

2023

Commissioners

Chair

Mary Ann Leffel
Special District Member

Vice Chair

Matt Gourley
Public Member

Mary Adams

County Member, Alternate

Wendy Root Askew

County Member

Glenn Church

County Member

Kimbley Craig

City Member

David Kong

Special District Member, Alternate

Ian Oglesby

City Member

Warren Poitras

Special District Member

Steve Snodgrass

Public Member, Alternate

Anna Velazquez

City Member, Alternate

Counsel

Kelly L. Donlon

General Counsel

Executive Officer

Kate McKenna, AICP

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

*P. O. Box 1369
Salinas, CA 93902*

Voice: 831-754-5838

www.monterey.lafco.ca.gov

**AGENDA
LOCAL AGENCY FORMATION
COMMISSION
OF MONTEREY COUNTY**

**Regular LAFCO Meeting
Monday, April 24, 2023
3:00 P.M.**

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

This meeting will be conducted in person at the Board of Supervisors Chambers in the Monterey County Government Center, Salinas. The Public may attend the meeting, participate by Zoom app, or view the meeting on LAFCO's YouTube channel.

Instructions for Remote Public Participation

1. **To Participate in the Meeting:** Use the Zoom app on your smart phone, laptop, tablet or desktop and click on this link: <https://montereycty.zoom.us/j/99337292461>

The meeting ID is: [993 3729 2461](https://montereycty.zoom.us/j/99337292461). There is no password. To make a public comment, please “Raise your Hand.”
2. **To View this Meeting:** Please click on the following link to the LAFCO of Monterey County YouTube site: <https://www.youtube.com/channel/UCIF6pPx2hn3Ek94Wg0Ul7QA>

Then click on the Live Stream of the scheduled meeting.
3. **To Participate by Phone:** Please call: +1 669 900 6833
Enter the meeting ID: [993 3729 2461](https://montereycty.zoom.us/j/99337292461) when prompted. There is no participant code – just enter the meeting id and the pound sign # after the recording prompts you. To make a public comment by phone, please push *9 on your phone keypad.
4. **To Make Public Comments Via Email:** Written comments can be emailed to the Clerk to the Commission at: malukis@monterey.lafco.ca.gov. Please include the following Subject Line: “Public Comment – Agenda Item # __”. Written comments must be received by noon on day of the meeting. All submitted comments will be provided to the Commission for consideration, compiled as part of the record, and may be read into the record.

AGENDA
REGULAR COMMISSION MEETING
Monday, April 24, 2023

Call to Order

Roll Call

Pledge of Allegiance

General Public Comments

Anyone may address the Commission briefly about items not already on the Agenda.

Public Comments on Closed Session Items

The Commission Recesses for Closed Session Agenda Items

Closed Session may be held at the conclusion of the Commission's Regular Agenda, or at any other time during the course of the meeting, before or after the scheduled time, announced by the Chairperson of the Commission. The public may comment on Closed Session items prior to the Board's recess to Closed Session.

Closed Session

1. [The Commission will conduct a review of the Public Employee Annual Performance Appraisal Program in closed session, pursuant to Code Section 54957. Position: LAFCO Executive Officer](#)
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

Reconvene on Public Agenda Items

Roll Call

Read Out from Closed Session by LAFCO General Counsel

Read out by General Counsel will only occur if there is reportable action (s).

Consent Agenda

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

2. [Approve Draft Minutes from the March 27, 2023 Regular LAFCO Commission Meetings.](#)
Recommended Action: Approve minutes.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

3. [Accept the March 31, 2023 Draft Balance Sheet and Income Statement.](#)
Recommended Action: Accept statements for information only.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
4. [Approve Employment Contract Term Extension and Amendment to Termination Terms for LAFCO Executive Officer.](#)
Recommended Action: Approve Amendment No. 8 to Employment Contract for LAFCO Executive Officer.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
5. [Accept Report on Anticipated Agenda Items and Progress Report on LAFCO Special Studies.](#)
Recommended Action: Accept report for information only.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
6. [Accept Report on Activities of the California Association of Local Agency Formation Commissions.](#)
Recommended Action: Accept report for information only.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

Public Hearing

7. [Conduct a Public Hearing to Consider the Draft Final Annual Budget for Fiscal Year 2023 – 2024 \(Second Hearing\).](#)

Recommended Actions:

- a. Receive a report from the Executive Officer;
- b. Open the second public hearing and receive any public comments;
- c. Provide for questions or follow-up discussion by the Commission;
- d. Close the second public hearing;
- e. Discuss and adopt a Resolution (Attachment 1) to adopt the Final Budget for Fiscal Year 2023 – 2024, and
- f. Direct the Executive Officer transmit the Adopted Final Budget to the County, Cities and Independent Special Districts for apportionment of the net operating expenses pursuant to the requirement of Government Code Section 56381 (b) (1).
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

Executive Officer’s Communications

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

8. [Communications](#)
 - a. [Correspondence to the City of Gonzales.](#)
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

Commissioner Comments

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

Adjournment to the Next Meeting

The next regular LAFCO Meeting is scheduled for Monday, May 22, 2023 at 3:00 p.m.

