	Employee Benefits	11,442.23	12,849.01	6.18%	99,890.59	113,752.94	185,000.00	85,109.41	46.01%
7000	Postage and Shipping	586.03	503.57	19.53%	2,013.33	1,709.14	3,000.00	986.67	32.89%
7010	Books and Periodical	91.97	293.49	9.20%	672.70	944.50	1,000.00	327.30	32.73%
7030	Copy Machine	315.70	315.70	4.86%	5,341.74	4,825.75	6,500.00	1,158.26	17.82%
7040	Outside Printers	356.73	1,162.15	5.95%	2,194.11	3,094.78	6,000.00	3,805.89	63.43%
7060	Office Supplies	67.71	185.21	1.50%	3,249.22	2,444.95	4,500.00	1,250.78	27.80%
7070	Office Equipment & Furnishings	-	-	0.00%	411.53	-	1,000.00	588.47	58.85%
7080	Computer Hardware/Peripherals	172.96	171.16	5.77%	1,556.64	1,524.65	3,000.00	1,443.36	48.11%
7085	Computer Support Svcs Fixed Costs	1,587.72	-	21.17%	5,862.08	667.00	7,500.00	1,637.92	21.84%
7090	Computer Support Svcs Variable Costs	2,091.00	-	17.43%	4,640.92	4,623.00	12,000.00	7,359.08	61.33%
7100	Computer Software	-	79.99	0.00%	529.93	411.90	1,000.00	470.07	47.01%
7105	Meeting Broadcast Services	-	-	0.00%	1,950.00	-	3,300.00	1,350.00	40.91%
7110	Property and Gen Liability Insurance	419.78	422.30	7.92%	3,778.02	3,800.70	5,300.00	1,521.98	28.72%
7120	Office Maintenance Services	-	-	0.00%	-	-	400.00	400.00	100.00%
7140	Travel	7.53	-	0.11%	3,856.81	2,809.73	7,000.00	3,143.19	44.90%
7150	Training, Conferences & Workshops	667.62	-	7.85%	3,973.86	2,422.52	8,500.00	4,526.14	53.25%
7160	Vehicle Mileage	-	147.78	0.00%	135.70	595.05	2,000.00	1,864.30	93.22%
7170	Rental of Buildings	2,027.66	1,926.28	8.31%	18,248.94	17,336.52	24,400.00	6,151.06	25.21%
7200	Telephone Communications	966.02	1,097.46	16.10%	3,655.72	4,615.17	6,000.00	2,344.28	39.07%

LAFCO of Monterey County
Income and Expense by Month
March 31, 2016

Ordinary Income/Expense	July 15	Aug 15	Sept 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Total
Income:										
4000 - Fees: Project	\$ 190.53	\$ -	\$ -	\$ 4,200.00	\$ -	\$ 3,000.00	\$ 1,590.92	\$ (2,391.42)	\$ -	\$ 6,590.03
4205 - County Contributions	269,068.00	-	-	-	-	-	-	-	-	269,068.00
4210 - City Contributions	269,067.00	-	-	-	-	-	-	-	-	269,067.00
4220 - District Contributions	269,067.00	-	-	-	-	-	-	-	-	269,067.00
4300 - Interest	-	-	-	1,650.63	-	-	1,920.34	-	-	3,570.97
Total Income	807,392.53	-	-	5,850.63	-	3,000.00	3,511.26	(2,391.42)	-	817,363.00
Expense:										
6000 - Employee Salaries	40,099.22	26,758.99	28,323.97	29,758.37	30,951.49	41,611.39	26,229.26	30,107.08	31,994.01	285,833.78
6100 - Employee Benefits	12,295.03	7,188.53	12,170.30	7,926.96	10,399.25	12,741.42	13,711.78	12,015.09	11,442.23	99,890.59
7000 - Postage and Shipping	-	-	847.28	164.00	-	160.42	255.60	-	586.03	2,013.33
7010 - Books and Periodical	238.00	161.51	-	49.70	-	-	50.00	81.52	91.97	672.70
7030 - Copy Machine	315.70	796.21	315.70	315.70	1,075.83	315.70	315.70	1,575.50	315.70	5,341.74
7040 - Outside Printers	-	-	81.84	-	-	476.11	1,279.43	-	356.73	2,194.11
7060 - Office Supplies	522.79	381.74	466.70	213.26	475.25	-	307.40	814.37	67.71	3,249.22
7070 - Office Equipment and Furnishings	-	-	-	-	-	-	-	411.53	-	411.53
7080 - Computer Hardware/Peripherals	172.96	172.96	172.96	172.96	172.96	172.96	172.96	172.96	172.96	1,556.64
7085 - Computer Support Svcs Fixed Costs	-	-	756.26	1,390.32	-	-	1,395.02	732.76	1,587.72	5,862.08
7090 - Computer Support Svcs Variable Costs	-	-	338.25	748.92	-	-	1,137.75	325.00	2,091.00	4,640.92
7100 - Computer Software	239.97	-	-	199.97	-	-	-	89.99	-	529.93
7105 - Meeting Broadcast Services	-	-	1,950.00	-	-	-	-	-	-	1,950.00
7110 - Property and Gen Liability Insurance	419.78	419.78	419.78	419.78	419.78	419.78	419.78	419.78	419.78	3,778.02
7140 - Travel	-	-	3,044.16	409.68	395.44	-	-	-	7.53	3,856.81
7150 - Training, Conferences & Workshops	30.00	-	2,751.24	525.00	-	-	-	-	667.62	3,973.86
7160 - Vehicle Mileage	-	-	90.85	44.85	-	-	-	-	-	135.70
7170 - Rental of Buildings	2,027.66	2,027.66	2,027.66	2,027.66	2,027.66	2,027.66	2,027.66	2,027.66	2,027.66	18,248.94
7200 - Telephone Communications	303.62	687.43	311.81	343.20	217.31	329.90	309.75	186.68	966.02	3,655.72
7230 - Temporary Help Services (Clerical)	-	2,433.15	(2,433.15)	297.46	2,350.08	2,756.15	2,638.94	3,508.91	3,254.76	14,806.30
7242 - Outside Prof. Services: Accounting	-	3,000.00	3,000.00	3,000.00	6,012.70	3,000.00	3,000.00	3,000.00	3,000.00	27,012.70
7245 - General and Special Legal Services	-	-	656.74	-	316.66	-	278.51	-	-	1,364.18
7248 - Outside Prof. Services: Annual Audit	-	-	6,000.00	7,000.00	-	-	-	-	-	13,000.00
7250 - Miscellaneous Office Expense	29.32	32.96	33.15	33.24	33.16	33.24	41.47	33.18	19.30	289.02
7260 - Legal Notices	-	247.17	-	-	277.33	-	54.48	45.52	176.55	801.05
7280 - LAFCO Memberships	3,221.00	-	-	-	-	-	1,156.00	-	-	4,377.00
7300 - Depreciation	173.00	170.00	172.00	171.00	170.00	170.00	174.00	170.00	172.00	1,542.00
8111 - Encumbered Funds: Computer Support Variable	-	-	-	388.83	-	5,081.17	-	-	-	5,470.00
8113 - Encumbered Funds: Human Resources	-	-	50.84	-	-	-	-	-	-	50.84
8114 - Encumbered Funds: Temp Help Svcs - Clerical	-	-	4,462.69	2,537.31	-	-	-	-	-	7,000.00
Total Expense	60,088.05	44,478.09	66,011.03	58,138.17	55,294.90	69,408.17	54,955.49	55,717.53	59,417.28	523,508.71
Net Income/(Loss)	\$ 747,304.48	\$ (44,478.09)	\$ (66,011.03)	\$ (52,287.54)	\$ (55,294.90)	\$ (66,408.17)	\$ (51,444.23)	\$ (58,108.95)	\$ (59,417.28)	\$ 293,854.29

LAFCO of Monterey County
Accounts Receivable Summary
As of March 31, 2016

Accounts Receivable-For Fiscal Year Ending 6/2016:

<u>Description</u>	<u>Date</u>	<u>Amount</u>
San Ardo Cemetery District	7/1/15	<u>\$ 41.00</u>
	ACCT # 1228	<u><u>\$ 41.00</u></u>

Draft

**LAFCO of Monterey County
Equipment Summary
As of March 31, 2016**

Equipment and Accumulated Depreciation:

Description	Date In Service	Cost	Amount Depreciated
Credenza	9/1/2006	516.20	516.20
Bill Quick Basic Software	8/17/2007	564.95	564.95
Ergonomic Chair	6/29/2010	502.51	451.00
ThinkPad W510 Laptop	6/30/2010	2,146.73	2,146.73
SNAP OUT Telephone System	7/28/2010	2,185.00	1,931.00
Apple Mbair 13.3 CTO Laptop	6/14/2013	1,990.68	1,514.00
Microsoft Office Plus 2013 Software	6/16/2014	1,412.00	863.00
Adobe Acrobat XI Pro Software	6/16/2014	1,128.00	689.00
Apple Mbair 13.3 CTO Laptop	6/27/2014	1,914.35	1,151.00
Acer Aspire V5 Touchscreen Laptop	6/30/2014	759.94	457.00
Conference Room Table	7/13/2015	632.82	68.00
		<u>13,753.18</u>	
	ACCT # 1500	\$	13,753.18
		<u>10,351.88</u>	
		ACCT # 1550	\$ 10,351.88

LAFCO of Monterey County
 Accounts Payable Summary
 As of March 31, 2016

Accounts Payable:

Vendor	Description	Date	Inv#	Amount
Accountemps	Temp Help: Hutchison, Tiffany for Week Ending 3/18/16	3/21/2016	45340524	\$ 826.81
Accountemps	Temp Help: Hutchison, Tiffany for Week Ending 3/25/16	3/28/2016	45392814	913.41
Cardmember Service	Norton Virus Program Renewal	2/29/2016	x6757 P/E 3/25/16	89.99
Cash	Petty Cash Reimbursement-Postage	3/31/2016		91.12
Corporate Express	Credit on Returned Supplies	6/17/2008	88070801	(43.97)
County of Monterey, Information Technology	Computer Support Services Through 2/29/16	3/31/2016	Dept 812 P/E 2/29/16	2,645.71
Quality Water Enterprises, Inc.	Water Dispenser Rental	3/20/2016	484389	19.30
Wells Fargo Credit Card	Office Supplies	3/18/2016	484389	67.71
			ACCT # 2000	<u>\$ 4,610.08</u>

Draft

**LAFCO of Monterey County
Accrued Leave Summary
As of March 31, 2016**

Executive Officer and Analyst Positions:

Employee	Title	Total Hours of Accrued Annual Leave *	Hourly Rate	Annual Leave Book Value
Kate McKenna	Executive Director	366.67	82.78	\$ 30,352.94
Darren McBain	Senior Analyst	58.78	46.78	2,749.73
				\$ 33,102.67

Clerk / Administrative Secretary Position:

Employee	Accrued Sick Leave	Accrued Vacation **	Hourly Rate	Sick Leave Book Value	Vacation Book Value
Gail Lawrence	17.14	44.27	34.94	\$ 598.87	\$ 1,546.79

Annual Leave	\$ 33,102.67
Sick Leave	598.87
Vacation	1,546.79
Compensatory Time***	-
ACCT # 2220	\$ 35,248.33

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 March 31, 2016**

Encumbered Funds:

Subject	Date Paid/ Inv. No.	Funds Received/(Paid)
Human Resources Encumbered Funds:		
Balance as of 6/30/10		\$ 5,395.00
10-11 Budget Carryover		500.00
11-12 Budget Carryover		500.00
12-13 Budget Carryover		500.00
Regional Government Services	4/30/15 Inv. No. 4957	(90.00)
Marriott Courtyard Lodging for Ms. Humphries (RGS)	Rabobank Visa X6757-5/28/2015	(215.84)
Regional Government Services	5/31/15 Inv. No. 5057	(2,700.00)
Regional Government Services	5/31/15 Inv. No. 5084	(319.13)
Regional Government Services	6/30/15 Inv. No. 5132	(3,330.00)
Marriott Courtyard Lodging for Ms. Humphries (RGS)	Rabobank Visa X6757-6/28/2015	(189.19)
Regional Government Services	9/30/15 Inv. No. 5163	(50.84)
		<u>(0.00)</u>
*RGS replaced Fenton & Keller in April 2015, with a contract for up to \$5,000.		
Computer Support Svc Variable Encumbered Funds:		
13-14 Budget Carryover		5,470.00
County of Monterey, Information Technology	10/23/15 Inv. No. Dept 812 P/E 7/15	(388.83)
Monterey County Resource Mgmt Agency	12/22/15 Inv. No. 001-8222-001493	(5,081.17)
		<u>-</u>
Recruitment Advertising Encumbered Funds:		
13-14 Budget Carryover		3,179.40
ID Concepts, LLC	7/15/14 Inv. No. LAFCO-01	(115.00)
Hardee Investigations	9/11/14 Inv. No. LAFCO-02	(460.00)
Hardee Investigations	10/3/2014 Inv. No.	(180.00)
ID Concepts, LLC	10/10/15 Inv. No. 303013	(107.50)
		<u>2,316.90</u>
Temp Help Services (Clerical) Encumbered Funds:		
14-15 Budget Carryover		7,000.00
Accountemps	8/1/15 Inv. No. 43642465	(500.31)
Accountemps	8/13/15 Inv No. 43693826	(491.28)
Accountemps	8/20/15 Inv No. 43744649	(742.66)
Accountemps	8/27/15 Inv. No. 43796532	(698.90)
Accountemps	9/3/15 Inv No. 43849850	(638.01)
Accountemps	9/10/15 Inv. No. 43898155	(301.10)
Accountemps	9/17/15 Inv. No. 43952569	(600.83)
Accountemps	9/24/15 Inv. No. 44005083	(489.60)
Accountemps	10/1/15 Inv. No. 44060290	(637.70)
Accountemps	10/8/15 Inv. No. 44114167	(239.90)
Accountemps	10/15/15 Inv. No. 44166864	(617.20)
Accountemps	10/22/15 Inv. No. 44220024	(650.86)
Accountemps	10/29/15 Inv. No. 44273822	(391.65)
		<u>-</u>
	ACCT # 3710	
		<u>\$ 2,316.90</u>

LAFCO of Monterey County
Detail of Reserve for Litigation Account
As of March 31, 2016

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 March 31, 2016**

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.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

KATE McKENNA, AICP
Executive Officer

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

DATE: June 27, 2016
TO: Chair and Members of the Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: BUDGET ENCUMBRANCE FOR FY 2015-2016

SUMMARY OF RECOMMENDATION:

The Budget and Finance Committee recommends that the Commission adopt a Resolution (attached) to:

1. Authorize the Executive Officer to encumber any funds remaining in Line Item 7247 (Human Resources Professional Services) on June 30, 2016, for use in special projects in Fiscal Year 2016-2017.

EXECUTIVE OFFICER'S REPORT:

The proposed encumbrance action will carry over current year funds for human resources services. These funds (approximately \$10,000) will support preparation of personnel policies and procedures manual. This project is underway with assistance from the Monterey County Counsel's Office and Human Resources Department, and will be completed by June 2017.

LAFCO's Budget and Finance Committee discussed this matter with the Executive Officer and Mr. Mike Briley, CPA, Managing Partner, Hayashi Wayland, on May 4.

Fiscal Impact

This proposal has a neutral effect on the adopted budget for Fiscal Year 2015-2016. The expenditure was anticipated in the current year, but will instead span two fiscal years.

Sincerely,



Kate McKenna, AICP,
Executive Officer

Attachment: Draft Resolution

THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
RESOLUTION NO. 16-xx

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
BUDGET ENCUMBRANCE FOR FISCAL YEAR 2015-2016

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

WHEREAS, the Local Agency Formation Commission of Monterey County adopted the Fiscal Year (FY) 2015-2016 budget on April 27, 2015, and

WHEREAS, the Budget & Finance Committee of the Local Agency Formation Commission of Monterey County met on May 4, 2016 to conduct a periodic review of the adopted budget, and recommended a year-end carry over of unspent funds as specified below, to address needs in Fiscal Year 2016-2017;

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

1. The Commission authorizes the Executive Officer to encumber any funds remaining in Line Item 7247(Human Resources Professional Services) on June 30, 2016, for use in special projects as may be necessary in Fiscal Year 2016-2017.

UPON MOTION of Commissioner _____, seconded by Commissioner _____, the foregoing resolution is adopted this 27th day of June 2016 by the following vote:

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

By: _____, 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 27th day of June 2016.
By :

Kate McKenna, AICP, Executive Officer

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

KATE McKENNA, AICP
Executive Officer

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

DATE: June 27, 2016
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: CALIFORNIA ASSOCIATION OF LOCAL AGENCY FORMATION COMMISSIONS
(CALAFCO) – QUARTERLY REPORT

SUMMARY OF RECOMMENDATION:

This report is for information only.

EXECUTIVE OFFICER’S REPORT:

CALAFCO Quarterly

Attachment 1 is the May 2016 edition of the CALAFCO Quarterly published by CALAFCO’s board of directors.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachment:
May 2016 CALAFCO Quarterly

Prepared by: Darren McBain, Senior Analyst

News from the Board of Directors

CALAFCO QUARTERLY

May 2016



CALAFCO
University

Conferences and Workshops Update

2016 ANNUAL CONFERENCE UPDATE



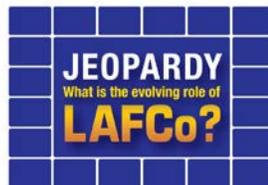
Don't forget to mark your calendars! The 2016 CALAFCO Annual Conference is set for October 26 - 28 in Santa Barbara at the beautiful Fess Parker DoubleTree. Our theme this year is *Orchards to Oceans:*

Balancing California's Diversity. Our host, Santa Barbara LAFCo, and the program planning committee are in the midst of creating a fabulous program. Session topics include general sessions on water, ag preservation, and state legislative overrides on LAFCo. Breakout sessions include topics such as growth & development, cutting edge LAFCo trends, AB 8, CEQA, water source alternatives, and a look at DUCs. Of course we will finish with our annual legislative update. A diverse and unique mobile workshop is being planned, as well as a fun time for Wednesday night's welcome reception and Thursday night's awards banquet.

CALAFCO wishes to thank Santa Barbara LAFCo for hosting this year's conference, program committee chair David Church, conference chair Sblend Sblendorio, and all those who volunteered to plan the program. Registration for the conference will be opening very soon.

2016 STAFF WORKSHOP

This year's staff workshop was hosted by LA LAFCo and held in Universal City. With the theme of *JEOPARDY: What is the Evolving Role of LAFCo?*, we experienced a special mobile workshop panel and tour learning about the NBC



Universal Evolution Plan, Alt. No. 10: No Residential Alternative. The program was a diverse combination of technical and professional development sessions, and the Thursday lunch and dinner were entertaining. Attendance was high this year and the overall rating of the Workshop was 4.9 out of 6.0. There were a total of 111 in attendance, with 38 LAFCos and 6 Associate members represented. Financially, the workshop appears to show a virtual breakeven event. (Financials will be closed with the close of the 4th Quarter.)

CALAFCO thanks LA LAFCo for hosting the workshop, Kris Berry and Marjorie Blom for assuming the lead on the program committee at various times in the planning process, and all those who volunteered to plan the program.

The 2017 Staff Workshop is set for April 5-7, 2017 at the beautiful Doubletree by Hilton in downtown Fresno. Our host for this workshop will be Fresno LAFCo.

CALAFCO U UPDATE

Staff will be announcing the next CALAFCO U session very soon. Watch the website and your email for details!

CALAFCO Technology Update

Earlier this month CALAFCO moved our email hosting service to a new provider. The transition was seamless to our members. We are still hard at work preparing our new and improved website, which will also move to a new host. The new site is more user friendly and provides greater security and reliability. We anticipate the transition to occur sometime in late June.

CALAFCO Board Actions

The Board met on May 6 in Sacramento and took the following administrative actions:



The quarterly financial reports were reviewed. The budget is on track for the year with no changes anticipated. Contingency fund usage is aligned with previous Board approval. All financial reports are located on the website.

The Board adopted the 2016-17 budget. Revenues are budgeted at \$432,167 which includes a projected carryover from the current fiscal year of \$49,555. Expenses are budgeted at \$426,167 which includes a contingency fund of \$20,619. The Board also approved a transfer to fund reserves of \$6,000.

The Board received a presentation from CV Strategies, the firm hired to assist us in creating an enhanced marketing message and increase conference sponsorships.

The Board also received a lengthy legislative update, and considered a request from five member LAFCos to reconsider making urgent changes to Code Section 56653. After discussing the matter, the Board directed CALAFCO staff to include this proposed amendment in the amendments being negotiated with Senator Wolk for SB 1318.

CALAFCO/CSDA Joint Projects

CALAFCO and CSDA have teamed up on two projects. The first is the creation of an informational guide on the formation of a special district. The document is in its final review stage and should be sent to CSDA's publication department very soon. CALAFCO thanks SR Jones (Nevada), Elliot Mulberg (Solano) and Jeff Brax (Sonoma) for being a part of that team.

The second working group is focusing on the implementation of countywide RDA oversight boards. Representing CALAFCO along Pamela Miller are Keene Simonds (Marin), José Henríquez (El Dorado) and Gary Bell (Colantuono, Highsmith & Whatley).



CALAFCO White Papers

CALAFCO is currently working on a White Paper on SGMA implementation and the affects to LAFCo. Thank you to David Church (SLO LAFCo), John Marchand (CALAFCO Board Member), Mona Palacios (Alameda LAFCo) and BB&K for their work on this document.

CALAFCO been asked by the American Farmland Trust (AFT) to partner on a White Paper on Ag Policies. After polling the Executive Officers on the idea and the scope of the paper, CALAFCO will now work with AFT on the production of this paper.

CALAFCO Legislative Update

As anticipated, this has been another very busy legislative year for CALAFCO. The Legislative Committee (Committee) has met every month since November. This year we are sponsoring two bills. The first is **AB 2910**, our annual Omnibus bill. Having been amended once already, there is one more set of amendments pending. The bill passed through the Assembly and is now in the Senate Governance & Finance Committee (SGFC).



The other bill CALAFCO is sponsoring is **SB 1266** (McGuire), which is the legislation that creates a direct communication link between LAFCos and JPAs. The bill requires stand-alone JPAs meeting the definition found in GC Section 56047.7 that were formed to provide municipal services and have at least one member who is a public agency to file a copy of their agreement or amendment to that agreement with the LAFCo. The bill passed the Senate and is now in the Assembly Local Government Committee (ALGC).

Other bills CALAFCO has been actively involved in include:

- ◆ **AB 2032** (Linder) **CALAFCO Support**. This bill pertains to statutes involving disincorporations. All of CALAFCO's concerns have been removed from the bill. As a result, our position has gone from Oppose to Support.
- ◆ **SB 1262** (Pavley) **CALAFCO Watch**. This bill focuses on permitting new water systems and water supply planning. CALAFCO has been actively involved in stakeholder meetings and our primary concern has been removed from the bill. We continue to maintain a **Watch** position and participate in stakeholder meetings on our remaining concerns all of which were outlined in our letter of concern to the author.
- ◆ **SB 1318** (Wolk) **CALAFCO Oppose**. This bill focuses on disadvantaged unincorporated communities (DUCs) and accessibility to safe drinking water and adequate wastewater services. A follow-up to the requirements in SB 244 (Wolk, 2011), the bill as amended on April 12, 2016,

imposes many requirements on LAFCo including conducting services reviews sufficient to cover the entire county every five years, adopt and implement plans to provide service coverage to DUCs lacking services, prohibits LAFCo from approving any service extensions or annexations unless all DUCs within the service area are provided for, and a number of other requirements – all without funding.

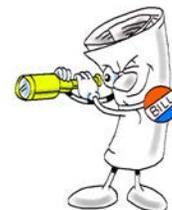
Despite widespread opposition, the bill was moving through the Senate, and CALAFCO saw that changes needed to be offered before the bill moved any further. After a very lengthy discussion during their April meeting, the Committee formed a subcommittee to work on potential amendments. With the help of (and much work done) by David Church (SLO), José Henríquez (El Dorado), Steve Lucas (Butte), Bill Nicholson (Merced), Paul Novak (LA) and Keene Simonds (Marin), a draft set of amendments (a virtual gut and amend to the current version) were created and presented to the Committee on May 20. After receiving more feedback, the subgroup revised the proposed amendments and presented them to the author and sponsor for consideration.

CALAFCO will continue to seek member feedback, work with stakeholders, the author and sponsor in preparing amendments that make the bill more tolerable than it is today.

Other bills for which CALAFCO has taken a position include:

- ◆ **AB 1707** (Linder) **Oppose** (now dead)
- ◆ **AB 2277** (Melendez) **Support**
- ◆ **AB 2414** (Garcia) **Oppose**
- ◆ **AB 2470** (Gonzalez) **Watch with concerns**
- ◆ **AB 2471** (Quirk) **Oppose unless amended**
- ◆ **SB 817** (Roth) **Support**
- ◆ **SB 971-972-973** (SGFC) **Support**
- ◆ **SB 1292** (Stone) **Support**

CALAFCO thanks all who serve on the Legislative Committee, and those on the Committee who volunteered to assist in subgroups for many of this year's complicated bills. A full detailed legislative tracking report can be found on the CALAFCO website in the Members Only section. We thank all of our member LAFCos who have taken the time to write position letters on these various bills. Together our voice is stronger.





CALAFCO Associate Members' Corner



This section highlights our Associate Members. The information below is provided to CALAFCO by the Associate member upon joining the Association. All Associate member information can be found in the CALAFCO Member Directory.

We are pleased to welcome two new Silver Associate Members to CALAFCO – *Braitman & Associates* and *Meijun, LLC*.

Braitman & Associates

Fresh into retirement, Bob Braitman is now a Silver Associate Member. *Braitman & Associates* services include preparing municipal service reviews and spheres of influence, the analysis of proposed boundary changes and the extension of public services proposals in support of the efforts of LAFCo staffs. You can contact Bob at bob@braitmanconsulting.com.

Meijun, LLC

Meijun, LLC provides custom programming services and business solutions related to IT. They create websites, software applications, mobile engagement platforms and provide general consulting for process improvement and streamlining information technology in the workplace. To learn more about them, visit them at www.meijun.cc or contact Huy Ly at hly@meijun.cc.



City of Fontana

City of Fontana has been a Silver Associate member since July 27, 2006. They are responsible for managing the City's annexation program, which includes coordinating annexation meetings, meeting with landowners/developers concerning the benefits of annexation, preparing Plans for Services, overseeing preparation of environmental documents pertaining to rezoning and annexation, and presenting them to the Planning Commission, City Council and LAFCo for review and consideration. In addition, oversee the preparation of out-of-agency service agreements for sewer and other municipal services. Visit them at www.fontana.org.



P. Scott Browne

Scott Browne has been a Silver Associate member since February 27, 2007. Scott provides legal services and staff support to various LAFCos throughout the state. He has served as a member of the CALAFCO Legislative Committee for a number of years. To learn more about the services he provides or to contact him, visit www.scottbrowne.com.

CALAFCO wishes to thank all of our Associate Members for your support and partnership. We look forward to continuing to highlight our Associate Members in each Quarterly Report.



Around the State

Glenn LAFCo

In July of 2015, a group of farmers in Glenn County petitioned Glenn LAFCo to form the first new water district in Glenn County in over 45 years. The approximately 35,000 acre district intends to manage groundwater in compliance with the Sustainable Groundwater Management Act of 2015 ("SGMA"). There remain large areas within Glenn County that are not within an existing water district. The landowners retained John Garner of Garner Law Office in Willows as well as John O'Farrell, former Sacramento LAFCo Officer, of John O'Farrell and Associates to help navigate the LAFCo process. The hearing is set for June 6, 2016. Petitioners are optimistic their effort will lead to creation of the Glenn County Ground Water Management District.

Los Angeles LAFCo

At its June 8th Commission meeting, LA LAFCo will consider 19 (nineteen) proposals to exercise new or different functions or classes of services (formerly known as "activation of latent powers") to provide stormwater and dry-weather urban runoff services within the boundaries of existing County Sanitation Districts. These proposals were filed in the wake of passage of Senate Bill 485 in 2015, which enabled the Los Angeles County Sanitation Districts to provide stormwater and dry-weather urban runoff services (prior to SB 485, the existing County Sanitation District Act did not authorize sanitation districts in Los Angeles to provide these services). The Commission's consideration of these proposals is the culmination of 18 months of collaboration between staff of LA LAFCo and the County Sanitation Districts. Because this is the first such proposal to come before LA LAFCo in two decades, staff reviewed the determinations by other LAFCos (Butte, Napa, Riverside, Sacramento and Santa Cruz) for similar proposals.

Merced LAFCo

In April 2016, the Merced LAFCo Commission approved a reorganization that helped address a longstanding budget problem for the small rural Merquin Cemetery District. With the establishment of the San Joaquin Valley National Veterans Cemetery located in nearby Santa Nella in 1992, this rural district experienced a reduction in burials and in corresponding revenue. After pursuing various alternatives over two decades, a partial solution was identified through the cooperation of the neighboring Winton Cemetery District. This more urban



LAFCo Tracks Cont'd

district which includes two cities and a fair amount of property tax growth, willingly agreed to detach 834 acres allowing the annexation of this territory into their sister cemetery district, along with the corresponding \$7,000 in annual tax receipts. This land contains a large and growing E & J Gallo Winery which has been adding millions of dollars in buildings and fermentation vats every few years – with a corresponding increase in assessed value.

While the lost property tax revenue only represents about 1% of Winton's income, it will provide a 14% increase in revenue for the Merquin Cemetery District. In return, the Winton Cemetery District Board of Directors just gets to feel good – an uncommon act of generosity among local governmental agencies in these times of national political discord. So have a glass of Gallo wine and you will be contributing to maintenance of the pastoral setting at Merquin's "Sunnyside Cemetery" and its happy occupants.

San Mateo

At its March 16th meeting, San Mateo LAFCo honored Linda Craig on her retirement in January as public member on the Commission. Ms. Craig first served on the Commission as an alternate public member beginning in 1974. She made extensive contributions to the Commission's deliberations on a number of complex proposals and studies of importance to many communities, including facilitating the understanding of the Cortese-Knox-Hertzberg Act following its enactment in 2000. Commissioner Horsley commented Ms. Craig's deep understanding of the role of LAFCo begun during her service in the 1970s and developed by her participation in CALAFCO conferences and trainings, services on various LAFCo committees, and as chair.

On May 3rd, the Special District Selection Committee reappointed Joe Sheridan (Broadmoor Police Protection District) and Ric Lohman (Granada Community Services District) as special district members. In March, the Commission's Public Member Recruitment Committee received seven applications for public member for the term expiring in 2018. After conducting interviews with the applicants and careful consideration of their applications in April, the Committee selected Ann Draper as the new public member based on her broad professional experience as a city and county planner; serving as member and chair of numerous civic organizations; and her understanding of the LAFCo process from county, city, and special district perspectives. The Commission voted to appoint Ms. Draper at its May 18th meeting and looks forward to working with her.

Santa Cruz LAFCo

In 2009-10, the Santa Cruz County Grand Jury issued a report titled "Up a Creek without a Financial Paddle" critical of the Lompico County Water District. The district serves 500 residential customers in the redwoods of the Santa Cruz Mountains. In 2014, the State Department of Health

identified Lompico as one the seventeen communities in the state that was most likely to run out of water during the drought. The Lompico district negotiated to reorganize into the adjacent larger San Lorenzo Valley Water District. One condition of the LAFCo-authorized reorganization is that Lompico fund \$1.75 million in infrastructure repairs and improvements. The first vote on the funding failed by one vote. The districts got a time extension from LAFCo and tried again to pass an assessment in Lompico. On May 4, 2016, the second try passed with an affirmative 79.5% of the property owners supporting the assessment. The effective date of the reorganization is expected to be June 1, 2016.

Sonoma LAFCo

Sonoma LAFCo is working with fire protection agencies throughout the County to amend Spheres of Influence to synch up with a regional service model determined through a comprehensive review by the County. In addition, LAFCo will be adjudicating a detachment application filed by residents seeking to leave one of four health care districts in the County.

Mark Your Calendars For These Upcoming CALAFCO Events



- ❖ CALAFCO Legislative Committee meeting, June 24, Conference Call
- ❖ CALAFCO Board of Directors meeting, July 29, San Diego
- ❖ CALAFCO Legislative Committee meeting, August 5, Conference Call

Upcoming CALAFCO Conferences and Workshops

2016 ANNUAL CONFERENCE

October 26 - 28

Fess Parker DoubleTree by Hilton
Santa Barbara, CA

Hosted by Santa Barbara LAFCo

2017 STAFF WORKSHOP

April 5 – 7

DoubleTree by Hilton Fresno Convention Center
Fresno, CA

Hosted by Fresno LAFCo

2017 ANNUAL CONFERENCE

October 25 – 27

Bahia Mission Bay
San Diego, CA

Hosted by CALAFCO

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

KATE McKENNA, AICP
Executive Officer

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

DATE: June 27, 2016

TO: Chair and Members of the Formation Commission

FROM: Kate McKenna, AICP, Executive Officer

SUBJECT: AGREEMENT FOR PROFESSIONAL SERVICES WITH OFFICE OF COUNTY
COUNSEL, COUNTY OF MONTEREY, FOR GENERAL LEGAL SERVICES

SUMMARY OF RECOMMENDATIONS:

It is recommended that the Commission approve Amendment No. 2 to the Agreement for Professional Services with the Monterey County Counsel's Office, and authorize the Executive Officer to execute the amendment.

EXECUTIVE OFFICER'S REPORT:

The Monterey County Counsel's Office provides general counsel services to LAFCO under an Agreement that will expire on June 30. These professional services are of high quality and an excellent value. The parties desire to execute proposed Amendment No. 2 to the Agreement. The changes make the Agreement terminable by either party upon 30 days' notice. It also adjusts the billable rate for the services of Leslie J. Girard, but retains the current annual cap.

FISCAL IMPACT:

The Agreement will maintain the current annual cost cap, and so has a neutral effect on the annual budget for General Counsel Services (Line Item 7245).

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments: Proposed Amendment No. 2 to Agreement for Professional Legal Services
Original Agreement and Amendment No. 1 (Information Only)

cc: Leslie J. Girard, Chief Assistant County Counsel, County of Monterey

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

AMENDMENT NO 2 TO AGREEMENT FOR PROFESSIONAL SERVICES

WHEREAS, the Local Agency Formation Commission of Monterey County (“LAFCO”) and the County of Monterey (“CONTRACTOR”) entered into an agreement for professional services (“Agreement”) in 2009 whereby the Monterey County Counsel’s Office would provide certain legal and professional services to LAFCO as more particularly described in Exhibit B to the Agreement; and,

WHEREAS, the Agreement was to expire on June 30, 2012, but was extended to June 30, 2013 by mutual agreement; and,

WHEREAS, the parties entered into Amendment No. 1 to the Agreement in or about February of 2013 extending the term of the agreement to June 30, 2016 and making other minor changes to the terms and conditions of the Agreement; and,

WHEREAS, the parties desire to extend the agreement without a specific termination date, but subject to termination upon 30 days written notice by either party; and,

WHEREAS, the parties also desire to make other minor amendments to the terms and conditions of the Agreement; NOW THEREFORE,

LAFCO and CONTRACTOR agree as follows:

A. Paragraph 3 of the Agreement is amended to read as follows:

3. TERM OF AGREEMENT. The Agreement shall remain in effect from the effective date unless terminated as set forth in section 3.01 of Exhibit A to the Agreement.

B. Part 4 of Exhibit C to the Agreement, COMPENSATION, is hereby amended to provide for the following hourly compensation to CONTRACTOR for the services provided by Chief Assistant County Counsel Leslie J. Girard as General Counsel to LAFCO for non-litigation matters: \$230. This amount may be adjusted upon 30 days written notice from CONTRACTOR to LAFCO.

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

D. This Amendment No. 2 to the Agreement shall be effective on the date last signed by either of the parties.

LAFCO of Monterey County

CONTRACTOR: Monterey County

By _____
Kate McKenna
Executive Officer

By _____
Charles J. Mckee
County Counsel

Dated: _____, 2016

Dated: _____, 2016

APPROVED AS TO FORM

Leslie J. Girard
General Counsel

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
AGREEMENT FOR PROFESSIONAL SERVICES

This Professional Services Agreement ("Agreement") is made and entered in the State of California by and between the Local Agency Formation Commission of Monterey County, a state mandated agency of the State of California (hereinafter "LAFCO") and the Office of the County Counsel, County of Monterey, a political subdivision of the State of California, (hereinafter "CONTRACTOR").

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

1. **SERVICES TO BE PROVIDED.** LAFCO hereby engages CONTRACTOR, and CONTRACTOR hereby agrees to perform the services described in Exhibit B in conformity with the terms of this Agreement. These services are generally described as the provision of general legal services for the Local Agency Formation Commission (LAFCO) of Monterey County.
2. **PAYMENTS BY LAFCO.** LAFCO shall pay the CONTRACTOR in accordance with the payment provisions set forth in Exhibit A (Standard Provisions) and Exhibit C (Response to Request to Provide Services). Compensation shall be payable at an hourly rate as specified in Part 4 of Exhibit C. The total annual compensation payable by LAFCO to the CONTRACTOR under this Agreement shall not exceed \$15,000 per fiscal year.
3. **TERM OF AGREEMENT.** The term of this Agreement is from the effective date to June 30, 2012 unless sooner terminated pursuant to the terms of this Agreement. Upon written mutual agreement the contract term may be extended for one year.
4. **ADDITIONAL PROVISIONS/EXHIBITS.** The following attached exhibits are incorporated herein by reference and constitute a part of this Agreement. If inconsistencies are found between Exhibits A, B and C, Exhibit C shall prevail:

Exhibit A	Standard Provisions
Exhibit B	Scope of Services as contained in the Request for Proposals to Provide General Legal Services, July 23, 2008
Exhibit C	Response to Request for Proposals To Provide General Legal Services to the Local Agency Formation Commission of Monterey County, Office of the County Counsel, Monterey County, Due Date: Sept. 15, 2008

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

LAFCO of Monterey County

CONTRACTOR: Office of the County Counsel, County of Monterey

Approved as to Form, LAFCO General Counsel

By: _____

By: _____

Date: _____

Date: _____

Approved as to Content, LAFCO Executive Officer

By: _____

Date: _____

CONTRACT ADMINISTRATORS

FOR LAFCO:

FOR CONTRACTOR:

Kate McKenna, AICP, Executive Officer
LAFCO of Monterey County
132 W. Gabilan St., Ste. 102
P.O. Box 1369
Salinas, CA 93902
831/754-5838

~~Charles J. McBee~~
~~Leslie J. Girard, Assistant Co. Counsel~~
Office of the County Counsel
County of Monterey
168 W. Alisal Street, 3rd Floor
Salinas, CA 93901
831/755-5365

Exhibits A, B, and C are available upon request.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
AMENDMENT NO. 1 TO AGREEMENT FOR PROFESSIONAL SERVICES WITH
THE COUNTY OF MONTEREY

WHEREAS, the Local Agency Formation Commission of Monterey County (“LAFCO”) and the County of Monterey (“CONTRACTOR”) entered into an agreement for professional services (“Agreement”) in 2009 whereby the Monterey County Counsel’s Office would provide certain legal and professional services to LAFCO as more particularly described in Exhibit B to the Agreement; and,

WHEREAS, the Agreement was to expire on June 30, 2012, unless extended by the parties; and,

WHEREAS, the parties agreed in writing to extend the Agreement to and including June 30, 2013; and,

WHEREAS, the parties desire to further extend the Agreement and make other changes to the terms and conditions thereof; NOW THEREFORE,

LAFCO and CONTRACTOR agree as follows:

- A. Paragraph 2 of the Agreement is amended to read as follows:
 - 2. **PAYMENTS BY LAFCO.** LAFCO shall pay CONTRACTOR in accordance with the provisions set forth in Exhibit A (Standard Provisions) and Exhibit C (Response to Request to Provide Services). This total annual compensation payable by LAFCO to CONTRACTOR under this Agreement shall not exceed \$15,000 in a fiscal year unless agreed to in writing by the parties. CONTRACTOR shall promptly inform LAFCO if it appears that the annual maximum will be met prior to the end of a fiscal year, and the parties shall promptly meet and confer regarding the issue.
- B. Paragraph 3 of the Agreement is amended to read as follows:
 - 3. **TERM OF AGREEMENT.** The Agreement shall be effective from July 1, 2013, through and including June 30, 2016, unless sooner terminated pursuant to the terms of this Agreement. Upon written mutual agreement the contract term may be extended for one year.
- C. Part 4 of Exhibit C to the Agreement, COMPENSATION, is hereby amended to provide for the following hourly compensation to Leslie J. Girard, General Counsel for non-litigation matters: \$207.48.