The Political Reform Act requires that a participant in a LAFCO of Monterey County proceeding who has a financial interest in a change of organization or reorganization proposal and who has made a campaign contribution of more than \$250 to any commissioner in the past year must disclose the contribution. If you are affected, please notify the Commission's staff before the hearing.

Pursuant to Government Code Section 54957.5, public records that relate to open session agenda items that are distributed to a majority of the Commission less than seventy-two (72) hours prior to the meeting will be made available to the public on the LAFCO of Monterey County website at www.monterey.lafco.ca.gov.

AMERICANS WITH DISABILITIES ACT (ADA): All regular and special meeting agendas and associated reports are available at www.monterey.lafco.ca.gov. Any person with a disability under the ADA may receive a copy of the agenda or associated reports upon request. Any person with a disability covered under the ADA may also request a disability-related modification or accommodation, including auxiliary aids or services, to participate in a public meeting. Requests for copies of meeting documents and accommodations must be made with LAFCO of Monterey County staff at (831) 754-5838 at least three business days prior to the respective meeting.

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

CLOSED SESSION

1. The Commission will conduct a review of the Public Employee Annual Performance Appraisal Program in closed session, pursuant to Code Section 54957.
Position: LAFCO Executive Officer
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

2023

Commissioners

Chair

Mary Ann Leffel
Special District Member

Vice Chair

Matt Gourley
Public Member

Luis Alejo

County Member

Wendy Root Askew

County Member, Alternate

Kimbley Craig

City Member

David Kong

Special District Member, Alternate

Christopher Lopez

County Member

Ian Oglesby

City Member

Warren Poitras

Special District Member

Steve Snodgrass

Public Member, Alternate

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Regular Meeting DRAFT MINUTES
**LOCAL AGENCY FORMATION COMMISSION
OF MONTEREY COUNTY**

Scheduled for Adoption April 24, 2023

Monday, March 27, 2023

All Commissioners and public participated in the meeting on Monday, March 27, 2023 in person or by Zoom video conference or telephone.

Call to Order

The Local Agency Formation Commission was called to order by Chair Leffel at 4:00 p.m.

Roll Call

Commissioner Adams
Commissioner Root Askew
Commissioner Church
Commissioner Craig
Commissioner Kong
Commissioner Poitras
Commissioner Snodgrass
Vice Chair Gourley
Chair Leffel

*Arrived at 4:03 p.m.

*Arrived at 4:03 p.m.

*Attending remotely – Just Cause #1

Members Absent (Excused Absence)

Commissioner Oglesby
Commissioner Velazquez

Staff Present

Kate McKenna, Executive Officer
Darren McBain, Principal Analyst
Jonathan Brinkmann, Senior Analyst
Safarina Maluki, Clerk to the Commission/Office Administrator

Also Present

Kelly L. Donlon, General Counsel

Pledge of Allegiance

Commissioner Kong led the Pledge of Allegiance.

General Public Comments

Anyone may address the Commission briefly about items not already on the Agenda.

There were no public comments.

Public Comments on Closed Session Items

There were no comments from members of the public.

The Commission Recesses for Closed Session Agenda Items

Closed Session may be held at the conclusion of the Commission's Regular Agenda, or at any other time during the course of the meeting, before or after the scheduled time, announced by the Chairperson of the Commission. The public may comment on Closed Session items prior to the Board's recess to Closed Session.

The Commission ADJOURNED to Closed Session at 4:04 p.m.

Closed Session

1. Pursuant to Government Code Section 554957.6, the Commission will confer regarding labor negotiations for the position of Executive Officer of LAFCO of Monterey County.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378)

Reconvene on Public Agenda Items

The Commission RECONVENED to Open Session at 4:16 p.m.

Roll Call

Commissioner Adams
Commissioner Root Askew
Commissioner Church
Commissioner Craig
Commissioner Kong
Commissioner Poitras
Commissioner Snodgrass
Vice Chair Gourley
Chair Leffel

Read Out from Closed Session by LAFCO General Counsel

Read out by General Counsel will only occur if there is reportable action (s).

General Counsel Kelly Donlon advised that the Commission approved Amendment #8 to Executive Officer Kate McKenna's employment contract, and it will be brought forward at the next regular meeting, April 24.

Consent Agenda

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

2. Approve Draft Minutes from the January 23, 2023 Special and Regular LAFCO Commission Meetings
Recommended Action: Approve minutes.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
3. Accept the Draft Financial Statements for Period Ending December 31, 2022.
Recommended Action (Budget & Finance Committee): Accept the Draft Financial Statements for the Period ending December 31, 2022.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
4. Accept the January 31, 2023 Draft Balance Sheet and Income Statement.
Recommended Action (Budget & Finance Committee): Accept statements for information only.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
5. Accept the February 28, 2023 Draft Balance Sheet and Income Statement.
Recommended Action: Accept statements for information only.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
6. Approve Draft Notes from the February 27, 2023 LAFCO Budget & Finance Committee Meeting.
Recommended Action: Approve Budget & Finance Committee Meeting Notes.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
7. Adopt Resolution Approving Amendment No. 1 to the Current (Fiscal Year 2022-23) Budget, Transferring a Total of \$22,500 with no Net Change to the Overall Budget.
Recommended Action (By Budget & Finance Committee): Adopt Resolution approving Amendment No. 1 to the Current (Fiscal Year 2022-23) Budget
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
8. Accept Report on Anticipated Agenda Items and Progress Report on LAFCO Special Studies.
Recommended Action: Accept report for information only.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
9. Accept Report on Activities of the California Association of Local Agency Formation Commissions.
Recommended Action: Accept report for information only.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

There were no public or Commissioner requests to pull items for separate discussion.

Commissioner Action:

Upon motion by Commissioner Gourley, seconded by Commissioner Root Askew, the Commission approved Consent Agenda Items #2 – #9 by a Roll Call Vote.

Motion Carried (Roll Call Vote):

AYES: Commissioners: Root Askew, Church, Craig, Poitras, Vice Chair
Gourley, Chair Leffel
NOES: Commissioners: None
ALTERNATES: Commissioners: Adams, Kong, Snodgrass, (Non-Voting)
ABSENT: Commissioners: Oglesby, Velazquez
ABSTAIN: Commissioners: None

New Business

10. Consider Amendments to the LAFCO Rules and Regulations “Bylaws” for Meetings and the Schedule of Regular LAFCO Meetings for 2023 to Change the Start Time of Regular LAFCO Meetings from 4:00 p.m. to 3:00 p.m.

Recommended Actions:

- (1) Receive a report from the Executive Officer
- (2) Receive any Public Comments;
- (3) Provide for questions or follow-up discussion by the Commission;
- (4) Consider adoption of a resolution updating the LAFCO Rules and Regulations (“Bylaws”) for the Orderly and Fair Conduct of Hearings; and
- (5) Consider approval of an amendment to the Schedule of Regular Meetings for 2023. (CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

Executive Officer McKenna and Senior Analyst Brinkmann presented the report to the Commission.

There were no comments from members of the public or the Commission.

Committee Action:

Upon motion by Commissioner Church and second by Commissioner Craig, the Commission adopted a resolution updating the LAFCO Rules and Regulations (“Bylaws”) and the Schedule of Regular LAFCO Meetings for 2023 to Change the Start Time of Regular Meetings from 4:00 p.m. to 3:00 p.m.

Motion Carried (Roll Call Vote):

AYES: Commissioners: Root Askew, Church, Craig, Poitras, Vice Chair
Gourley, Chair Leffel
NOES: Commissioners: None
ALTERNATES: Commissioners: Adams, Kong, Snodgrass, (Non-Voting)
ABSENT: Commissioners: Oglesby, Velazquez
ABSTAIN: Commissioners: None

Public Hearings

11. Conduct a Public Hearing to Consider the Draft Annual Work Program for Fiscal Year 2023 - 2024. Recommended Actions (by Budget and Finance Committee):

- (1) Receive a report from the Executive Officer;
- (2) Open the public hearing and receive any public comments;
- (3) Provide for questions or follow-up discussion by the Commission;

- (4) Close the public hearing; and
 - (5) Discuss and adopt a Resolution approving the Annual Work Program for Fiscal Year 2023 – 2024.
- (CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

Executive Officer McKenna and Senior Analyst Brinkmann presented the report.

There were no public comments.

Commissioner Leffel made comments.

Committee Action:

Upon motion by Commissioner Root Askew and second by Commissioner Poitras, the Commission approved the Draft Annual Work Program for Fiscal Year 2023 – 2024.

Motion Carried (Roll Call Vote):

AYES: Commissioners: Root Askew, Church, Craig, Poitras, Vice Chair
Gourley, Chair Leffel
NOES: Commissioners: None
ALTERNATES: Commissioners: Adams, Kong, Snodgrass, (Non-Voting)
ABSENT: Commissioners: Oglesby, Velazquez
ABSTAIN: Commissioners: None

12. Conduct a Public Hearing to Consider a Proposed Annual Budget for Fiscal Year 2023 – 2024 (First Hearing).

Recommended Actions (by Budget and Finance Committee):

- (1) Receive a report from the Executive Officer;
- (2) Open the first public hearing and receive any public comments;
- (3) Provide for questions or follow-up discussion by the Commission;
- (4) Close the first public hearing;
- (5) Discuss and adopt a motion to adopt a Proposed Budget for Fiscal Year 2023 – 2024;
- (6) Direct the Executive Officer to distribute the Adopted Proposed Budget to the County, Cities and Independent Special Districts for review and comments, and
- (7) Direct the Executive Officer to schedule a second Public Hearing on April 24, 2023 to consider adoption of a Final Budget for Fiscal Year 2023-2024, continue to monitor economic conditions and adjust the budget as may be necessary during the year.