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

LAFCO of Monterey County

By 

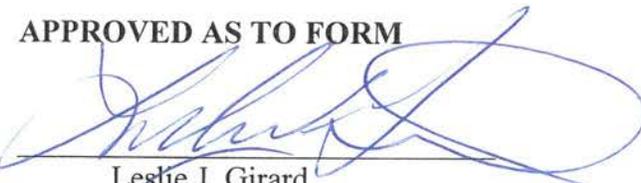
Kate McKenna
Executive Officer

CONTRACTOR: Monterey County

By 

Charles J. McKee
County Counsel

APPROVED AS TO FORM



Leslie J. Girard
General Counsel

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

KATE McKENNA, AICP
Executive Officer

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

DATE: June 27, 2016

TO: Chair and Members of the Formation Commission

FROM: Kate McKenna, AICP, Executive Officer

SUBJECT: Carmel Area Wastewater District

- Draft 2016 *Municipal Service Review and Sphere of Influence Study*, and
- Proposed Sphere of Influence Amendment and annexation totaling approximately 3,040 acres (approximately five square miles), primarily in portions of Carmel Valley, the Carmel Hills area near the mouth of the valley, and lands in and near the Point Lobos State Natural Reserve (LAFCO File #16-01).

SUMMARY OF RECOMMENDATIONS:

It is recommended that the Commission hold a public hearing and consider a resolution (Attachment 1) to:

- Find the Draft 2016 *Municipal Service Review and Sphere of Influence Study* (Attachment 2) exempt from the California Environmental Quality Act (CEQA) under Sections 15306 and 15061(b)(3) of the CEQA Guidelines,
- Approve the 2016 *Municipal Service Review and Sphere of Influence Study*,
- Consider the Negative Declaration (Attachment 3) that the District adopted in 2015, pursuant to CEQA, to address the potential environmental effects of the proposed Sphere of Influence Amendment and annexation,
- Approve the District's proposed Sphere of Influence Amendment and annexation (see map - Attachment 1, Exhibit A), and
- Authorize the Executive Officer to set Monday, August 22, 2016 at 4:00 PM in the Board of Supervisors Chambers as the Conducting Authority ("protest") hearing for this proposal.

EXECUTIVE OFFICER'S REPORT:

Overview

The Carmel Area Wastewater District provides comprehensive sewer service to an area centered on Carmel and the Carmel Valley within District boundaries, and also serves the Del Monte Forest (Pebble Beach) unincorporated community by contract. This report presents two action items related to the District:

- A LAFCO staff-prepared draft study of the District's services, boundaries, and Sphere of Influence (*Municipal Service Review and Sphere of Influence Study*); and
- The District's proposal to expand its Sphere of Influence and boundaries by approximately 3,040 acres (five square miles), initiated by a resolution of the District's board of directors and filed with LAFCO in April 2016; see Exhibit A of Attachment 1 (draft resolution) for a map of the proposal area.

State law requires LAFCOs to periodically review and update the services and Spheres of Influence of all cities and special districts. The attached draft study provides review and analysis taking into account the District's current Sphere of Influence amendment and annexation proposal on

approximately five square miles of lands near existing District boundaries. The Sphere and annexation proposal is summarized below and is described in more detail in the attached draft study. The LAFCO study provides a foundation of information, analysis, and determinations supporting approval of the District’s proposed Sphere of Influence amendment and annexation. Staff recommends approval of both the study and the District’s proposal.

Sphere and Annexation Proposal

Scope of the Proposal

The District is currently proposing a Sphere of Influence amendment and annexation on lands totaling approximately five square miles. The proposal includes annexation of all lands in the District’s existing Sphere (with the exception of the Odello property on Highway 1), plus a Sphere expansion and concurrent annexation of additional lands in the nearby area.

The majority of the proposal area, which is mapped and further described in the *Municipal Service Review and Sphere of Influence Study*, consists of lands in the Carmel Hills area near Highway 1, and lands north and south of Carmel Valley Road between Highway 1 and Williams Ranch Road. The proposal also includes the Point Lobos State Natural Reserve and Point Lobos Ranch, an undeveloped site on the eastern side of Highway 1 with several State Parks-owned staff residences¹. In addition, 14 other individual parcels west of Highway 1 with foreseeable potential for District services are included in the proposal. These parcels are effectively surrounded by existing district boundaries and are being included as a “cleanup” measure to regularize District boundaries.

Most of the approximately 945 parcels within the proposal area are individual residential parcels in the Carmel Hills Area, and inland south of Carmel Valley Road (including the Descanso Oak Estates, Rancho Cañada #1 and Carmel Valley Golf and Country Club/Quail Lodge subdivisions), plus several commercial parcels, that have already been subdivided. The proposal also includes the following potential future development sites:

- September Ranch (north side of Carmel Valley Road, across from Quail Lodge): In 2010, the County Board of Supervisors approved a subdivision of this land to allow 95 residential lots. Connection to the District for wastewater service was a condition of development approval. Construction has not yet begun.
- Rancho Cañada Village (south side of Carmel Valley Road, 0.6 miles east of Highway 1, on the site of the existing West Course of the Rancho Canada Golf Club): As proposed, the project is a 281-unit single-family and condominium residential project. No development is currently approved. In June 2016, the County of Monterey released a Draft Recirculated Environmental Impact Report (EIR) for the project. The EIR assumes that, should the project be approved, the District will provide wastewater service to the future development. Because a need for District service to this site—either for the proposed project or for other potential development alternatives—appears reasonably likely to occur in the near- or medium-term outlook, the District has included this site in its current Sphere and boundary proposal.²

The proposal includes annexation of all lands that the District has identified as having a reasonable likelihood of requiring the District’s sewer services in the foreseeable future. Therefore, no “new,” additional lands are being proposed as the District’s Sphere of Influence (areas considered to be appropriate for annexation within an approximately 20-year outlook). The Odello property, which is already within the District’s Sphere but currently has no anticipated need for services, is proposed to be kept within the Sphere while future uses of the property continue to be explored.

¹ The District has served the State properties by contractual agreement since 2006, and is now proposing to annex these properties in order for the District’s boundaries to reflect all areas receiving District services.

² The Rancho Cañada Village proposal is subject to environmental clearance and approval of development permits by the County of Monterey, and other regulatory approvals. Development of the project as proposed would also require an amendment (including a 115-unit increase, from 190 to 305) to the overall subdivision unit cap in the Carmel Valley Master Plan. The development scenarios evaluated in the June 2016 Draft EIR include a reduced-size (130-unit) project alternative.

Future Study Area: Carmel Highlands

A long-term goal to expand sewer service into the Carmel Highlands has been identified by County Environmental Health and the Regional Water Quality Control Board. Highlands properties nearest to the ocean are the highest future priority because of the potential for effluent from septic systems to directly enter the marine environment. The District is interested in eventually serving this area, and there are no other existing or likely future sewer service providers. However, no foreseeable funding has been identified to support the very substantial infrastructure improvements that such an expansion will require. LAFCO staff recommends designation of a portion of Carmel Highlands west of Highway 1 as a Future Study Area. As defined by local LAFCO Policies and Procedures, a Future Study Area is “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.”

Effects of the Proposal, if Approved

At a basic level, annexation would make more properties eligible to connect to the District’s sewer system, and will simplify the process of connecting. Over time, this will result in less use of individual septic systems—and thereby incrementally less potential for groundwater contamination from poorly functioning septic systems—within the Carmel River groundwater basin. Increased wastewater inflows to the District’s treatment plant, where it can be professionally treated to the highest standards and then made available for use as recycled irrigation water, offer a direct benefit to the natural environment.

The District would reserve treatment capacity at its wastewater plant for all annexed properties. However, inclusion within District boundaries would not require property owners to pay sewer connection fees and/or discontinue use of existing septic systems. The District would assess applicable connection fees and service at such time that an individual property or a group of properties connects to the District’s sewer system in the future; for example, because of a failing or otherwise unwanted septic system.

By identifying and annexing its foreseeably anticipated service area, the proposal will allow the District to plan for its service and infrastructure needs in a comprehensive, proactive, and forward-looking manner. A comprehensive annexation will reduce or eliminate the need for less-efficient individual, parcel-by-parcel annexations in the coming years, and allow for a contiguous service area.

Evaluation of the Proposal

As outlined in the *2016 Municipal Service Review and Sphere of Influence Study*, LAFCO staff’s evaluation finds that the District has the capacity to meet existing and projected future wastewater treatment needs within its existing and proposed boundaries, and including the Del Monte Forest area served by a contract with the Pebble Beach Community Services District. The draft Study includes determinations that support approval of the District’s proposed Sphere of Influence amendment and the related annexation. As reflected in the attached draft resolution, staff further finds that the proposal is consistent with all applicable requirements of State law and locally adopted policies.

Public Agency Referrals, Agency Comments and Public Notice

LAFCO staff referred the District’s application submittal to affected local agencies for review and comment. The County Environmental Health Bureau has provided a comment letter (Attachment 4) in support of the proposal. No other comments were received. The County of Monterey Board of Supervisors approved a standard “zero” property tax transfer agreement for the proposal on June 14, 2016.

Public hearing notices for the Commission’s June 27 consideration of the proposal were published in the June 2 editions of both the Carmel Pine Cone and the Monterey County Weekly. State LAFCO law (the Cortese-Knox-Hertzberg Act) establishes that public notice for a proposed boundary change may be provided via display ad in a newspaper of general circulation when more than 1,000 envelopes would be required to mail notices to property owners and registered voters within 300 feet of the affected territory. For purposes of this proposal, LAFCO staff determined that more than 1,600 envelopes would be required in order to provide mailed notices. Notice was therefore provided via newspaper publication.

Ads were placed in both the Pine Cone and the Weekly in order to broaden outreach for the June 27 public hearing.

Public hearing notices were posted on the LAFCO web site, the County Government Center, and the LAFCO office. Detailed information about the proposal, including the District's application explaining the proposal, maps, and the proposal's full CEQA documentation (discussed below), has also been posted on LAFCO's web site since early June.

Based on these measures, LAFCO has met and exceeded all requirements and procedures for public agency referrals and public noticing. As of this writing, LAFCO staff has received no comments or concerns about the proposed reorganization from any affected agencies or members of the public.

District staff has scheduled an agendized information session for this proposal as part of the June 23 regular meeting of the District's board of directors. LAFCO staff will attend the meeting. The District's agenda packets are available on line: <http://cawd.org/board-of-directors.html>

California Environmental Quality Act (CEQA) Compliance

Staff recommends that the Commission determine the *Municipal Services Review and Sphere of Influence Study*, prepared by LAFCO staff, to be categorically exempt from CEQA as "information collection" pursuant to CEQA Guidelines Section 15306, and under Section 15061(b)(3), pertaining to activities covered by the "general rule" that CEQA only applies to projects that have potential to cause significant environmental impacts.

With regard to the District's proposal (Sphere of Influence expansion and annexation), the District is the CEQA Lead Agency and LAFCO is a Responsible Agency with discretionary approval power. In 2015, the district hired an environmental consulting firm (Denise Duffy and Associates) to study the potential environmental effects of the proposed Sphere of Influence Amendment and annexation pursuant to CEQA. The Initial Study determined that the proposal would result in less-than-significant environmental impacts. Accordingly, the District's board of directors adopted a Negative Declaration in December 2015. The LAFCO Executive Officer has reviewed the record and concurs with this finding.

Reconsideration

After the Commission has adopted a resolution making determinations, any person or affected agency may file a written request with the LAFCO Executive Officer requesting amendments to, or reconsideration of, the resolution. The person or agency shall file the written request within 30 days of the adoption of the resolution. Pursuant to State law (the Cortese-Knox-Hertzberg Act, Section 56895), "The request shall state the specific modification to the resolution being requested and shall state what new or different facts that could not have been presented previously are claimed to warrant the reconsideration."

Conducting Authority ("Protest") Proceedings and Hearing

If the Commission approves the proposal, then a subsequent, noticed protest hearing will be required, following consideration of any reconsideration requests as outlined above. Protest proceedings allow registered voters and property owners within the proposed annexation area the opportunity to voice their opposition and to potentially make the annexation subject to a confirmation election of the people, or to terminate the annexation in the event of a majority voter protest. Staff recommends that the protest hearing be scheduled for the next regular LAFCO meeting, **August 22, 2016 at 4:00 PM** in the County Board of Supervisors Chambers.

After LAFCO publishes a public hearing notice for the protest hearing, registered voters and landowners within the affected area will have the ability to file written protests of the Commission's decision via mail, email, fax, or in person. Written protests may also be submitted in person at the protest hearing. Protests must be submitted prior to the close of the protest hearing. Pursuant to State law (the Cortese-Knox-Hertzberg Act, Section 57051), protests must be dated after publication of the protest hearing notice in order to count toward the protest proceedings outcomes. All protests must be in writing and must include:

- 1) Printed name and signature;
- 2) Dated on or after the date of publication of a hearing notice for the protest proceedings;
- 3) The protest filer's place of residence – street address or other designation sufficient to enable the place of residence to be easily ascertained; and
- 4) Indication of whether each person is signing as a registered voter within the annexation proposal area or as a property owner within the annexation proposal area, or both.

As stated above, protests must be submitted prior to the close of the protest hearing in order to be valid. Within 30 days of the close of the protest hearing, the Commission shall, pursuant to Government Code section 57075, make a finding regarding the value of written protests that have been filed and not withdrawn, and take one of the actions described below.

- The Commission shall order the proposed change of organization, subject to a subsequent confirmation election by registered voters residing within the affected territory, if written protests have been filed and not withdrawn by either of the following:
 - 1) Between 25 percent and 50 percent of the registered voters residing in the affected territory, or
 - 2) At least 25 percent of the number of owners of land who also own at least 25 percent of the assessed value of land within the affected territory.
- The proposed annexation shall be abandoned, without need of a confirmation election, if the Commission finds that written protests filed and not withdrawn prior to the conclusion of the hearing represent 50 percent or more of registered voters residing in the territory.
- If none of the above-described protest thresholds are met, the Commission shall order the annexation without an election. A Certificate of Completion will be filed for the annexation, and the annexation will become effective, once all conditions of approval have been satisfied.

Conclusion

As reflected in the draft resolution, LAFCO staff's analysis of the District's proposal finds it to be in the public interest and consistent with the requirements of State LAFCO law and locally adopted LAFCO policies. It is also consistent with fundamental LAFCO objectives of encouraging the orderly development of local government agencies and efficiently providing local government services. Staff therefore recommends approval of the proposal, as well as the associated *2016 Municipal Service Review and Sphere of Influence Study*.

Alternative Actions

In lieu of the recommended actions, the Commission may act to deny the District's Sphere/annexation proposal, or adopt a modified version of the proposal. Substantial changes to the draft Resolution would require a continuation of the agenda item, with direction to the Executive Officer to prepare a new draft Resolution based on the Commission's findings.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments:

1. Draft resolution, including a map of the District's Sphere of Influence and annexation proposal (Exhibit A)
2. Public Review Draft *2016 Municipal Service Review and Sphere of Influence Study for the Carmel Area Wastewater District*
3. Environmental clearance: Negative Declaration (by Carmel Area Wastewater District, 2015)
Provided to Commissioners on CD-ROM and publicly available on LAFCO's home page: www.co.monterey.ca.us/lafco/
4. Comment letter: County of Monterey Environmental Health Bureau

Cc:

Barbara Buikema and Drew Lander, Carmel Area Wastewater District
Denise Duffy

Report prepared by: Darren McBain, Senior Analyst

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

Agenda Item #13.1

Draft Resolution and Map Attachments

THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

RESOLUTION NO. 16 – xx

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
ADOPTING A MUNICIPAL SERVICES REVIEW AND SPHERE OF INFLUENCE
STUDY FOR THE CARMEL AREA WASTEWATER DISTRICT , AND
APPROVING THE DISTRICT'S SPHERE AND ANNEXATION
PROPOSAL (LAFCO FILE NO. 16-01)

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, an application (LAFCO File No. 16-01) for a proposed Sphere of Influence amendment and annexation to the Carmel Area Wastewater District on lands totaling approximately 3,040 acres was heretofore filed and accepted for filing by the Executive Officer of this Local Agency Formation Commission; and

WHEREAS, the District's board of directors initiated, and is in support of, the proposed Sphere of Influence amendment and annexation; and

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

WHEREAS, the information gathered has provided the basis for preparation of a Municipal Service Review and Sphere of Influence Study, 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 Executive Officer set June 27, 2016 as the hearing date on this proposal and provided public notice as required by law; and

WHEREAS, the public hearing by this Commission was held upon the date and at the time and place specified in said notice of hearing; and

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

WHEREAS, this Commission, on June 27, 2016 heard from interested parties and considered the proposal and the report of the Executive Officer, and considered the factors determined by the Commission to be relevant to this proposal, including, but not limited to, factors specified in Government Code sections 56425(e), 56430(a), and 56668, and the Commission's locally adopted policies; and

WHEREAS, the Commission is the Lead Agency with regard to the Municipal Service Review and Sphere of Influence Study for purposes of the California Environmental Quality Act (CEQA); and

WHEREAS, the District's Board of Directors, as the Lead Agency with regard to the District's proposed Sphere of Influence amendment and annexation, adopted a Negative Declaration for the proposal pursuant to CEQA in December 2015; and

WHEREAS, the Monterey County Board of Supervisors considered and approved a property tax exchange agreement for the annexation component of this proposal in June 2016;

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

1. The forgoing recitals are true and correct.
2. The Commission, acting as the Lead Agency with regard to the Municipal Service Review and Sphere of Influence Study, has reviewed the record and found that the study is categorically exempt from the California Environmental Quality Act (CEQA) as “information collection” pursuant to CEQA Guidelines Section 15306, and under Section 15061(b)(3), pertaining to activities covered by the “general rule” that CEQA only applies to projects that have potential to cause significant environmental impacts.
3. Acting as a Responsible Agency with regard to the District’s proposed Sphere of Influence amendment and annexation, the Commission has considered the Negative Declaration findings made by the District’s Board of Directors for this proposal pursuant to CEQA in December 2015.
4. In evaluating the District’s existing and proposed Sphere of Influence, the Commission has conducted a review of the services provided by the 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, District representatives. Data sources are available for review in the office of the Commission.
5. In carrying out the service review, the Commission has prepared a written statement of determinations in accord with Government Code section 56430(a). These determinations, included in the Municipal Service Review and Sphere of Influence Study, are made with respect to each of the following subjects:
 - 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.
6. In evaluating the District’s Sphere of Influence, the Commission has prepared a written statement of 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 subjects.
 - 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.

7. In accordance with Government Code section 56430, the Commission hereby approves the Municipal Service Review and Sphere of Influence Study for the District, and amends the City's Sphere of Influence accordingly, as shown in Exhibit A.
8. In evaluating the District's annexation proposal, the Commission has considered all of the following required factors set forth for in the Cortese-Knox-Hertzberg Act (Government Code section 56668), as applicable, based on information provided in the Municipal Service Review and Sphere of Influence Study and in the Executive Officer's report:
 - a. Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.
 - b. The need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.
 - c. The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.
 - d. The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities in Section 56377.
 - e. The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016.
 - f. The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.
 - g. A regional transportation plan adopted pursuant to Section 65080, and its consistency with city or county general and specific plans.
 - h. The proposal's consistency with city or county general plan designations.
 - i. The sphere of influence of any local agency which may be applicable to the proposal being reviewed.
 - j. The comments of any affected local agency or other public agency.
 - k. The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.
 - l. Timely availability of water supplies adequate for projected needs as specified in Section 65352.5.
 - m. The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7.
 - n. Any information or comments from the landowner or owners, voters, or residents of the affected territory.
 - o. Any information relating to existing land use designations.
 - p. The extent to which the proposal will promote environmental justice.
9. The proposal is consistent with the Commission's adopted Policies and Procedures. Of most relevance, the proposal is consistent with policies relating to Economics, Service Delivery and Development Patterns (Section D.VII.) The proposal will provide for services in response to a

demonstrated need and will not have adverse financial impacts on the District or other agencies. The District has resources and capabilities to provide services to the affected area.