(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

Executive Officer McKenna and Senior Analyst Brinkmann presented the report.

There were no public comments.

There were comments from Commissioners Snodgrass and Leffel. Executive Officer McKenna answered questions from Commissioner Adams.

Committee Action:

Upon motion by Commissioner Poitras and second by Commissioner Church, the Commission:

- (1) Adopted the Proposed Budget for Fiscal Year 2023 – 2024
- (2) Directed the Executive Officer to distribute the Adopted Proposed Budget to the County, Cities and Independent Special Districts for review and comments, and
- (3) Directed the Executive Officer to schedule a second Public Hearing on April 24, 2023 to consider the adoption of a Final Budget for Fiscal Year of 2023-2024.

Motion Carried (Roll Call Vote):

AYES: Commissioners: Root Askew, Church, Craig, Poitras, Vice Chair
Gourley, Chair Leffel

NOES: Commissioners: None

ALTERNATES: Commissioners: Adams, Kong, Snodgrass, (Non-Voting)

ABSENT: Commissioners: Oglesby, Velazquez

ABSTAIN: Commissioners: None

Executive Officer’s Communications

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

13. Executive Officer’s Communications

- a. Meetings with Greenfield Area Public Agencies
- b. Meeting and Presentation to Soledad Cemetery District Board of Trustees
- c. Coordination with County of Monterey and City of Gonzales
- d. Requests for Proposals for Accounting Services and Annual Audit Services
- e. LAFCO Cost Allocation Formula for Special Districts in Monterey County
- f. San Benito County LAFCO – Interim Executive Officer Services

(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

Executive Officer McKenna presented her report.

Commissioner Root Askew asked about host planning responsibilities for the upcoming Annual CALAFCO Conference.

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.

There were no Commissioner comments.

Adjournment to the Next Meeting

A motion to adjourn was made by Commissioner Root Askew and unanimously approved by the Commission.

Chair Leffel adjourned the meeting at 4:39 p.m..

The next regular LAFCO Meeting is scheduled for Monday, April 24, 2023 at 3:00 p.m.

The Political Reform Act requires that a participant in a LAFCO of Monterey County proceeding who has a financial interest in a change of organization or reorganization proposal and who has made a campaign contribution of more than \$250 to any commissioner in the past year must disclose the contribution. If you are affected, please notify the Commission's staff before the hearing.

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LAFCO *of Monterey County*

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KATE McKENNA, AICP
Executive Officer

DATE: April 24, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **March 29, 2023 Draft Balance Sheet and Income Statement**
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378.

SUMMARY OF RECOMMENDATION:

Accept statements for information only.

EXECUTIVE OFFICER'S REPORT:

Attached are the March 2023 draft balance sheet and income statement. These statements are prepared monthly for the Commission's information by CliftonLarsonAllen, LLP.

Overall third quarter revenue and expenses are on target for the period.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments:

1. Draft Balance Sheet as of March 29, 2023, prepared by CliftonLarsonAllen, LLP.
2. Draft Income Statement as of March 29, 2023, prepared by CliftonLarsonAllen, LLP.

LAFCO of Monterey County

Balance Sheet

As of March 31, 2023

03/29/23

Accrual Basis

	Mar 31, 23
ASSETS	
Current Assets	
Checking/Savings	
1100 · Petty Cash	300.00
1007 · Wells Fargo Checking	82,402.55
1010 · Cash Co. Treasury	
1012 · Designated Cash Litigation Resv	178,655.44
1013 · Designated Cash - Accrued Leave	76,212.86
1014 · Designated Cash-Post Retirement	85,475.00
1015 · Designated Cash-Contingency	269,914.00
1020 · Resticted Cash-FORA Litigation	346,475.44
1010 · Cash Co. Treasury - Other	726,792.23
Total 1010 · Cash Co. Treasury	1,683,524.97
Total Checking/Savings	1,766,227.52
Other Current Assets	
1400 · Prepaid Insurance	3,336.35
1405 · Prepaid Expenses	6,049.71
Total Other Current Assets	9,386.06
Total Current Assets	1,775,613.58
Fixed Assets	
1500 · Equipment	2,185.00
1525 · Computer Equipment	15,099.37
1530 · Office Furniture	40,517.62
1550 · Accumulated Depreciation	-52,344.69
Total Fixed Assets	5,457.30
Other Assets	
1800 · Deferred Outflows-PERS Contrib.	46,559.54
1805 · Deferred Outflows-Actuarial	262,201.83
1810 · Deferred Outflows-OPEB Contrib	1,752.00
1815 · Deferred Outflow-OPEB Actuarial	7,238.00
Total Other Assets	317,751.37
TOTAL ASSETS	2,098,822.25
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	163.04
Total Accounts Payable	163.04
Other Current Liabilities	
2220 · Accrued Leave	76,212.86
2410 · Post Retirement (GASB 75)	85,475.00
2200 · Payroll Liabilities	168.00
2380 · Dissolution of FORA Legal Liab.	346,475.44
2381 · Dissolution of FORA Admin Liab.	54,861.50
Total Other Current Liabilities	563,192.80
Total Current Liabilities	563,355.84
Long Term Liabilities	
2400 · Net Pension Liability/(Asset)	-262,199.19
2500 · Deferred Inflow-GAB68 Actuarial	9,278.43
2505 · Deferred Inflows-OPEB Actuarial	52,790.00
Total Long Term Liabilities	-200,130.76
Total Liabilities	363,225.08

LAFCO of Monterey County

Balance Sheet

As of March 31, 2023

03/29/23

Accrual Basis

	Mar 31, 23
Equity	
3700 · Invested in Capital Assets	5,457.30
3710 · Encumbered Funds	70,749.02
3800 · Reserve for Litigation	178,655.44
3810 · Reserve for Contingency	269,914.00
3825 · Restricted for Pension	262,199.19
3850 · Unreserved Fund	737,384.41
Net Income	211,237.81
Total Equity	1,735,597.17
TOTAL LIABILITIES & EQUITY	2,098,822.25

Draft

LAFCO of Monterey County
Profit & Loss
 July 2022 through March 2023

	Jul '22 - Mar 23
Ordinary Income/Expense	
Income	
4000 · Fees	
4005 · Project	15,330.00
Total 4000 · Fees	15,330.00
4205 · County Contributions	354,931.00
4210 · City Contributions	354,930.99
4220 · District Contributions	354,928.00
4249 · FORA Admin Revenue	1,161.00
4300 · Interest	10,815.75
Total Income	1,092,096.74
Expense	
7300 · Depreciation	3,010.95
6000 · Employee Salaries	
6002 · Regular Earnings	418,378.82
6004 · FORA Admin Earnings	514.46
Total 6000 · Employee Salaries	418,893.28
6100 · Employee Benefits	
6013 · Post Retirement Healthcare	1,347.00
6010 · Accrued Leave	8,108.73
6007 · Management Expense Allowance	
6011 · Management Car Allowance	3,600.00
6007 · Management Expense Allowance - Other	450.00
Total 6007 · Management Expense Allowance	4,050.00
6102 · Worker's Compensation Insurance	1,170.39
6101 · Payroll Expenses	7,327.68
6103 · Employee Memberships	96.75
6104 · Deferred Comp Plan Contribution	25,971.29
6105 · PERS Retirement	45,892.19
6110 · PERS Health	
6111 · Med ER Non-Ele	5,388.00
6112 · Med ER Pre Tax	62,136.75
6110 · PERS Health - Other	263.36
Total 6110 · PERS Health	67,788.11
6130 · Insurance	
6139 · STD	828.54
6131 · LIFE	1,126.80
6132 · ADD	73.89
6133 · Dental	6,911.10
6134 · Vision	977.40
6135 · LTD	2,991.60
Total 6130 · Insurance	12,909.33
7294 · Accrued Leave Reserve	19,983.20
6100 · Employee Benefits - Other	700.00
Total 6100 · Employee Benefits	195,344.67

03/29/23
Accrual Basis

LAFCO of Monterey County
Profit & Loss
July 2022 through March 2023

	Jul '22 - Mar 23
7000 · Postage and Shipping	3,120.34
7010 · Books and Periodical	1,151.40
7030 · Copy Machine	3,794.40
7060 · Office Supplies	3,653.14
7080 · Computer Hardware/Peripherals	698.05
7085 · Computer Support Svc Fixed Cost	9,529.38
7090 · Computer Support Svc Variable	1,095.50
7100 · Computer Software	644.84
7105 · Meeting Broadcast Services	848.75
7110 · Property and Gen Liability Ins	5,764.86
7120 · Office Maintenance Services	168.00
7140 · Travel	9,447.74
7150 · Training, Conferences & Wrkshps	7,496.93
7160 · Vehicle Mileage	190.94
7170 · Rental of Buildings	21,579.21
7200 · Telephone Communications	2,993.42
7240 · Outside Prof. Services	8,825.00
7242 · Outside Prof Svc-Accounting	44,800.00
7242 A · Gen Admin Svcs & HR Assistance	3,600.00
7248 · Outside Prof Svc-Annual Audit	20,000.00
7245 · General Legal Services	14,243.60
7250 · Miscellaneous Office Expense	533.96
7260 · Legal Notices	1,663.50
7280 · LAFCO Memberships	9,137.00
7290 · Litigation Reserve	85,932.57
Total Expense	878,161.43
Net Ordinary Income	213,935.31
Other Income/Expense	
Other Expense	
8106 · Prior Yr Project Fees Returned	2,697.50
Total Other Expense	2,697.50
Net Other Income	-2,697.50
Net Income	211,237.81