10. 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.
11. The District's Sphere and annexation proposal is hereby approved as described in Exhibit "A," attached hereto and made a part hereof. The proposal is assigned the following distinctive short form designation: "Carmel Area Wastewater District 2016 Sphere Amendment and Annexation." The proposal is approved subject to the following terms and conditions:
 - a. Review and pre-clearance of the annexation by the United States Department of Justice pursuant to Section 5 of the Voting Rights Act, as applicable;
 - b. Acceptance of a map and property description by the State Board of Equalization; and
 - c. Payment of all fees incurred in the processing of the application consistent with the LAFCO fee schedule, including the fee required by the State Board of Equalization.
 - d. The applicant shall agree, as a condition of the approval of this application to defend at its sole expense any action brought against LAFCO, the Commission and its staff, because of the approval of this application. The applicant will reimburse LAFCO for any court costs and attorneys' fees which may be required by a court to pay as a result of such action. LAFCO may, at its sole discretion, participate in the defense of any such action; but such participation shall not relieve applicant of his obligations under this condition. The obligation on the part of the applicant to indemnify LAFCO is effective upon the adoption of this resolution and does not require any further action.
12. The Certificate of Completion for the annexation shall not be issued until all terms and conditions are met. The Sphere of Influence amendment shall be effective immediately upon approval of this resolution and the completion of any requested reconsiderations.
13. The effective date shall be the filing of the Certificate of Completion.
14. Pursuant to State law, if a Certificate of Completion for a change of organization or reorganization has not been filed within one year after the Commission approves a proposal for that proceeding, the proceeding shall be deemed abandoned unless prior to the expiration of that year the Commission authorizes an extension of time for that completion. The extension may be for any period deemed reasonable to the Commission for completion of necessary prerequisite actions by any party. If a proceeding has not been completed because of the order or decree of a court of competent jurisdiction temporarily enjoining or restraining the proceedings, this shall not be deemed a failure of completion and the one-year period shall be tolled for the time that order or decree is in effect. [Government Code section 57001]
15. The regular County assessment roll will be used; the annexation area will not be taxed for existing general bonded indebtedness of either of the subject special districts.
16. The affected territory is inhabited and requires the Commission to set a protest hearing for the proposed annexation in accordance with Government Code Section 57000 and Government Code Section 57002. The Commission hereby directs the Executive Officer to schedule the protest hearing for Monday, August 22, 2016 at 4:00 P.M. at the Monterey County Board of Supervisors Chambers in Salinas.
17. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution in the manner and as provided in Section 56882 of the Government Code.

UPON MOTION of Commissioner _____, seconded by Commissioner _____, the foregoing resolution is adopted this 27th day of June, 2016 by the following vote:

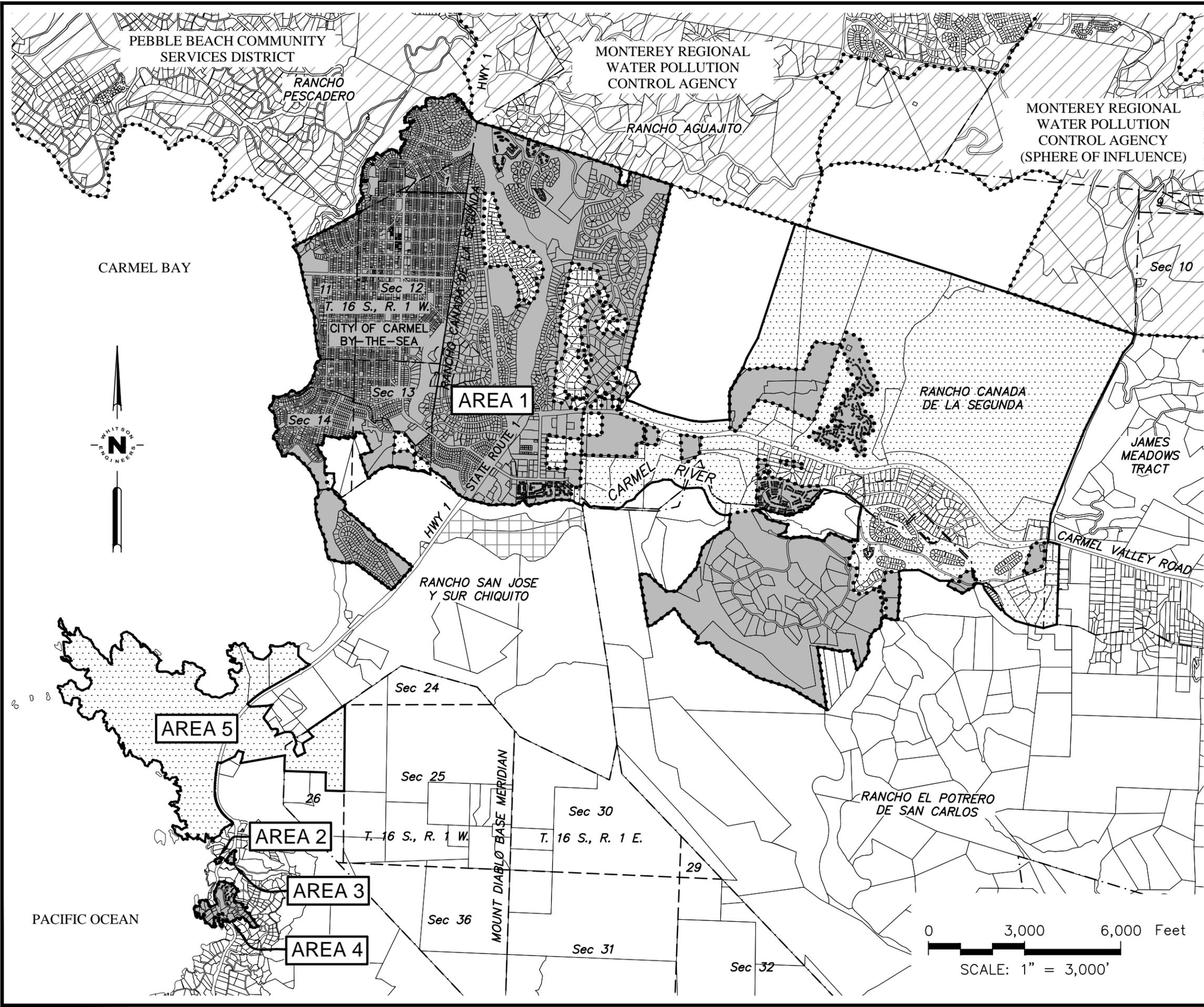
AYES:
NOES:
ABSENT:
ABSTAIN:

, 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 _____, 2016

By: _____
Kate McKenna, AICP, Executive Officer



LEGEND

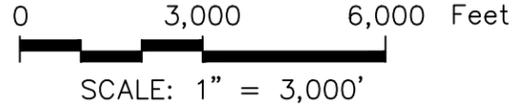
	RANCHO LINE
	SECTION LINE
	CITY LIMIT LINE
	ASSESSOR'S PARCEL LINE
	PROPOSED CAWD BOUNDARY
	EXISTING CAWD BOUNDARY
	PROPOSED ANNEXATION AREA
	EXISTING SPHERE OF INFLUENCE OUTSIDE ANNEXATION AREA
	OTHER WASTEWATER DISTRICT OR SPHERE OF INFLUENCE
	CAWD
	BOUNDARY PASSES THROUGH PARCEL (DOES NOT FOLLOW PARCEL LINE)
	GEOGRAPHIC DESCRIPTION COURSE NUMBER AND BEGINNING AND END

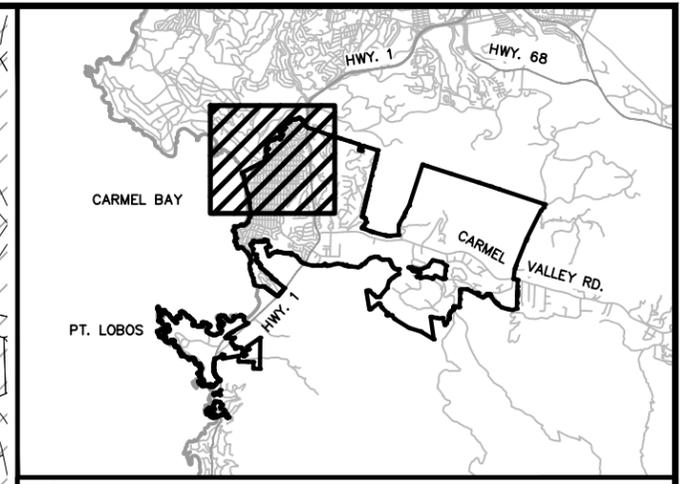
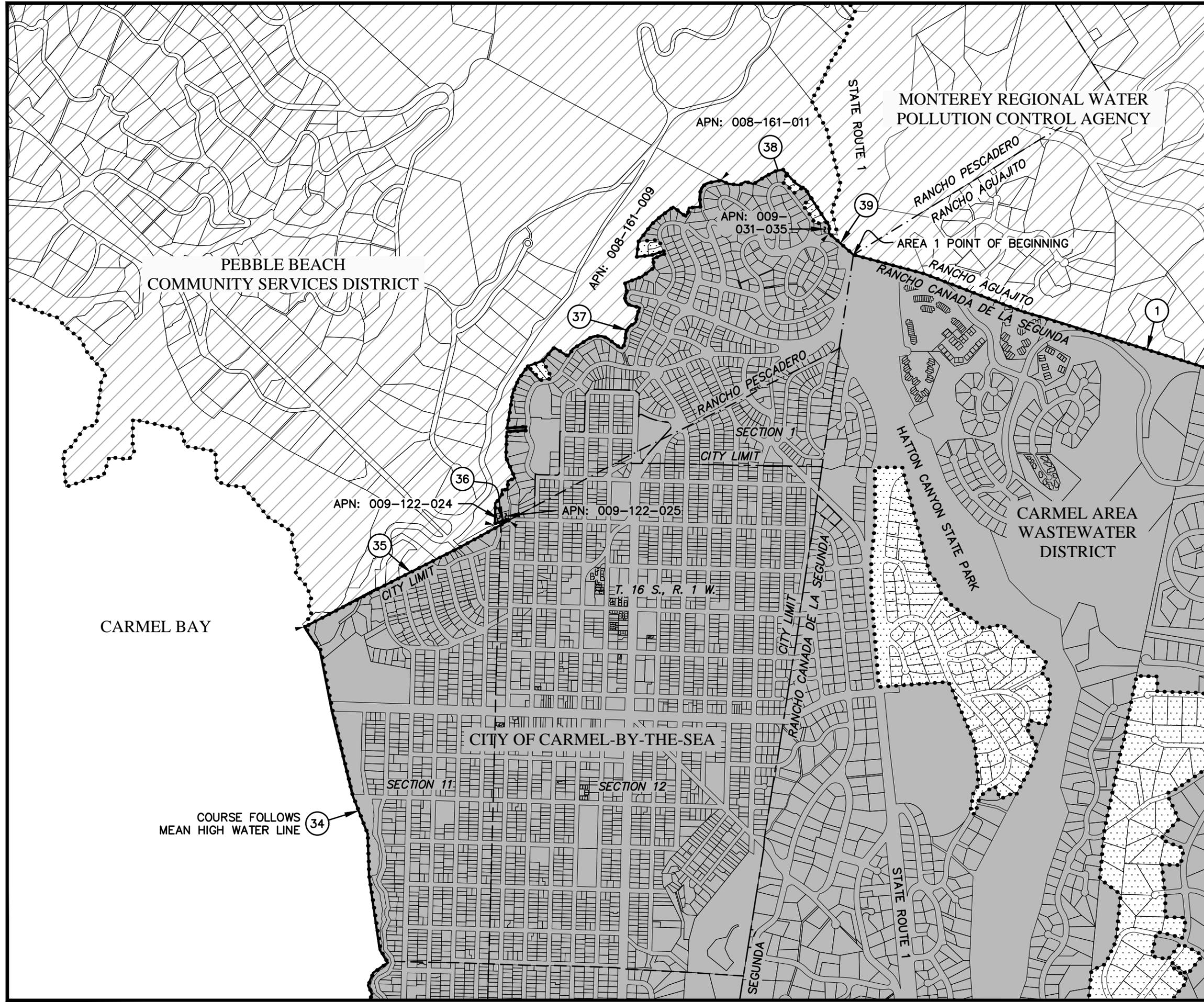
NOTE
 THIS MAP IS BASED ON GEOGRAPHIC INFORMATION SYSTEMS (GIS) DATABASES MAINTAINED BY THE MONTEREY COUNTY ASSESSOR'S OFFICE AND THE STATE BOARD OF EQUALIZATION. LINES SHOWN ARE NOT BASED ON LEGAL PROPERTY BOUNDARIES AND SHALL NOT BE CONSTRUED AS RECORD PROPERTY INFORMATION. FOR ASSESSMENT PURPOSES ONLY.



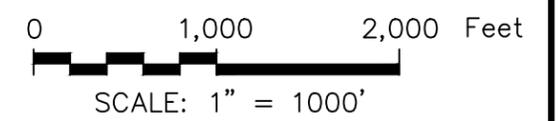
CARMEL AREA WASTEWATER DISTRICT BOUNDARY REDESCRIPTION

WE WHITSON ENGINEERS
 9699 Blue Larkspur Lane • Suite 105 • Monterey, CA 93940
 831 649-5225 • Fax 831 373-5065
 CIVIL ENGINEERING • LAND SURVEYING • PROJECT MANAGEMENT



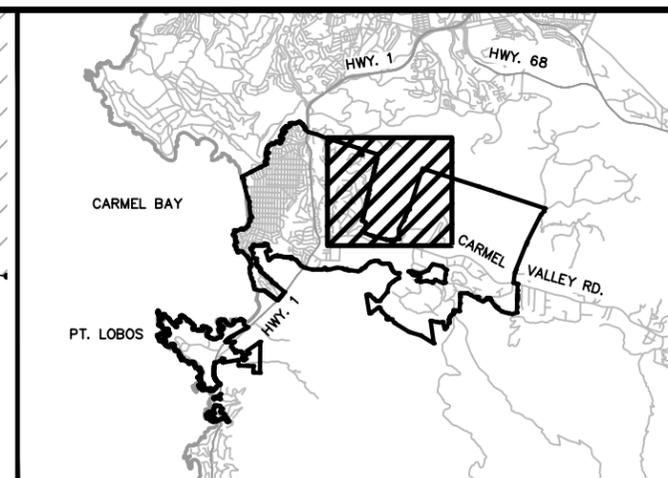
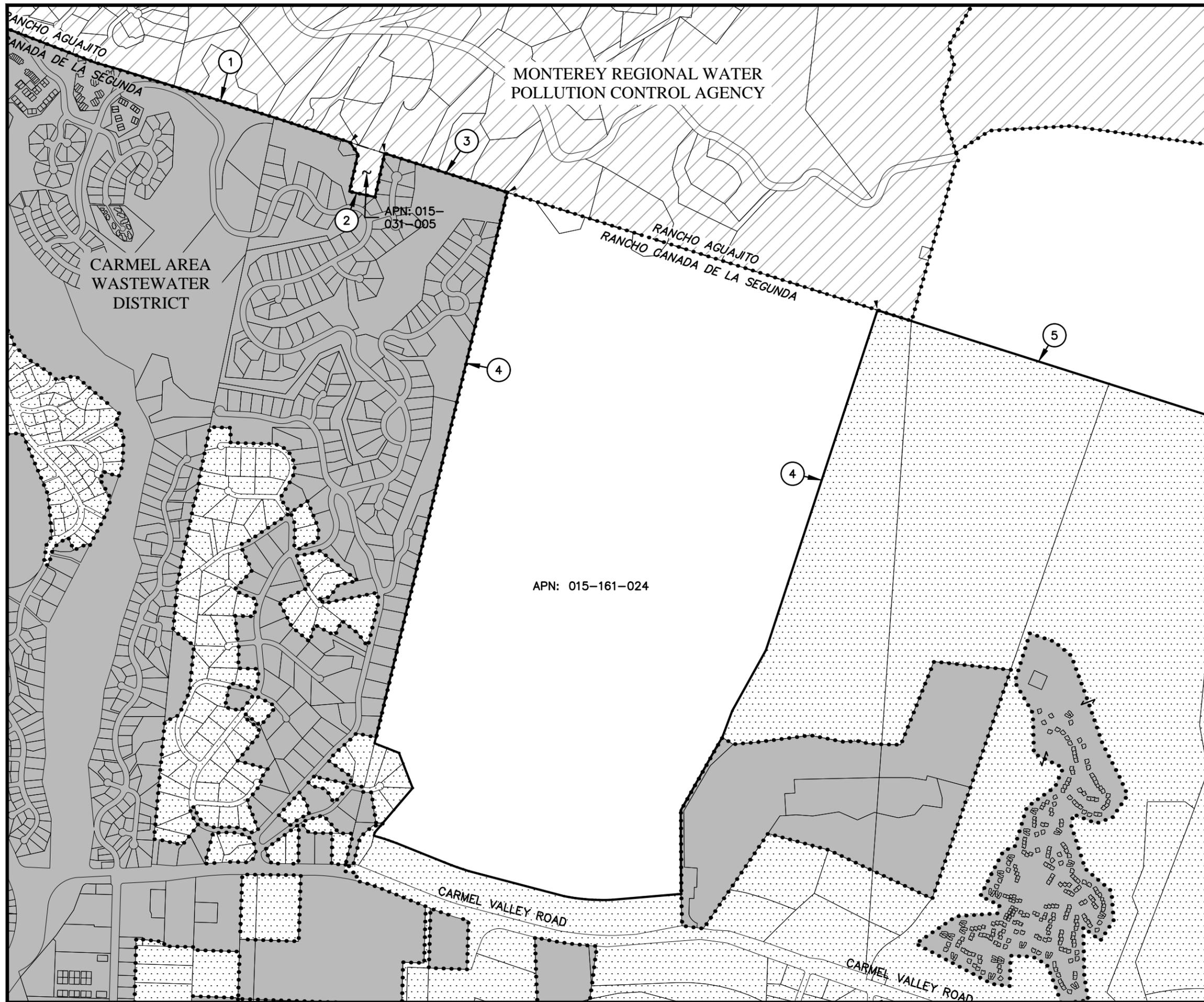