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

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

KELLY L. DONLON
General Counsel

DATE: April 24, 2023
TO: Chair and Members of the Formation Commission
FROM: Kelly L. Donlon, General Counsel
SUBJECT: Employment Contract Term Extension and Amendment to Termination Terms for LAFCO Executive Officer
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378.

On March 27, 2023, the Commission conferred in closed session pursuant to Government Code section 54957.6 and authorized a three-year extension of the employment agreement for Executive Officer Kate McKenna. The Commission also authorized an amendment to the termination terms, Sections 7 (A & B).

A proposed Amendment No. 8 to Ms. McKenna's employment agreement is attached for the Commission's consideration. Changes are indicated in underline/~~strikeout~~. All other terms and conditions of the employment agreement remain in effect.

Dated: April 12, 2023

Respectfully Submitted,



Kelly L. Donlon
General Counsel

Attachment (2)
cc: Executive Officer

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

AMENDMENT NO. 8
TO EMPLOYMENT AGREEMENT

This Amendment No. 8 to Employment Agreement is made and entered into between the Local Agency Formation Commission of Monterey County, a state-mandated agency of the State of California (hereinafter "LAFCO") and Kathryn McKenna, an individual (hereinafter "Ms. McKenna").

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

WHEREAS, the LAFCO and Ms. McKenna subsequently agreed to a restated Employment Agreement (hereinafter "Agreement") dated July 1, 2013 and various amendments; and

WHEREAS, LAFCO and Ms. McKenna desire to further amend the term provisions of the Agreement.

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

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

3. **Term.** This Agreement shall commence on July 1, 2007 (the "effective date") and unless earlier terminated or extended pursuant to the terms hereof, shall expire on June 30, ~~2023~~2026. ~~Ms. McKenna's continued service as LAFCO's Executive Officer shall be at the sole discretion of LAFCO, in accordance with Section 7 of this Agreement.~~

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

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

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

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

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

~~For the period July 1, 2018 – June 30, 2019, LAFCO shall pay Ms. McKenna the basic salary of One Hundred Eighty Two Thousand, Six Hundred Sixty Eight Dollars (\$182,668).~~

~~Beginning on~~ For the period July 1, 2019 – April 25, 2022, and until further adjusted, LAFCO shall pay Ms. McKenna the basic salary of One Hundred Eighty Eight Thousand, One Hundred Forty Eight Dollars (\$188,148).

Beginning on April 26, 2022, and until further adjusted, LAFCO shall pay Ms. McKenna the basic salary of Two Hundred Three Thousand, One Hundred Ninety Nine Dollars, and Eighty Four Cents (\$203,199.84).

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

- B. The Commission shall conduct an annual performance evaluation after which adjustments to the basic salary may be granted by the Commission in its sole discretion provided that the annual evaluation is satisfactory. There shall be no automatic Cost of Living Adjustments (COLA) during the extended term of this Agreement.

C. Section 7 of the Agreement is amended as follows:

7. Termination.

- A. Ms. McKenna shall serve as Executive Officer at the sole will and pleasure of LAFCO, which means that at any time, with or without cause, and without notice or hearing, LAFCO may remove her from the position of Executive Officer, in accordance with LAFCO policy as it becomes effective. This Agreement may be terminated by Ms. McKenna at any time upon at least six months written notice to the Commission.
- B. Ms. McKenna shall serve LAFCO as a first line manager receiving policy direction from the Commission. Ms. McKenna shall serve at the sole will and pleasure of the LAFCO with respect to any and all LAFCO matters including, but not limited to, employee policies and procedures, the hiring, supervision and discipline of LAFCO personnel, and all other LAFCO business including the hiring of contractors. ~~Ms. McKenna is advised and acknowledges that she~~

~~has no termination rights.~~ Except as expressly provided herein, and as a condition of appointment, Ms. McKenna knowingly, willingly and voluntarily gives up, waives, and disclaims any and all rights she may have, express or implied, to any notice and/or hearing either before or after termination, and/or to any continued employment with LAFCO after termination or removal from the position of Executive Officer by LAFCO.

- C. In the event that Ms. McKenna is removed from the position of Executive Officer by LAFCO and terminated without cause from LAFCO employment during the term of this Agreement, LAFCO shall pay Ms. McKenna as severance compensation an amount equal to six (6) months of Ms. McKenna's existing salary at the time of such termination.
- D. In the event that Ms. McKenna is removed from the position of Executive Officer by LAFCO and terminated with cause from LAFCO employment during the term of this Agreement, LAFCO shall not pay any severance compensation to Ms. McKenna. For purposes of the Agreement, "cause" shall be the occurrence of one or more of the following events:
 - i. In the event Ms. McKenna shall fail or refuse to comply with the policies, standards, and regulations of LAFCO from time-to-time established; or
 - ii. In the event Ms. McKenna shall ~~fail~~ be found guilty of fraud, dishonesty or other acts of misconduct in the rendering of services on behalf of LAFCO; or
 - iii. In the event Ms. McKenna acts in any way that has a direct, substantial and adverse effect on LAFCO's business or reputation.

D. Subject to the foregoing amendments, all other terms and conditions of the Agreement shall remain in full force and effect. If there is any conflict or inconsistency between provisions of this Amendment No. 8 and the Agreement, the provisions of this Amendment No. 8 shall control in all respects.

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

[signatures below]

LAFCO of Monterey County

Kate McKenna, AICP

Approved as to form, LAFCO General Counsel

By: _____

Kelly Donlon
Date: April 24, 2023

By: _____

Kate McKenna
Date: April 24, 2023

Approved as to Content, LAFCO Chair

By: _____

Mary Ann Leffel
Date: April 24, 2023

DRAFT

EMPLOYMENT AGREEMENT

[RESTATED AS OF JULY 1, 2013]

This Agreement is made and entered into by and between the LOCAL AGENCY FORMATION COMMISSION of Monterey County, a local agency organized and operated pursuant to California Government Code Sections 56000, et seq. ("LAFCO") and Kathryn McKenna, an individual (hereinafter referred to as "Ms. McKenna").

RECITALS

A. LAFCO is an administrative body created pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the "Act") to establish procedures for changes in boundaries and organization of cities and special districts.

B. Pursuant to Section 56380 of the Act, LAFCO is required to make its own provision for personnel, quarters, quarters, equipment and supplies, including the employment of the Executive Officer (Section 56384.) Pursuant to Section 56384, LAFCO has appointed and hereby continues Kathryn McKenna in the position of LAFCO Executive Officer and Kathryn McKenna hereby accepts the continuation of her appointment on the terms and conditions herein.

Accordingly, the parties agree as follows:

1. **LAFCO Employment.** At all times during the term of this Agreement, Ms. McKenna shall remain an employee of LAFCO and be subject to LAFCO employee policies and procedures. LAFCO shall determine and pay all compensation, payroll taxes, fringe benefits, disability insurance, worker's compensation insurance and any other benefits conferred upon the Executive Officer, in accordance with the terms and conditions herein. Nothing in this Agreement shall prevent or prohibit LAFCO from extending any benefit to the Executive Officer that is within LAFCO's adopted budget.

2. **Duties and Authority.** Ms. McKenna shall do and perform all acts necessary or advisable to manage and conduct the business of LAFCO.

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

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

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

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

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

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

- B. The Commission shall conduct an annual performance evaluation after which adjustments to the basic salary may be granted by the Commission in its sole discretion provided that the annual evaluation is satisfactory. There shall be no automatic Cost of Living Adjustments (COLA) during the extended term of this Agreement.
5. **Benefits.** While this Agreement is in effect, LAFCO shall be responsible for providing benefits specified in Exhibit A, attached hereto and incorporated herein by reference.

6. [Deleted]

7. **Termination.**

- A. Ms. McKenna shall serve as Executive Officer at the sole will and pleasure of LAFCO, which means that at any time, with or without cause, and without notice or hearing, LAFCO may remove her from the position of Executive Officer, in accordance with LAFCO policy as it becomes effective.
- B. Ms. McKenna shall serve LAFCO as a first line manager receiving policy direction from the Commission. Ms. McKenna shall serve at the sole will and pleasure of the LAFCO with respect to any and all LAFCO matters including, but not limited to, employee policies and procedures, the hiring, supervision and discipline of LAFCO personnel, and all other LAFCO business including the hiring of contractors. Ms. McKenna is advised and acknowledges that she has no termination rights. Except as expressly provided herein, and as a condition of appointment, Ms. McKenna knowingly, willingly and voluntarily gives up, waives, and disclaims any and all rights she may have, express or implied, to any notice and/or hearing either before or after termination, and/or to any continued employment with LAFCO after termination or removal from the position of Executive Officer by LAFCO.
- C. In the event that Ms. McKenna is removed from the position of Executive Officer by LAFCO and terminated without cause from LAFCO employment during the term of this Agreement, LAFCO shall pay Ms. McKenna as severance compensation an

amount equal to six (6) months of Ms. McKenna's existing salary at the time of such termination.