KEY MAP SCALE: 1" = 3 MILES

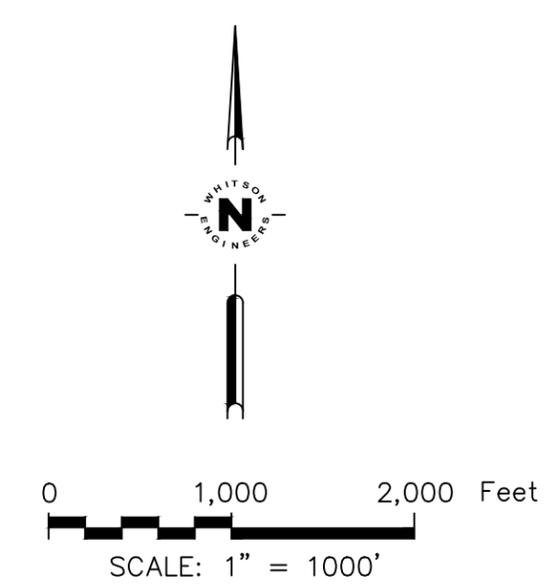


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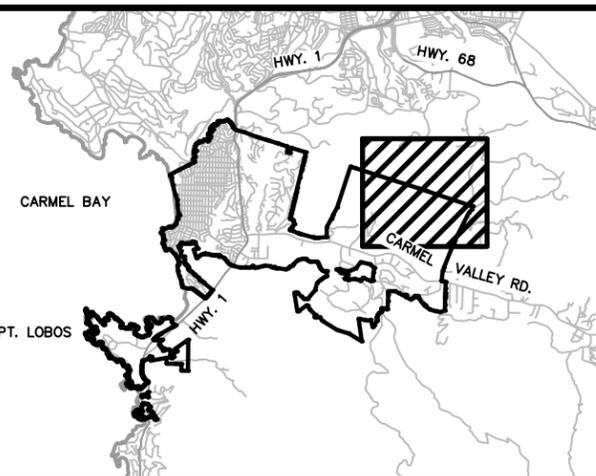
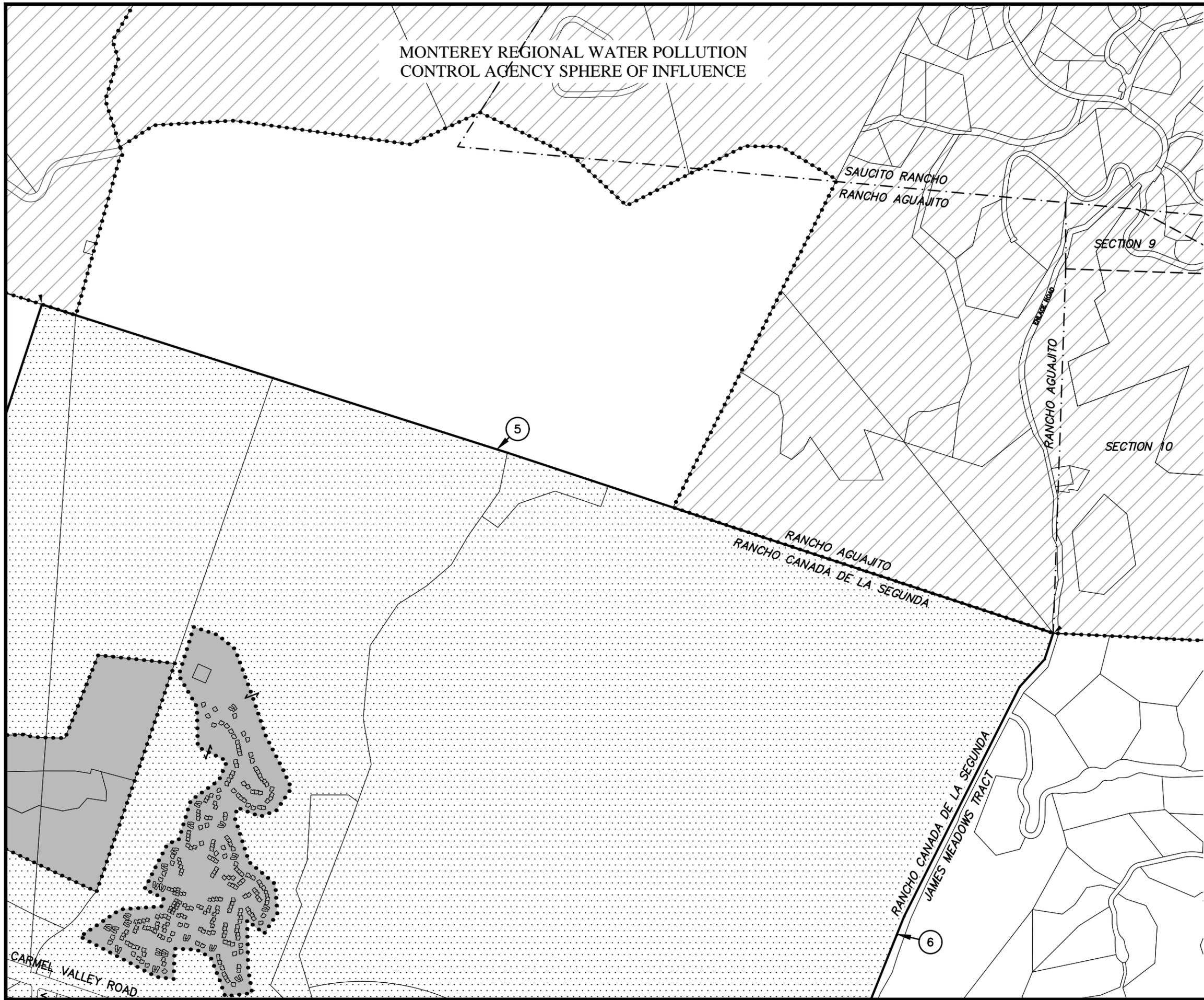
KEY MAP SCALE: 1" = 3 MILES



**CARMEL AREA WASTEWATER DISTRICT
BOUNDARY REDESCRIPTION**

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MONTEREY REGIONAL WATER POLLUTION
CONTROL AGENCY SPHERE OF INFLUENCE



KEY MAP

SCALE: 1" = 3 MILES



SCALE: 1" = 1000'



CARMEL AREA WASTEWATER DISTRICT
BOUNDARY REDESCRIPTION

WE **WHITSON ENGINEERS**

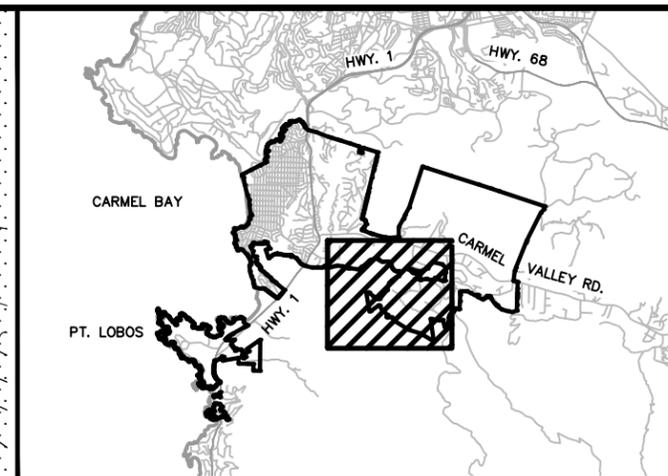
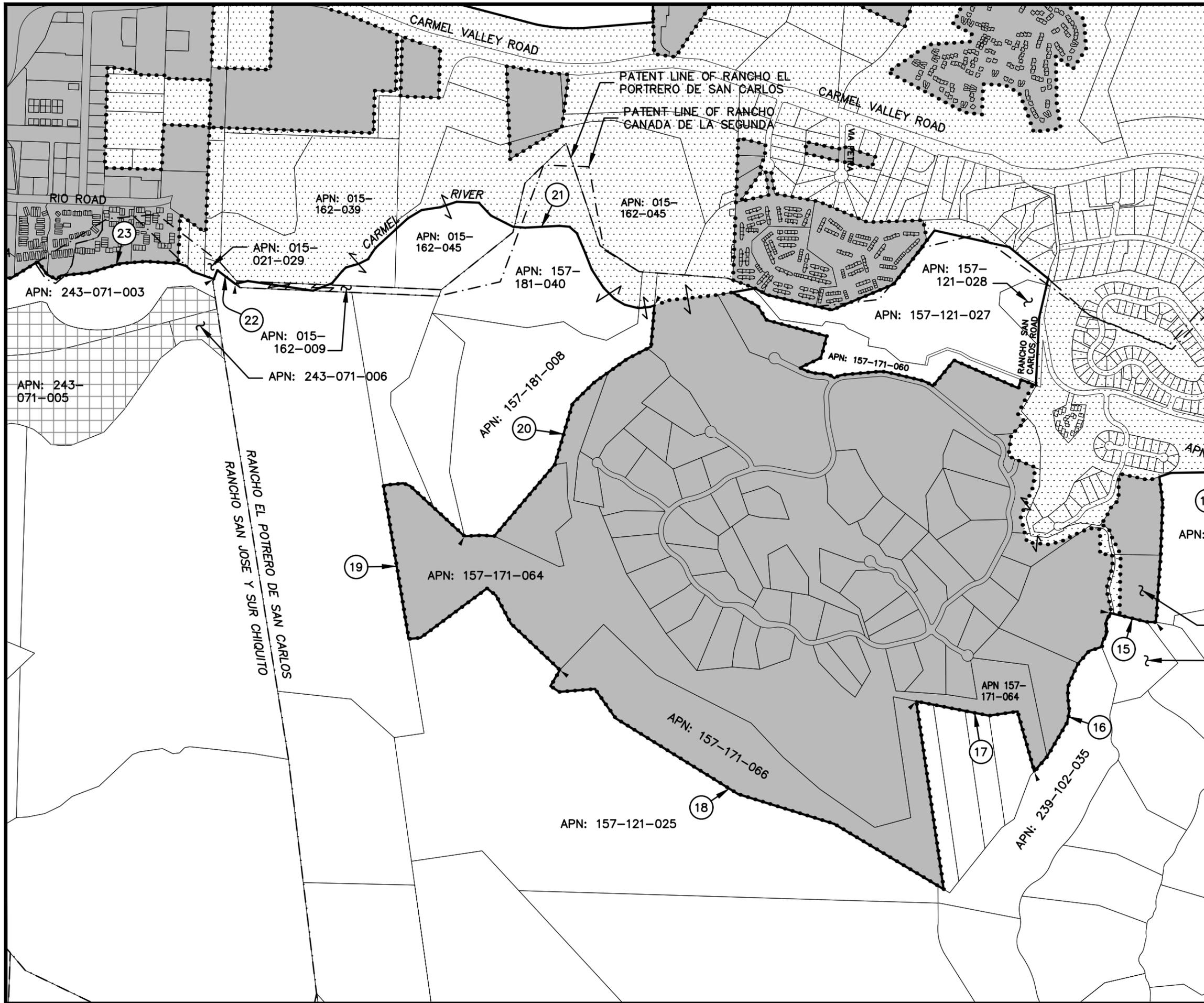
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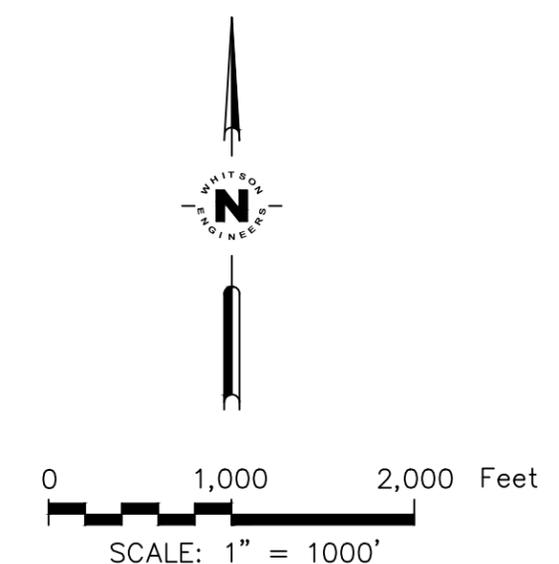
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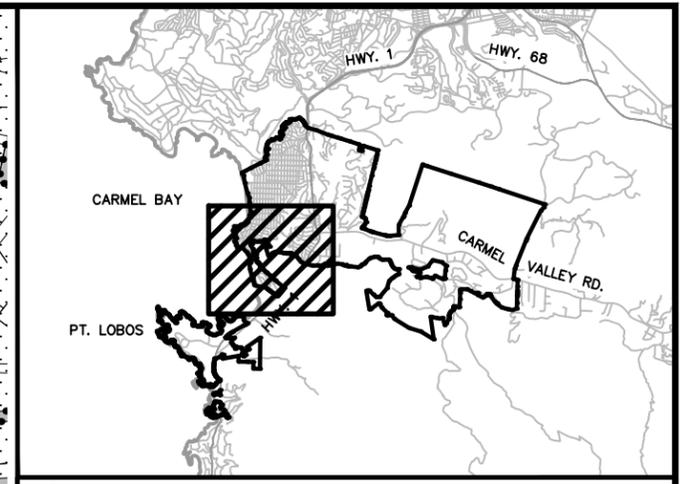


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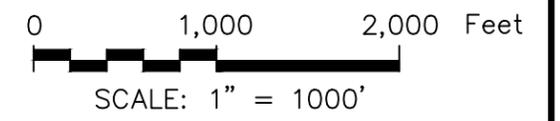


**CARMEL AREA WASTEWATER DISTRICT
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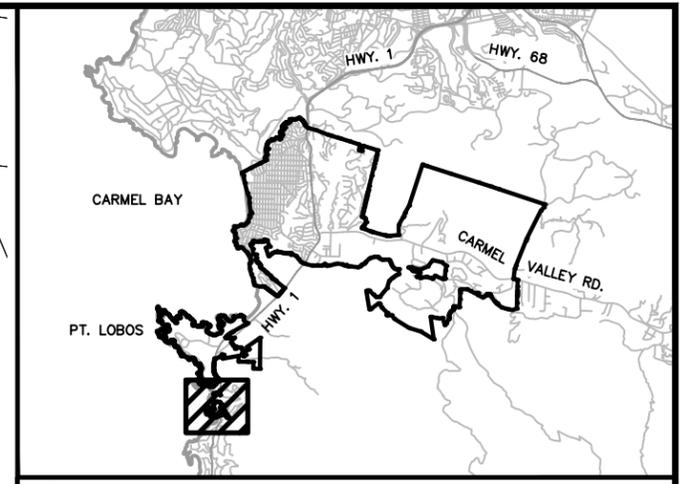
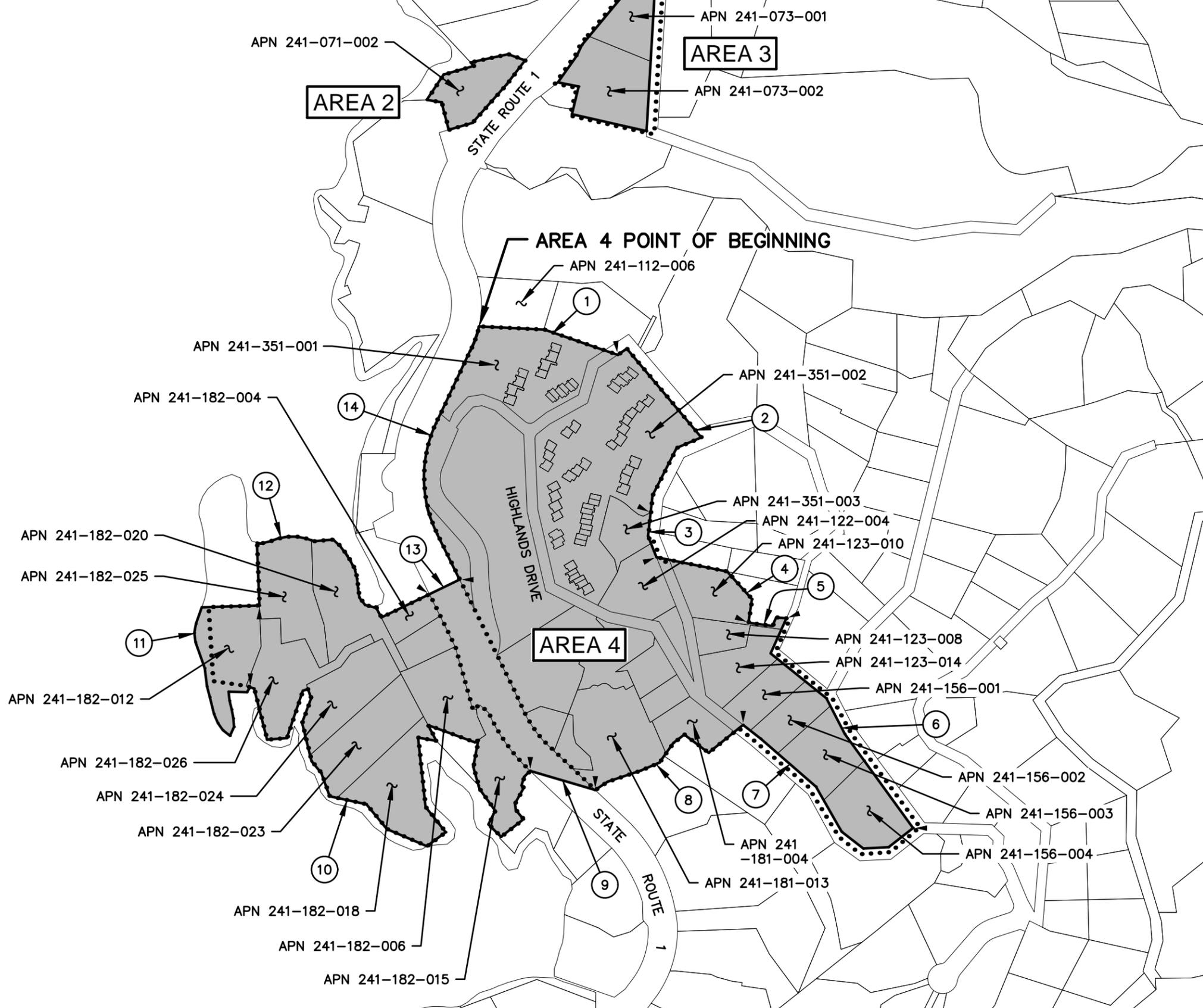
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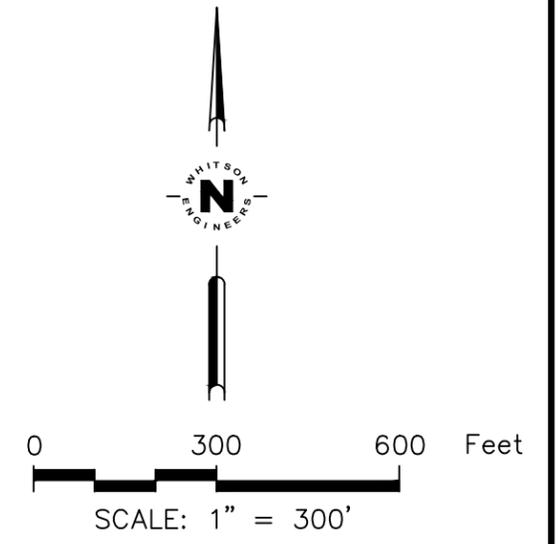
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PACIFIC OCEAN

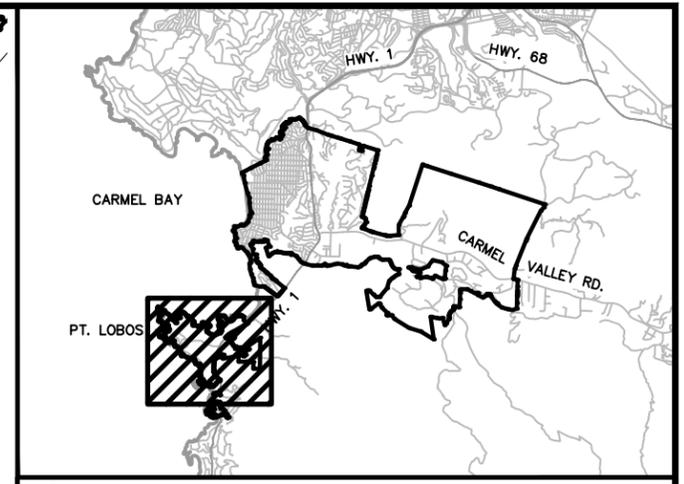
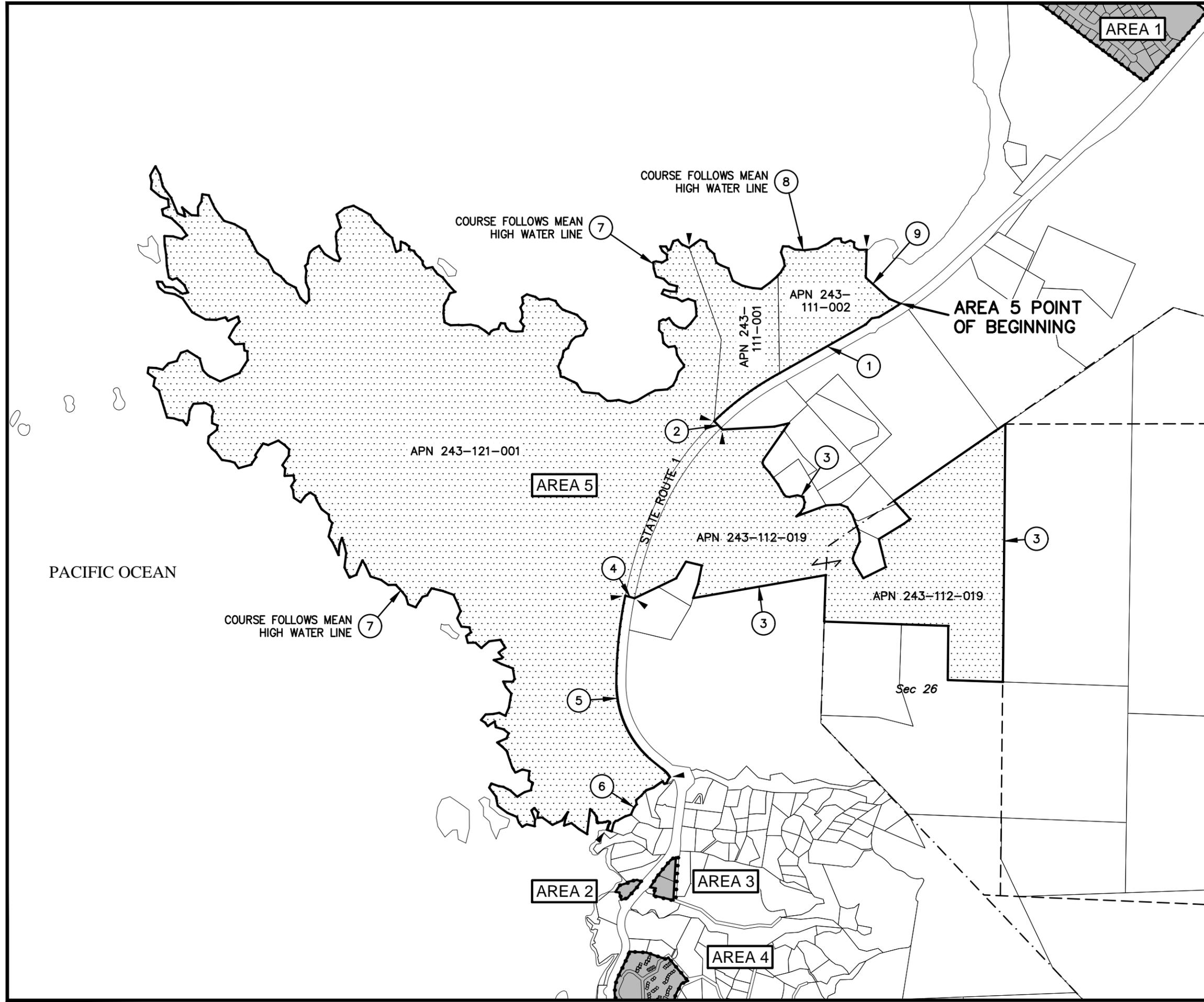


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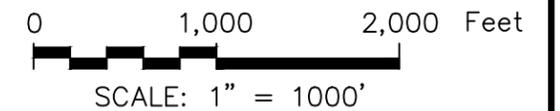


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LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

Agenda Item #13.2
Draft Municipal Service Review
and
Sphere of Influence Study

Public Review Draft

2016 Municipal Service Review and Sphere of Influence Study:

Carmel Area Wastewater District



June 2016

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**2016 MUNICIPAL SERVICE REVIEW
FOR THE CARMEL AREA WASTEWATER DISTRICT**

Carmel Area Wastewater District – At a Glance	
Formation Date	July 8, 1908
Legal Authority	Sanitary District Act of 1923 (<i>Health and Safety Code section 6400 et seq.</i>)
Board of Directors	Five-member Board of Directors, elected at-large to four-year terms
District Area	5.0 square miles (3,207 acres)
Sphere of Influence Area	354 acres beyond District boundaries
Population	Approximately 11,000 within the District boundaries, plus 4,500 Pebble Beach residents contractually served for wastewater treatment
Authorized Powers	Wastewater collection and treatment, recycled water distribution
Budget (FY 2016-17, proposed)	\$7.9 operating revenues \$5.7m non-operating revenues \$3.7m net District income \$11m capital budget
District Mission	Carmel Area Wastewater District is a special district dedicated to protecting the public health and the environment by cost-effective collection and treatment of wastewater and the return of clean water to the environment.
General Manager	Barbara Buikema
Contact Information	P.O. Box 221428 (3945 Rio Road), Carmel, CA 93922 831-624-1248
Website	www.cawd.org

EXECUTIVE SUMMARY AND RECOMMENDATIONS

This Municipal Service Review and Sphere of Influence Study provides information about the services and boundaries of the Carmel Area Wastewater 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). It also requires LAFCO to conduct a review of municipal services before adopting Sphere updates (Government Code section 56430). The last service review of the District was completed in June 2006, as part of a review of all local agencies in the Carmel Valley.

District Services, Boundaries, and Sphere of Influence

The District owns, operates and maintains sewer collection lines within its boundaries. The District operates a treatment facility for wastewater collected by the District and the adjacent Pebble Beach Community Service District. Wastewater is treated to tertiary standards. Much of the treated wastewater is then used to irrigate golf courses and public open spaces.

District boundaries include the City of Carmel-by-the-Sea and portions of the surrounding unincorporated areas of Carmel, Carmel Valley, Carmel Meadows, and Carmel Highlands. Over the years, the District has annexed subdivisions and properties requiring wastewater service that were not contiguous to the existing District boundaries. The Sphere of Influence was first adopted in 1985. Since then, it has only been expanded in tandem with the proposed annexation of specific parcels or areas requesting service.

In April 2016, the District submitted a proposal for a more comprehensive Sphere of Influence amendment and annexation of several areas within, or adjacent to, existing District boundaries. The proposal area primarily includes portions of Carmel Valley, the Carmel Hills area near the mouth of the valley, and lands in and near the Point Lobos State Natural Reserve. The District's Sphere of Influence amendment and district annexation proposal, which includes approximately 3,040 acres (about five square miles) is described in more detail and evaluated in this study. The proposal also includes a future study area in the Carmel Highlands area. Figure 1 through 3 show the District's existing Sphere of Influence and boundaries, the 2016 Sphere and annexation proposal, and the overall Sphere and boundaries that would result from the 2016 proposal, if approved.

This study evaluates the District's proposal in relation to likely future needs for wastewater services in the area. The study makes determinations that the District's proposal is an appropriate expansion of its boundaries and Sphere of Influence.

District Highlights

The District has adequate capacity to meet existing and projected future wastewater treatment needs in the Carmel and Del Monte Forest areas. It also is actively maintaining the wastewater collection system within District boundaries. In addition to its wastewater collection and treatment services, the District partners with the adjacent Pebble Beach Community Services District to make reclaimed wastewater available for landscape irrigation, thereby reducing the strain on local potable water resources.

The District's finances are stable and responsibly managed. The District has accumulated substantial cash reserves to cover operational emergencies and long-term capital improvements. The Board and staff adhere to requirements for accountability, transparency and ethics, and are committed to delivery of high quality services in a cost-efficient manner.

The District has the capability to address future challenges. The primary challenge facing the District is a need to rehabilitate and update much of its older existing infrastructure. In order to meet this challenge the District has developed a detailed master capital improvement plan for wastewater treatment implemented a funding plan, and approved contracts to initiate Phase I of the improvements. The District is now nearing completion of a capital improvement plan for its wastewater collection system.

Recommended Actions

Based on the analysis and determinations in the *2016 Municipal Service Review and Sphere of Influence Study for the Carmel Area Wastewater District*, the Executive Officer recommends adoption of a resolution to:

- a) Find the *2016 Municipal Service Review and Sphere of Influence Study for the Carmel Area Wastewater District* exempt from provisions of the California Environmental Quality Act (CEQA) under Sections 15306 and 15061(b)(3) of the State CEQA Guidelines; and
- b) Adopt the Study and the determinations included within the Study.

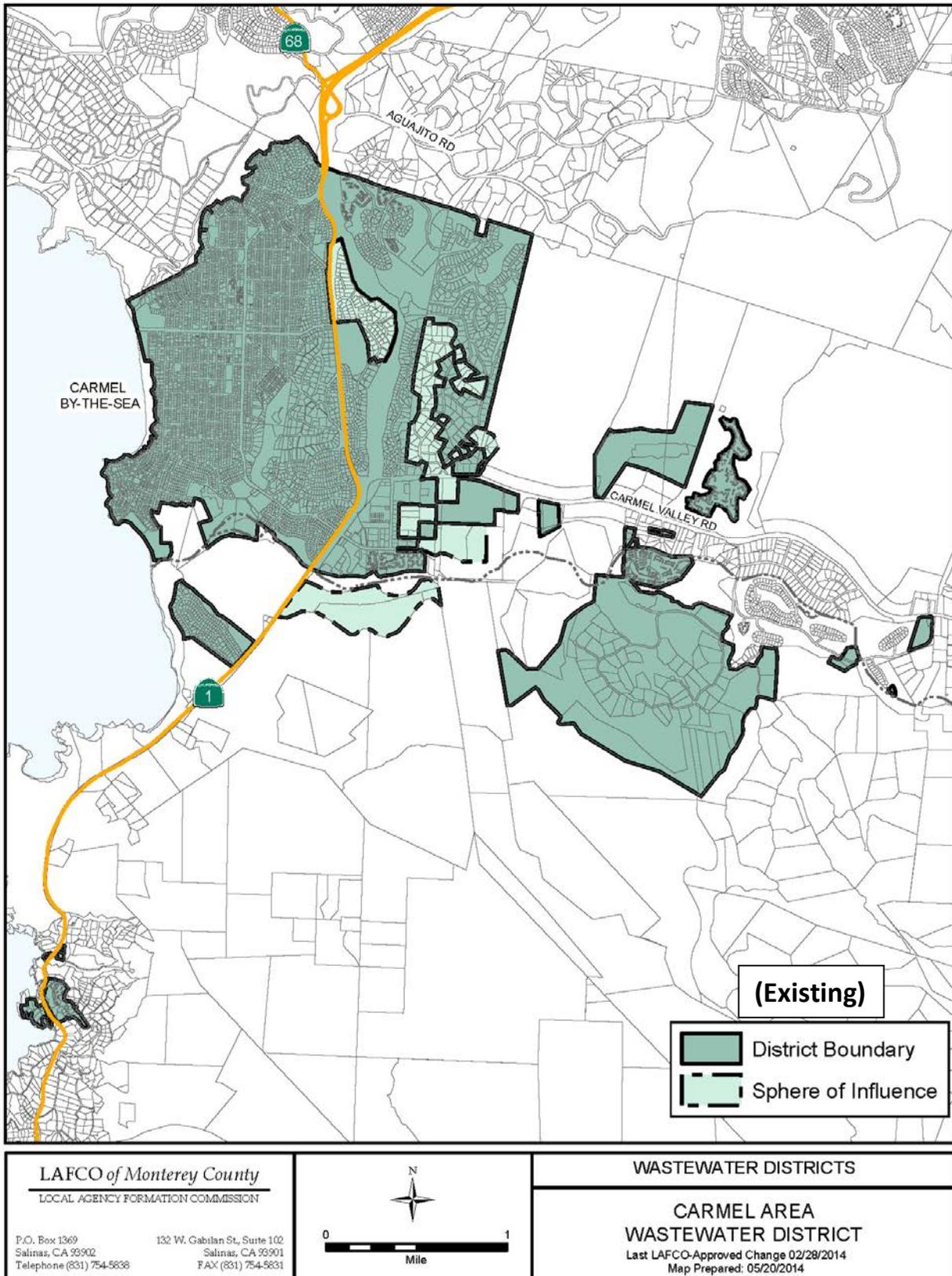


Figure 1: Existing Boundaries of the Carmel Area Wastewater District

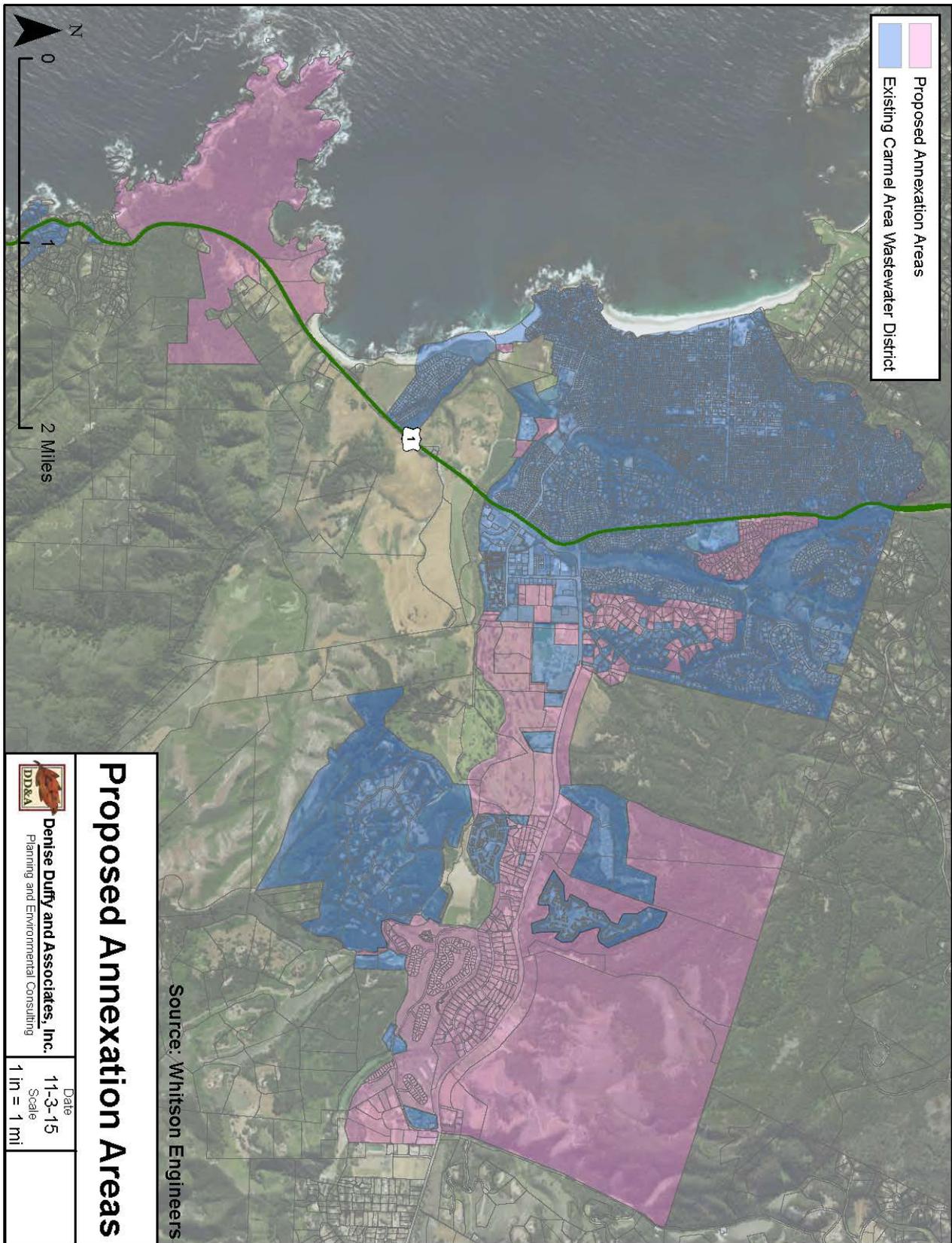


Figure 2: 2016 Proposal - Carmel Area Wastewater District

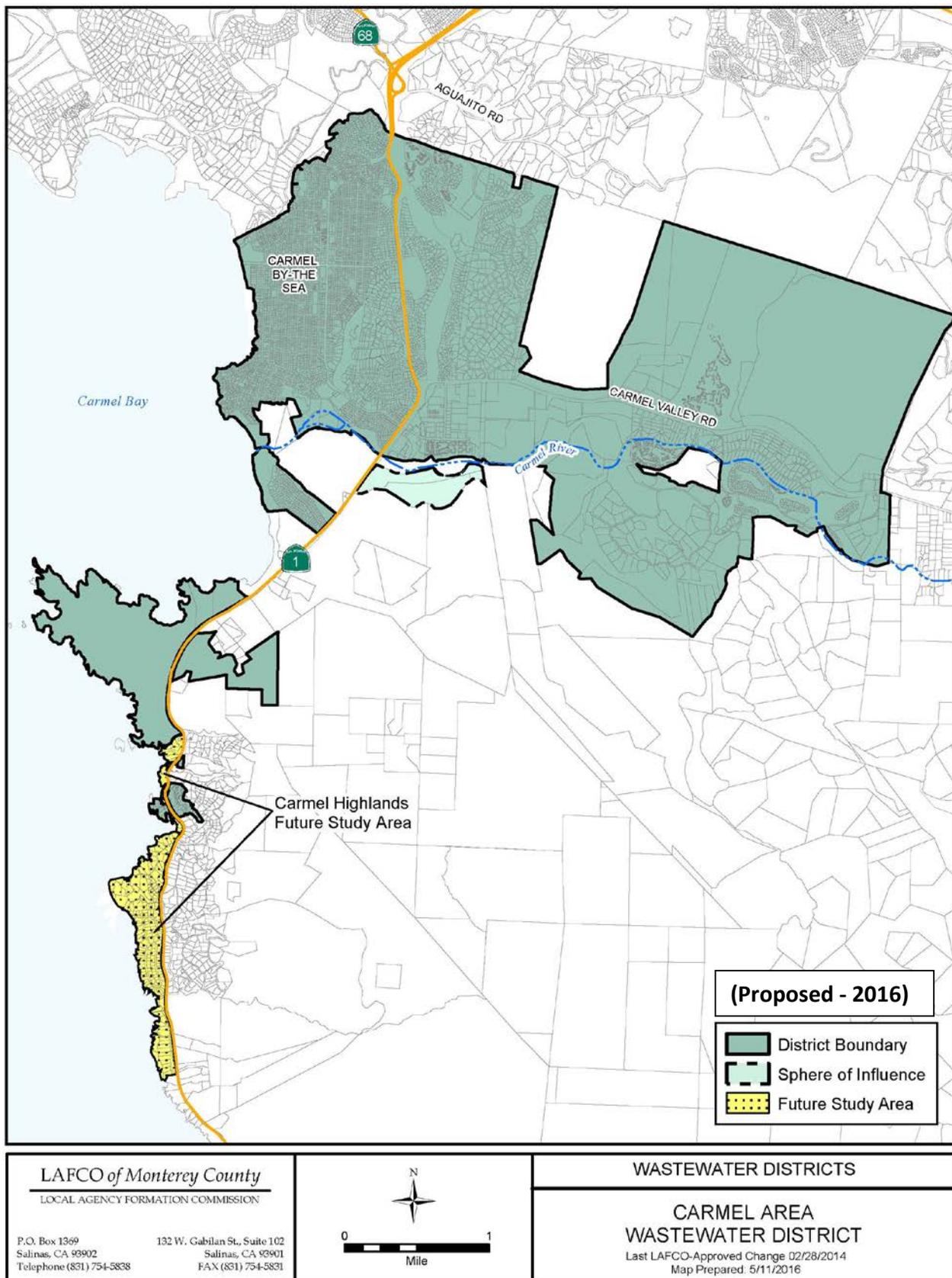


Figure 3: Proposed Overall Boundaries of the Carmel Area Wastewater District

HOW THIS REPORT IS ORGANIZED

This report presents a brief review of the District's history and the area's growth projections. It examines the District's provision of wastewater service, cooperative efforts, governance, and finances, and explores the District's Sphere of Influence and boundaries and proposals for expansion. The document concludes with recommended determinations as required by law and with acknowledgements and source references.

DISTRICT HISTORY

The District was originally named the Carmel Sanitary District. In 1979, the *Carmel Sanitary District Areawide Facility Plan* summarized the District's early growth as follows:

The Carmel Sanitary District was formed in 1908 to serve the community of Carmel-by-the-Sea, and is one of the oldest sanitary districts in the state. Formation preceded incorporation of the City of Carmel-by-the-Sea by ten years. In 1934, the district was reorganized under the Health and Safety Code District Act of 1923. Initially, the district operated collection sewers and a community septic tank near the mouth of the Carmel River. Septic tank effluent was disposed of by percolation into the nearby beach sand. As the district population grew, the design capacity of the septic tank was reached. In 1939, work began on a primary treatment plant to replace the septic tank. The district's primary treatment plant was built at the site of the present water pollution control plant, and had a design capacity of 0.8 million gallons per day (MGD). This primary treatment plant was the first sewage treatment plant on the Monterey Peninsula.



In 1967, the primary treatment plant was nearing capacity and a larger-capacity secondary treatment plant was planned. In the same year, the Pebble Beach Sanitary District was formed in response to failing septic systems in the Del Monte Forest. In 1969, a joint-use agreement to share the costs of a new plant was executed by the two districts. A pipeline connecting the Pebble Beach collection lines with the CAWD was completed. (Note: The Pebble Beach Sanitary District was reorganized as the Pebble Beach Community Services District in 1982).

DISTRICT BOUNDARIES, SPHERE OF INFLUENCE, AND RECOMMENDED CHANGES

District boundaries include the City of Carmel-by-the-Sea and surrounding unincorporated areas of Carmel, Carmel Valley, Carmel Meadows, and Carmel Highlands. The Sphere of Influence was first adopted in 1985, when it encompassed the then-existing District boundaries, a number of adjacent properties and three specific areas anticipating urban development. The Sphere has not been expanded since 1985, except in tandem with the proposed annexation of specific areas. Figure 1 shows the boundaries and Sphere of Influence of Carmel Area Wastewater District.

Over the years, the District has annexed a number of subdivisions and properties needing wastewater service. These annexations have frequently included areas that were not contiguous to the existing District boundaries. As a result, District boundary growth has not always appeared to be comprehensively planned.

2016 Sphere and Annexation Proposal

Over the years, many property owners within, or adjacent to, the District's existing Sphere of Influence have expressed a need for wastewater service, often because of failing septic systems. The District is also interested in taking a more proactive and comprehensive approach to updating its Sphere of Influence and boundaries, in order to meet current and planned future needs.

In April 2016, the District submitted a proposal for a Sphere of Influence amendment and annexation of some areas within, or adjacent to, existing District boundaries. The District's proposal, which is shown in Figure 2, contains the following components:

1. Expansion of the District's Sphere of Influence to the east in the Carmel Valley area;
2. Inclusion of lands into District's Sphere of Influence that are already served under a LAFCO-approved "out-of-agency" service agreement and the provision of services to State Parks-owned properties at Point Lobos;
3. Annexation of the proposed expanded Sphere of Influence except for the "Odello Ranch" parcels, and
4. Designation of a "Future Study Area" in the Carmel Highlands on the west side of State Highway One. Under this designation, the Highlands area would be outside of the District's Sphere of Influence, but may warrant inclusion in the Sphere in future years. Further study would need to be completed if this expansion were to occur.

Proactive expansion of the District's Sphere and boundaries will greatly reduce the need for inefficient "parcel-by-parcel" Sphere of Influence amendments and annexations as service needs occur over time. In facilitating future sewer service connections, the proposal will also help gradually reduce the number of individual septic systems in the area. Reducing the number of septic systems in the Carmel River watershed is a public health benefit that has been a long-standing objective of the County Environmental Health Department.

Subareas of the Proposal

The subareas within the District's proposal are more specifically described below.

Carmel Hills: This area is located in unincorporated Monterey County, between Highway 1 and the Hatton Canyon State Park property. Carmel Hills includes medium density-zoned residences within the unincorporated Monterey County. Approximately 75 lots in this area are within the Sphere of Influence but currently outside the District's boundaries. These lots are served by septic tanks, while the majority of all surrounding parcels are served through the District. The vast majority of these lots are developed with single-family residences, with some less than one acre in size. This area is proposed to be annexed.

Carmel Valley, north of Carmel Valley Road. This area contains four large land holdings:

- Pacific Meadows: While the affordable housing development is included with the boundaries of the Carmel Area Wastewater District, surrounding parcels are not in the District. This includes 236 acres of County-owned open space and six large single-family parcels on the north side of Carmel Valley Road. Three of the single-family parcels are improved and three unimproved; these parcels average seven acres in size. Only limited development is possible in this area. (Assessor's Parcel Numbers: 015-163-005, -006, -008, -009, -010, -011, -012 and -013)
- Del Mesa Carmel: While the Del Mesa Senior Citizen development is within the District, the northern and eastern portions of this property are maintained as open space. This open space land contains around 343 acres and is currently not within the District boundaries. Development of this area is not anticipated. (Assessor's Parcel Numbers: 015-441-001, -002, -003, and -005)
- September Ranch: On November 9, 2010, the County Board of Supervisors approved a subdivision of this land to allow 95 residential lots. While construction has not yet begun, a condition of the development approval was connection to the Carmel Area Wastewater District. (Assessor's Parcel Numbers: 015-171-010, 015-171-012, 015-361-013 and 015-361-014)
- Property Reserve, Inc. (portion thereof): This undeveloped property contains appropriately 595 acres between the Carmel Hills area and Pacific Meadows. While the majority of this property is not part of the current proposal, the District proposes to add a parcel along the northern side of Carmel Valley Road to the Sphere. The District may install service lines may within this area. The

remainder of the property is not proposed to be included within the Sphere because there is no future development proposed or planned and the property has no service extension needs in the foreseeable future. The Property Reserve land is zoned by the County for low and rural residential use, with densities ranging between 2.5 and 10 acres per unit. This property was previously restricted through an agricultural preservation contract that expired in 2013. (Assessor's Parcel Number: 015-161-022, proposed for addition to the Sphere of Interest.)

Carmel Valley, south of Carmel Valley Road: The western end of this developed area includes the Rancho Cañada Golf and Country Club, with two golf courses. A portion of the site with the club's main buildings is currently within the District. The District's 2016 Sphere/annexation proposal includes the remainder of Rancho Cañada north of the Carmel River. Areas south of the river have no anticipated future need for sewer service under potential future residential development north of the river as described below.

In 2007, a 280-unit residential development project (Rancho Cañada Village) was proposed on areas of the Rancho Cañada "west" golf course. In 2015, a reduced, 130-unit proposal was presented to the County's Carmel Land Use Advisory Committee. The revised project continues to propose open space on areas south of the river. To date, the County Planning Commission and Board of Supervisors have not acted on the project. In April 2016, a pending sale of Rancho Cañada "east" golf course lands to the Monterey Peninsula Regional Park District was announced. The park district is anticipated to take ownership in 2017. The sale of this property for future open space uses does not affect the potential future development of the Rancho Cañada Village project on nearby lands to the west.

Existing single-family homes cover most of the remaining areas south of Carmel Valley Road within the proposed Sphere expansion. This includes the Descanso Oak Estates, Rancho Cañada #1 and Carmel Valley Golf and Country Club (Quail Lodge) Subdivisions. Open spaces adjacent to the Quail Lodge development have been excluded from the Sphere of Influence because wastewater service is not needed. This area contains numerous individual parcels.

Point Lobos: In 2002, LAFCO approved the extension of wastewater service outside of the District's boundaries to the Point Lobos State Natural Reserve. In 2006, wastewater lines were also extended into Point Lobos Ranch, an undeveloped site on the eastern side of Highway 1 that contains several State Parks-owned staff residences. The District proposes to include these properties within its Sphere of Influence and to annex them. (Assessor's Parcel Numbers: 243-111-001/-002, 243-112-019 and 243-121-001)

Other Parcels: In addition to the proposal's main subareas described above, fourteen individual parcels are included in the proposed Sphere of Influence amendment and annexation. These parcels are effectively surrounded by existing district boundaries and are included as a "cleanup" measure. The parcels are mapped (shown with pink shading) and listed below.

Misc. residential parcels – north area (from left)	
APN	Location
009-112-002	24670 Pescadero Rd
009-112-010	24658 Pescadero Rd
009-011-010	24384 San Juan Rd
009-011-011	
009-011-012	24376 San Juan Rd
009-031-024	24285 San Pedro Ln
009-031-025	24295 San Pedro Ln
009-031-028	24315 San Pedro Ln
009-031-029	24325 San Pedro Ln
009-031-030	24331 San Pedro Ln
009-031-031	24335 San Pedro Ln



Misc. parcels- south area (from left)	
APN	Location
009-472-001	Scenic Road
009-521-002	Adjacent to CAWD treatment plant (off Highway 1)
009-541-021	



The District General Manager has expressed long-term interest in expanding further into the Carmel Valley. However, growth beyond what is currently proposed will require an expansion of the wastewater collection infrastructure. This would need to be paid for by property owners who are reluctant to initiate the process unless they have experienced septic system failure or are contemplating major construction projects.

Future Study Area: Carmel Highlands

A long-term goal to expand sewer service into the Carmel Highlands has been identified by County Environmental Health and the Regional Water Quality Control Board (see Future Challenges and Opportunities section, below). The District is interested in eventually serving this area, and there are no other existing or likely future sewer service providers. However, no foreseeable funding has been identified to support the very substantial infrastructure improvements that such an expansion will require. LAFCO staff recommends designation of a portion of Carmel Highlands west of Highway 1 as a “Future Study Area” (Figure 2). As defined by local LAFCO Policies and Procedures, a Future Study Area is “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.”

Highlands properties nearest to the ocean are the highest future priority because of the potential for effluent from septic systems to directly enter the marine environment. Future connection of these properties to the District’s sewer system will alleviate this environmental concern. In addition, more connections will also increase the amount of effluent processed by the District’s wastewater plant. This, in turn, will provide for additional reclaimed water for use on public and private open space. In the longer term, the Carmel Highlands area may at some time be appropriate for inclusion in the District.

POPULATION AND GROWTH

The District serves the City of Carmel-by-the-Sea and adjacent unincorporated areas. No specific demographics exist for the District. The District’s estimate of its population is 11,000. Extrapolations from census data for ZIP Code 93923 indicate that the area is losing population. The US Postal Service defines ZIP Code 93923 as “Carmel and Carmel Highlands.” This ZIP code area, which is larger than the Carmel Area Wastewater District, included 12,073 people in 2010; in 2000, 13,108 people lived in the zip code. The City of Carmel-by-the-Sea, which is within both ZIP Code 93923 and the District, also lost population between 2000 and 2010, as it has for each decade since 1980. The City’s 2010 population of 3,722 is fifteen percent less than it was in 1950.

The District’s wastewater plant contractually provides service to the Pebble Beach Community Services District as well as to District residents. 4,514 people resided in Pebble Beach in 2010, essentially unchanged from the count of 4,523 in 2000.

The popularity of Carmel and Pebble Beach residences as vacation homes has removed many dwellings from permanent occupancy. While this trend does not decrease the number of sewer connections, it

reduces the full-time occupancy of homes and the corresponding volume of wastewater. The decreasing residential sewage volume is partially offset by the existence of many tourist-oriented businesses, such as restaurants, hotels/motels, and golf courses in the area.

In 2014, the Association of Monterey Bay Area Governments (AMBAG) projected an essentially stable population for the City of Carmel-by-the-Sea through 2035. Minor growth outside of City limits is anticipated as several vacant parcels develop. In the future, the population served by the District will increase primarily through expansion of the area served, as is currently being proposed.

The District maintains a Wastewater Treatment Capital Improvement Program 15-Year Master Plan (discussed in the Future Challenges and Opportunities section, below) to provide for its future service needs. A capital improvement plan for the sewage collection system is nearing completion.

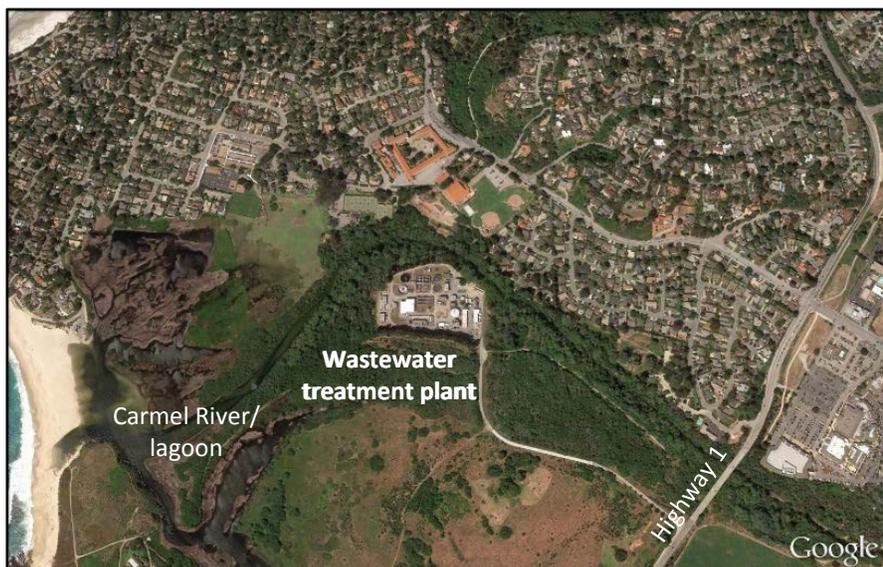
FACILITIES AND OPERATIONS

Wastewater Collection System and Treatment Plant

The District's collection facilities consist of approximately 83 miles of sewer lines, five miles of force mains, and seven pump stations. The District currently has 6,671 sewer connections, 6,298 of which are residential. Wastewater is conveyed to the District's treatment plant, which is located south of Carmel on Highway 1, between the Crossroads area and the Carmel Meadows residential development.

The treatment plant also receives wastewater from the Pebble Beach unincorporated community, under a contractual arrangement with the Pebble Beach Community Services District. The contract allocates one-third of the plant's treatment capacity to PBCSD.

The District's current permitted treatment capacity is 3.0 million gallons per day (MGD). Prior to the economic recession and the current increase in conservation efforts, inflows averaged approximately 2.1 MGD. District staff states that the current daily dry weather inflow is between 1.2 and 1.4 MGD, which includes wastewater from Pebble Beach. (In the 2014 reissuance of the District's permit, the Central Coast Regional Water Quality



Control Board estimated existing dry weather inflow to be 1.8 MGD. Under either estimate, the District's current inflow is well below its permitted capacity). The physical extent of wastewater collection infrastructure such as pipelines and pump stations—as opposed to treatment capacity—has been the main limiting factor in District growth; extending the collection system is a substantial cost that generally must be financed by the new users requesting sewer service. In-District (i.e., “non-Pebble Beach”) connections have increased only slightly from 6,652 in 2009 to the current 6,671.

District staff estimates that the plant's surplus capacity could hypothetically accommodate flows equivalent to the connection of an additional 7,000 to 8,000 residential units within the District, plus volume equivalent to 3,000 to 4,000 additional units in Pebble Beach. District staff estimates that the proposed Sphere of Influence - if fully developed in accordance with County General Plan designations

and entitlements, annexed, and connected to the District's sewer system– would add approximately 520 connections.

The District's adopted (2013) 15-Year Master Plan for Wastewater Treatment determined that substantial reinvestment was needed in order to maintain the long-term sustainability of the infrastructure. This issue is discussed further in the Challenges and opportunities section, below.



Reclamation Project (Recycled Water)

The Reclamation Project is a cooperative effort involving the Carmel Area Wastewater District, the Pebble Beach Community Services District, the Monterey Peninsula Water Management District and the Pebble Beach Company. The project provides treated wastewater to irrigate seven golf courses, an equestrian center, the grounds of a private school, and some smaller landscaped areas within Pebble Beach. The use of this treated wastewater makes potable water available for uses other than irrigation. The Reclamation Project was initially financed in 1992 through \$33.9 million in Certificates of Participation issued by the Monterey Peninsula Water Management District. At that time, the Pebble Beach Company guaranteed payment of the project's construction and maintenance costs. The initial portions of the project were completed in 1994. The Project was later expanded to increase the quantity and quality of the reclaimed water. From 2006 to 2009, a microfiltration/reverse osmosis phase was added to reduce the water's sodium content. The recycled water's lower sodium content has reduced stress on golf course greens and eliminated the need for flushing the courses with potable water.



The Project now utilizes the Forest Lake Reservoir in Pebble Beach to hold water treated in the winter for use during the dry summer months, further expanding the availability of recycled water. The District owns and manages the tertiary treatment plant and all reclaimed water pipeline within the District boundaries. The Pebble Beach Community Services District owns the Forest Lake reservoir and distribution pipelines within Pebble Beach.

Treated wastewater that is not diverted for beneficial use as part of the Reclamation Project is ultimately discharged to the Carmel Bay. The District's outfall pipe extends approximately 650 feet off shore, south of the Carmel River Lagoon. Wastewater outfall standards applicable to the District are particularly strict because the outfall occurs within the Carmel Bay Area of Special Biological Significance (ASBS). Since the new tertiary treatment system became operational, the District has discharged less than 200,000 gallons of secondarily treated wastewater to the ocean per day. The total annual discharge has been less than the amount of wastewater received by the treatment plant in a single week. This discharge level is well within the District's permit limitations.

The Reclamation Project was designed to produce up to 1.5 MGD of reclaimed water. During the recent drought conditions, influent into the plant has decreased, which has severely limited reclaimed water production. This limitation has resulted in a search for new water sources. Potential sources include accepting storm water, diverting untapped spring water into the system and increasing the treatment plant's service area.

Other Shared Facilities and Services

The District has a long history of working with other public and private organizations in accomplishing its mission. The District has partnered with the Pebble Beach Community Service District since 1969 to

construct treatment facilities and treat wastewater from the collection lines of the two districts, as discussed above. The expansion of the treatment facilities to attain tertiary treatment standards has also involved partnering with the Monterey Peninsula Water Management District to issue Certificates of Participation, the Pebble Beach Company to guarantee expenses, and with a number of golf courses to utilize the recycled water.

For years, the District has also worked with the City of Carmel-by-the-Sea to provide public services. As the District and the City are both relatively small units of government, they share backhoes and other equipment as needed. The District will also clean a spill or provide other inter-jurisdictional services if requested by the City. A more formal arrangement is being discussed where District staff may assist the City with restaurant source control inspections. To date, the District has been conducting source control inspections to ensure that grease is not disposed of in the wastewater stream, while the City currently inspects to keep grease out of the storm water system.

The District participates in the Southern Monterey Bay Dischargers Group. This group, colloquially known as “Clog Busters,” is a consortium of wastewater collection system owners and wastewater treatment jurisdictions in northern Monterey County. Clog Busters sponsors a website and ad campaigns to keep grease and fat out of drains. Nine units of local government and the California American Water Company participate in the consortium.

In 2012, the City of Pacific Grove initiated discussion with the District to recycle some of the City’s wastewater. This proposal would divert wastewater from approximately 500 homes in the Del Monte Park area to the District’s treatment facility through pipes owned by the Pebble Beach Community Services District. While the City is currently studying other recycled water alternatives, this 2012 proposal illustrates a possible expanded role for the District in the region.

GOVERNANCE / TRANSPARENCY AND ACCOUNTABILITY

Governance

The District is governed by a five-member Board of Directors, who are elected at-large for four-year terms. Elections are seldom required to fill seats as the number of candidates usually matches the number of seats up for election. There has been only one competitive election within the last approximately 15 years. The Board of Directors holds regular monthly meetings at the District offices. The Board is kept up to date through routine staff reports on the status of engineering, capital improvement and internal projects, and on current mechanical and maintenance issues.

Transparency and Accountability

The building and room where the Board meets are accessible to people with physical disabilities. The agenda packets for Board meetings are available to the public through the District’s website. These packets include copies of staff reports and minutes of past Board and committee meetings. District staff posts meeting notices on a display board in front of the District office, at the Carmel-by-the-Sea post office and on its website. 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. Directors receive ethics training and submit the required Statements of Economic Interests. District audits are regularly and professionally completed. The District website makes available a variety of information such as District budgets, audits, and specifics on District meetings and activities.

2012 Grand Jury Report

A 2012 Monterey County Civil Grand Jury initiated a review of the District. Overall, the report concluded that the District “is run efficiently and managed effectively.” The Grand Jury also determined “the current rate structure for wastewater treatment and connection fees are in line with other agencies with similar

populations.”¹ The report contained five recommendations relating to implementing a 15-year Master Capital Improvement Plan (discussed further below), improving employee morale, completing employee evaluations in a timely manner, conducting a new employee survey and considering both internal and external job applicants for senior management positions.

The District has implemented the Grand Jury’s recommendations. An updated employee survey was completed in January 2013 by the authors of an earlier (2011) survey that had shown some employee dissatisfaction. The 2013 survey concluded that “CAWD Management and Supervisors have done a remarkable job of addressing and implementing changes to make such amazing progress in such a short period of time. Both the General Manager and Plant Superintendent have been instrumental in making a cultural shift, changing attitudes and morale. This has been an absolute success story as the survey results show.”² The survey results showed overall job satisfaction jumping from 46% to 100%. Performance appraisals were also found to be prepared on time 71% of the time, compared to 27% in 2011.

The District has also implemented a capital improvements budget based on the District’s adopted (2013) Wastewater Treatment 15-Year Master Plan. The District maintains a five-year plan for improvements to the wastewater collection system, and is in the process of expanding it into a 20-year plan. District management has also expressed that it will follow the Grand Jury’s recommendations regarding opening up job applications for senior management positions to outside, as well as internal, applicants.

FINANCES

Operating Revenues and Expenses

The District’s preliminary Fiscal Year 2016-17 budget anticipates:

- Operating revenues of \$7.9m, about 80% of which is from user fees. Other operating revenues include wastewater treatment fees paid by the Pebble Beach Community Services District (13%), Reclamation Project reimbursements from PBCSD (6%), and District permit and inspection fees (less than 1%);
- Operating expenses of \$6.9m broken into five main categories: maintenance, collections, treatment, administration, and the Reclamation Project described in the Facilities and Operations section above. The agreement with the Pebble Beach Community Services District requires the PBCSD to reimburse all District expenses for the Reclamation Project and approximately one-third of overall District expenses related to wastewater treatment; and
- Depreciation expenses of \$2.7m, representing a standard year-to-year reduction of the value of the District’s physical infrastructure.

The budgeted amounts represent overall 8%, 4.7%, and 4.0% increases in operating revenues, operating expenses, and depreciation as compared to the Fiscal Year 2015-16 final budget.

The District has worked diligently to control costs in recent years. An employee contract negotiated in FY 2011-12 provided for a 2% cost of living adjustment, but also required employees, for the first time, to participate in paying health insurance and pension costs. This cost-sharing trend continues in the most recent employee contract (through FY 2015-16). Since 2005, District employees have accrued pension benefits through the California Public Employee Retirement System (CalPERS). Prior to 2005, the District had its own defined-benefit pension plan which it continues to adequately fund for prior service.

Non-Operating Revenues and Expenses

The preliminary FY 2016-17 budget projects \$5.7m in non-operating revenues and \$0.2m in expenses. Most of the District’s non-operating revenue represents property taxes. Property tax revenues are a portion of

¹ Monterey County Civil Grand Jury, 2012 Year-End Final Report, February 4, 2013, page 21.

² CSI Human Resources Group – Beth Ingram, Employee Survey Results and Recommendations, January 2013, Prepared for Carmel Area Wastewater District, page 12.

the 1% statewide ad valorem property tax that the County apportions to various local agencies. The District only receives a portion of property tax revenues on parcels that were already within the District prior to 1978, when voters approved Proposition 13. Property tax revenues dropped significantly following the 2007-08 Fiscal Year, and have only recently risen to match pre-recession levels.

The District’s rate-setting strategy has historically been that operating income should pay for operating expenses. Capital improvements and other non-operating expenses—other than extending sewer lines to properties that have requested new sewer service—have traditionally been covered through non-operating income (largely property taxes and investment earnings). With the approval of the 2013 Wastewater Treatment Capital Improvement Program 15-Year Master Plan, the District’s board of directors determined that sewer rates would need to be increased to cover a portion of the capital improvements budget.

Total District Income

The preliminary FY 2016-17 budget anticipates a total net income of \$3.8m. In keeping with recent fiscal years, the District’s positive non-operating revenues offset a net operating loss when depreciation expenses are taken into account.

Capital Budget

Capital expenditures are planned by means of a five-year rolling capital improvements budget. The District’s board reviews and authorizes this budget annually. The Capital Improvements Program budget significantly increased in recent years, based on the substantial reinvestment needs identified in the District’s 2013 CIP for the wastewater treatment plant. From Fiscal Year 2008-09 through 2011-12, the annual capital budget was less than \$1m. It increased to about \$2m in FY 2012-13, \$7m in 2013-14, \$9.2m in 2014-15, and \$12.2m in 2015-16. Actual capital expenditures in FY 2014-15 and 2015-16 were only about 25% of the budgeted amounts due to project scheduling. District staff currently anticipates that budgeted capital improvements will decrease to \$11m in FY 2015-16 and \$3.4m in FY 2017-18 as the District makes headway in building out its CIP.

Prior-Year Revenues and Expenses

Table 1 presents an overview of District revenues and expenses from recent audited fiscal years.

Table 1: Revenue, Expenses and Change in Net Position: Fiscal Years 2012-13 through 2014-15			
Audited Fiscal Year	2012-13	2013-14	2014-15
Operating Revenues	\$ 5,909,528	6,465,750	7,323,138
Operating Expenses	\$ 7,548,130	8,093,302	8,269,714
Operating Income/(Loss)	\$ (1,638,602)	(1,627,552)	(946,576)
Net Non-Operating Revenues	\$ 1,936,363	2,262,011	2,481,164
Capital Contributions*	\$ 5,119	101,712	174,675
Total Change in Net Position	\$ +302,880	+736,171	+1,709,263

*Primarily consists of Reclamation Project reimbursements by Pebble Beach Community Services District

Assets, Liabilities and Reserves

As of the District’s most recent audit, for the fiscal year ended June 30, 2015, the District had total assets of \$63.4m. Of this amount, \$25.2m represented “current” assets (i.e. cash and cash equivalents), with most of the remainder representing the District capital assets, net of depreciation. Current assets were about 7.6% higher than a year earlier, and total assets were 2.4% higher. Current liabilities were about 10% higher than a year before, but total liabilities (a much higher dollar amount) decreased by over 8%.

With current assets of over \$25 million and current liabilities of less than half a million dollars, the District can comfortably meet short term needs. Current assets are anticipated to decrease significantly as the District initiates an aggressive capital improvements program in the future. On April 30, 2015, the District Board initiated this program by awarding a \$14 million contract for Phase I of the Wastewater Treatment Plant Rehabilitation Project. An overview of assets and liabilities is presented in Table 2, below.

	June 30, 2013	June 30, 2014	June 30, 2015
ASSETS			
Current	\$ 22,136,432	23,462,550	25,234,336
Total	\$ 61,193,228	61,898,964	63,407,188
LIABILITIES			
Current	\$ 486,473	531,934	587,226
Total	\$ 2,706,313	2,675,878	2,451,974
NET ASSETS	\$ 58,486,915	59,223,086/ 61,203,884*	62,913,147

* Per the June 30, 2015 annual financial report, a prior-period adjustment in the amount of \$1,980,798 was made to increase the District’s net position as of June 30, 2014, in order to reflect the District’s net pension liability, in accordance with the implementation of GASB Statement No. 68.

Source: Carmel Area Wastewater District annual financial reports (audits)

CHALLENGES AND OPPORTUNITIES

Rehabilitating and Expanding District Infrastructure

In 2013, the District completed a Capital Improvement Program 15-Year Master Plan for Wastewater Treatment. This consultant-designed program determined that the rate of renewal of the District’s aging assets had not kept pace with the rate of deterioration, resulting in noticeable physical condition deficiencies. The District has embarked on a program to sustainably rehabilitate and rebuild its infrastructure. The District is now in the fourth year of five annual rate increases to raise the needed funds. These increases are projected at approximately 10% per year. The first phase of capital improvements for the wastewater treatment plant was initiated in 2015 through approval of a \$14 million construction contract.

The District states that it has sufficient capacity at its treatment facility to process all anticipated wastewater from its existing and proposed boundaries plus flows from the Pebble Beach Community Services District. The treatment plant’s permitted capacity is 3.0 million gallons per day (MGD) pursuant to a license from the California Regional Water Quality Control Board. While this 3.0 MGD limitation applies specifically to ocean discharges, the District also considers this the practical limitation for flows into the plant.

The District estimates the current average daily dry weather flow between 1.2 and 1.4 MGD. The existing wastewater flow has been decreasing, at least in part due to successful local water conservation efforts. In recent years, the average daily dry weather flow was as high as 2.1 MGD. District staff estimates that the

plant's surplus capacity would allow the connection of an additional 7,000 to 8,000 residential lots in the District and an additional 3,000 to 4,000 in Pebble Beach.

Areas proposed for Sphere of Influence and boundary expansion within Carmel Valley include the County-approved September Ranch development of 95 residential lots, potential future development of approximately 130 units at Rancho Cañada and expansion into existing residential developments that are now served by septic systems.

Carmel Highlands: Potential Future Service Area

The District originally served areas near the City of Carmel-by-the-Sea and the mouth of the Carmel Valley. In 2001, LAFCO approved the District's provision of wastewater service, outside District boundaries, to Point Lobos State Reserve. In 2003, the District expanded its wastewater lines further south along the coast into the Carmel Highlands. At that time, the District annexed the Highlands Inn, Tickle Pink Inn, and the 14 residential members of the Highlands Sanitary Association. This annexation allowed replacement of inadequate and failing private wastewater treatment plants. Additional incremental, non-contiguous annexations in the Highlands were approved by LAFCO in 2009, 2010, and 2013.

The Carmel Highlands is described in Monterey County's Local Coastal Plan as an area of matchless visual beauty, where the preservation of the natural environment is critical. The certified 1983 Local Coastal Plan states that "further residential development of this area is constrained by steep slopes and shallow soils which may preclude establishment of on-site waste disposal facilities on certain lots." It also states that "housing densities and lot sizes shall be consistent with the ability of septic systems to dispose of waste without contamination of coastal streams or creation of hazards to public health." While the Local Coastal Plan anticipates the possible future installation of public sewer lines, it also states that sewers "shall be considered only to eliminate a public health hazard and shall be sized to serve only the projected build-out of this area as allowed by this plan" (pages 70, 72 and 86).

Septic system failures in the Carmel Highlands have been a continuing concern of the State Water Resources Control Board and the Monterey County Environmental Health Division. In 2010, the County adopted an Onsite Wastewater Management Plan for the Highlands. This plan recommended engineering feasibility and environmental studies for extension of a sanitary sewer system to serve high risk-areas of the Highlands. The County's plans to initiate the recommended studies were put on hold as funds declined during the recession. If funded in the future, the studies will seek to determine the available capacity of the existing Highlands sewer system, recommend a sewage facilities plan, and conduct the necessary environmental review.

The study area in the Onsite Wastewater Management Plan extends approximately 2,000 feet inland from the coast from roughly Gibson Creek (Point Lobos) on the north to Malpas Creek on the south. The study estimated that the area contains about 450 existing developed residential parcels and a small number of commercial uses. An estimated additional 105 undeveloped residential parcels in the study area have the potential for future development. The portion of the Plan Area which is west of Highway One is identified as the proposed "future study area" in Figure 2. The parcels in this area are most at risk of discharging pollutants to the ocean.

The District has expressed interest in serving this area once the financial resources are available to make needed improvements at an unknown time in the future. For purposes of the District's Sphere of Influence, LAFCO staff recommends designation of a portion of the Carmel Highlands as a Future Study Area as described and mapped above.

Carmel River Lagoon Project

The Monterey County Public Works Department and the Water Resources Agency of Monterey County are in the planning stages of developing an ecosystem protective barrier. The project's stated objectives are to improve the functions and values of the ecosystem in and around the Lagoon by allowing lagoon levels to rise and the lagoon to breach naturally, and to improve the existing level of flood protection in low-lying

developed areas north of the lagoon. While the specifics of this proposal are still being designed, the estimated \$15 million project will likely include a steel or fiber reinforced polymer sheet pile wall, street reconstruction, drainage pipes, and a pump station.

The District's wastewater treatment plant is immediately adjacent to the lagoon. The District is concerned that the project may result in flooding at the plant, which could severely limit its operations, and has hired a consulting firm to assist in the examination of potential risks. The County is anticipated to address the District's comments during the design and environmental review of the project.

The District also wants to ensure that other planned projects in the Carmel River area—such as levee and/or floodwall improvements for County Service Area 50 (Lower Carmel River), and a planned causeway under Highway 1 as part of the Lower Carmel River Floodplain Restoration Project—will not negatively impact the treatment plant or the District's bay outfall pipes.



MUNICIPAL SERVICE REVIEW DETERMINATIONS

The preceding Service Review provides the information needed to make the State-mandated determinations contained within this section. Following is a recommended written statement of LAFCO's Municipal Service Review Determinations for the seven areas required by Government Code section 56430(a).

1. Growth and population projections for the affected area

As outlined in the Service Review, little growth is anticipated, through 2035, within the area that includes the District's proposed boundaries. The majority of the District's growth will occur through annexation of existing adjacent developed parcels and land proposed for development.

2. The location and characteristics of any disadvantaged unincorporated communities [DUCs] within or contiguous to the Sphere of Influence

State law defines DUCs as communities with an annual median household income of less than 80 percent of the statewide annual median household income. Staff has reviewed Census Block Group data available through the California Department of Water Resources. Staff used census block group data, the smallest unit available, to identify all areas that might meet these criteria and are located within the District or three miles of the District boundaries. LAFCO identified only one area as possibly meeting these criteria: Census Tract 116.02, Block Group 2, which covers the Pacific Meadows affordable senior apartments and adjacent parcels. It appears likely that income levels in Pacific Meadows are the basis for Block Group 2's overall income levels meeting the definition of a DUC. The District already provides sewer service to Pacific Meadows.

Low-density single-family houses on the south side of the road house the majority of Block Group 2's remaining population. These residences exhibit needs similar to other areas in or near the Mouth of the Carmel Valley. The District is currently proposing to expand its Sphere of Interest into this area and to annex it.

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 wastewater service as shown in the Service Review. The wastewater treatment plant has a permitted capacity is 3.0 million gallons per day (MGD). District staff state that the documented average daily dry weather flow is currently between 1.2 and 1.4 MGD. The District has sufficient capacity to meet current and future needs of the areas within its boundaries and those of the Pebble Beach Community Services District. The District has constructed and maintained an adequate network of wastewater collection lines. The District is undertaking a significant capital improvement program and is increasing service fees to support these improvements.

4. Financial ability of agency to provide services

The District has the financial ability to provide services within its boundaries. The District maintains a positive balance of revenues over expenses. The District budgets its revenues and expenses annually and has developed a detailed capital improvements plan. Its financial status is reviewed annually by professionally-prepared audits. The Service Review's Finances section outlines relevant financial information for the District.

5. Status of, and opportunities for, shared facilities

The District works closely with the Pebble Beach Community Services District, the City of Carmel-by-the-Sea and private entities as outlined within the Service Review. Additional cooperative efforts are now being discussed between the District and the City of Pacific Grove.

6. **Accountability for community service needs, including government structure and operational efficiencies**

The Carmel Area Wastewater District is an independent special district. The District Board is composed of five Members who are elected at-large. The District maintains an informative web page to inform its residents. The District operates efficiently as outlined in the Service Review.

7. **Any other matter related to effective or efficient service delivery, as required by commission policy**

LAFCO staff has reviewed its local policies and identified no other pertinent matters.

SPHERE OF INFLUENCE DETERMINATIONS

Following is a recommended written statement of LAFCO's Sphere of Influence Determinations regarding the four areas required by Government Code section 56425(e). Based on the recommended determinations in this section and the information in this report, this study provides support for the District's proposed expansion of its Sphere of Influence and the designation of a Future Study Area in the Carmel Highlands.

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

The present and planned land uses in the proposed Sphere of Influence expansion are discussed in the Service Review. No negative impacts are anticipated for inclusion of these areas within the District's Sphere of Influence.

2. **The present and probable need for public facilities and services in the area**

As outlined in the Service Review, existing uses within the proposed Sphere of Influence may need sewer connections if their existing septic systems fail. Undeveloped parcels will require the availability of wastewater service prior to being eligible for County development approval.

3. **The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide**

As outlined in the Service Review, the Carmel Area Wastewater District has sufficient capacity and authorization to serve the proposed expanded Sphere of Influence. The Carmel Area Wastewater District's current permitted capacity is 3.0 million gallons per day (MGD). District staff has informed LAFCO that the average daily dry weather flow is currently between 1.2 and 1.4 MGD. As analyzed in the Service Review, the District's collection and treatment infrastructure is currently adequate and a detailed capital improvement program has been adopted and funded to ensure that the District provides adequate service. Expanded wastewater lines would be funded by property owners before service is extended.

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 Carmel/Carmel Valley/Carmel Highlands community is a geographically connected population that shares common social and economic interests. The district respects these boundaries, and only excludes areas that do not have a current need for wastewater service. There are no other social or economic communities of interest in the area that is of concern in this Sphere of Influence Review.

5. **The present and probable need for those public facilities and services [i.e. wastewater facilities and services] of any disadvantaged unincorporated communities within the existing sphere of influence.**

As outlined within the Municipal Service Review Determinations, the only potential Disadvantaged Unincorporated Community within the District's existing Sphere of Influence is currently being served.

SOURCES AND ACKNOWLEDGEMENTS

LAFCO wishes to thank the staff of the Carmel Area Wastewater District for the time and energy they have put into providing essential information in the preparation of the Service Review. In particular we would like to thank General Manager Barbara Buikema and Principal Engineer Drew Lander. LAFCO staff has used various resources in the preparation of this report. The following have been key:

- a. District annual financial reports and budgets [cawd.org/financials.html]
- b. CAWD / PBCSD Reclamation Project: An Enterprise Fund of the Monterey Peninsula Water Management District, Annual Financial Report, June 30, 2014
[cawd.org/documents/financial/CAWD%20PBCSD%20Reclamation%20Project%20Financial%20Audit%2006-30-14.pdf]
- c. Carmel Highlands Onsite Wastewater Management Study, Prepared for Monterey County Health Department, by Questa Engineering Corporation, December 2009
[mtyhd.org/index.php/service-catalog/hd-eh-svcs/eh-review-services/item/carmel-highlands-onsite-wastewater-management-plan-informational-services]
- d. Central Coast Regional Water Quality Control Board, Order No. R3-2014-0012, NPDES No. CA0047996, Waste Discharge Requirements for the Carmel Area Wastewater District Treatment Plant, May 22, 2014
[http://www.waterboards.ca.gov/centralcoast/board_decisions/adopted_orders/2014/2014_0012_npdes.pdf]
- e. CSI Human Resources Group – Beth Ingram, Employee Survey Results and Recommendations, January 2013, prepared for: Carmel Area Wastewater District
[<http://cawd.org/documents/packets/CAWD%20Employee%20Survey.pdf>]
- f. Carmel River Lagoon Ecosystem Protective Barrier (EPB) and Scenic Road Protection Structure (SRPS) Projects Feasibility Report, May 29, 2013, prepared for Monterey County Water Resources Agency and Monterey County Department of Public Works.
[<http://www.co.monterey.ca.us/government/departments-i-z/resource-management-agency-rma-/planning/current-major-projects/carmel-lagoon-ecosystem-protective-barrier-and-scenic-road->
[http://www.co.monterey.ca.us/planning/major/EPB%20and%20Scenic%20Road%20Protection/Feas%20Rpt_May%2029%202013.pdf]
- g. Kennedy/Jenks Consultants, Carmel Area Wastewater District Wastewater Treatment, Capital Improvement Program 15-Year Master Plan, April 2013
[<http://cawd.org/documents/financial/Capital%20Improvement%20Program%2015-Year%20Master%20Plan.pdf>]
- h. Monterey County Civil Grand Jury, 2012 Year-End Final Report, February 4, 2013
[<http://www.co.monterey.ca.us/inc/pr/CivilGrandJury/Interim-Final-Rpt-No-3-CAWD.pdf>]
- and District's earlier response (February 28, 2012)
[http://www.monterey.courts.ca.gov/Documents/GrandJury/2012/2012_Responses_1.pdf (pages 175-178)].

Photo Credits:

- Carmel Area Wastewater District (pages 1, 10, 14)
- Google (page 14)
- Pebble Beach Community Services District (page 15)
- Environmental Science Associates (page 20)

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

Agenda Item #13.3

Environmental Clearance Documents

Attachment 3 to agenda item 13 (Carmel Area Wastewater District)

Environmental clearance documentation:

Negative Declaration, by Carmel Area Wastewater District as CEQA lead agency (2015)

- Initial Study and Draft Negative Declaration
- Final Negative Declaration
- Notice of Determination

These documents are being provided to LAFCO commissioners on CD-ROM, and are publicly available on LAFCO's home page: www.co.monterey.ca.us/lafco/

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

Agenda Item #13.4
Comment Letter:
County of Monterey
Environmental Health Bureau



MONTEREY COUNTY

DEPARTMENT OF HEALTH Elsa Jimenez, Interim Director

ADMINISTRATION
EMERGENCY MEDICAL SERVICES

BEHAVIORAL HEALTH
ENVIRONMENTAL HEALTH/ANIMAL SERVICES
PUBLIC ADMINISTRATION/PUBLIC GUARDIAN

CLINIC SERVICES
PUBLIC HEALTH



June 19, 2016

Darren McBain
c/o Local Agency Formation Commission of Monterey County
132 W. Gabilan Street #102
Salinas, CA 93901

Re: Carmel Area Wastewater District Sphere of Influence Amendment and Annexation Proposal

Dear Mr. McBain,

Thank you for providing the Monterey County Health Department, Environmental Health Bureau ("EHB"), an opportunity to review the Carmel Area Wastewater District's ("CAWD") application for a proposed Sphere of Influence amendment and district annexation application. The proposed annexation area includes sensitive receptors such as the Monterey Bay and Carmel River. It also includes small, existing lots of record that can make it difficult to properly site and design an onsite wastewater treatment system ("OWTS", or septic system) that meets the standards in Monterey County Code, Chapter 15.20.

The EHB is in the process of drafting a Local Agency Management Plan ("LAMP") for OWTS to update local standards in accordance with Tier 2 of the State Water Resources Control Board's Water Quality Control Plan for Siting, Design, Operation, and Maintenance of OWTS, known as the OWTS Policy. The LAMP intends to improve protection of water quality and public health, which will be achieved through requirements for more thorough site evaluations and additional setback requirements, which may prove troublesome for lots already challenged by small size, fast percolating soils and proximity to sensitive receptors.

The EHB supports the annexation and Sphere of Influence amendment proposed by CAWD. Please keep the EHB informed of all planned and/or pending service expansions.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Ramirez".

John Ramirez, MPA, REHS
Director, Environmental Health Bureau
Ramirezj1@co.monterey.ca.us

(831) 755-4539

Environmental Health Bureau, 1270 Natividad Rd. Salinas CA, 93906, (831) 755-4508