- D. In the event that Ms. McKenna is removed from the position of Executive Officer by LAFCO and terminated with cause from LAFCO employment during the term of this Agreement, LAFCO shall not pay any severance compensation to Ms. McKenna. For purposes of the Agreement, "cause" shall be the occurrence of one or more of the following events:
- i. In the event Ms. McKenna shall fail or refuse to comply with the policies, standards, and regulations of LAFCO from time-to-time established; or
 - ii. In the event Ms. McKenna shall fail be guilty of fraud, dishonesty or other acts of misconduct in the rendering of services on behalf of LAFCO; or
 - iii. In the event Ms. McKenna acts in any way that has a direct, substantial and adverse effect on LAFCO's business or reputation.

8. **Entire Agreement.** This Agreement is intended both as the final expression of agreement of the parties with respect to the included terms and conditions, and as a complete and exclusive statement of the terms and conditions of the agreement between the parties. Each party to this Agreement acknowledges that no representations, inducements or promises, oral, or written, whether contained in any promotional material job classifications, or elsewhere, have been made by any party or by any person acting on behalf of any party which is not embodied herein, and that no other agreement, statement or promise not contained in this Agreement shall be valid or binding.

9. **Modifications.** No amendments or changes to this Agreement may be made; except by a writing expressly authorized and signed by LAFCO.

10. **Severability.** Should any term of this Agreement be found by a court of competent jurisdiction to be unenforceable, the unenforceable term shall be deemed severable and shall not affect the validity of the rest of the Agreement.

11. **Waiver.** The waiver by any party of a breach of any provision of the Agreement shall not operate or be construed as a waiver of any subsequent breach.

12. **Acknowledgement and Consent.** Ms. McKenna has read this Agreement, understands its terms and has had an adequate opportunity to review it and consult with personal advisers, including her attorney. By signing below, Ms. McKenna acknowledges that she understands and agrees to each of the terms mentioned above.

13. **Retroactivity.** This Agreement is retroactive to July 1, 2007.

[SIGNATURES ON FILE]

EXHIBIT A
BENEFITS SUMMARY

1. PERS retirement

2% @ 55 Plan Formula

LAFCO to pay 100% of Employer Contribution

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

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

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

2. Paid Leave

Annual Leave – 27 days per calendar year.

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

Bereavement Leave – 5 days per calendar year.

Unused Bereavement Leave does not accrue.

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

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

3. Paid Holidays

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

4. Deferred Compensation (457 (b)) Plan

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

5. Other

LAFCO shall provide and pay for the following:

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

Life Insurance – \$50,000 Term Policy;

Short Term Disability Insurance;

Long Term Disability Insurance;

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

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

Professional Organization (AICP) Membership;

Counseling and Referral Program;

Educational Assistance Program;

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

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 www.monterey.lafco.ca.gov

DATE: April 24, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
PREPARED BY: Jonathan Brinkmann, Senior Analyst
SUBJECT: Anticipated Future Agenda Items and Progress Report on Special Studies
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378.

SUMMARY OF RECOMMENDATION:

Accept report 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 or years. It is organized by applications on file, potential applications under discussion, and LAFCO-initiated studies.

Part 1: Items Currently on File and In Progress, but Not Set for Hearing

- Fort Ord Reuse Authority Dissolution:** The Fort Ord Reuse Authority (FORA) ceased operations after June 2020. LAFCO's statutory FORA dissolution oversight authority expired after December 2020 with the repeal of the FORA Act. Litigation and monitoring of final administrative tasks will continue through 2023. Staff will prepare a final resolution for Commission adoption after the litigation and administrative tasks are done.
- Mission Soledad Rural Fire Protection District:** Sphere amendment and annexation of Paraiso Springs Resort (portion). Application status is incomplete.
The County approved the Paraiso Springs project in November 2019, and a portion of the site needs to be annexed to the local fire district pursuant to a County condition of approval. LAFCO received the District's application in 2022 and determined that the application is incomplete. Since that time, the District and developer have signed an agreement to financially mitigate the project's impacts on fire and emergency medical services. Staff continues to coordinate with the District to resolve other items in the completeness letter. The project appears to be inactive at this time.

Part 2: Potential Agenda Items under Discussion

1. City of Gonzales (pre-application):

- a. Vista Lucia and Puente del Monte projects: Annexation of some or all of an approximately 1,350-acre area placed in the City's sphere in 2014, plus potentially an adjacent 50-acre parcel. Status is pre-application.

The City of Gonzales is currently completing an administrative draft Specific Plan and EIR for the Vista Lucia project (Fanoe-owned lands of approximately 770 acres). The City similarly is working on a specific plan and an EIR for the Puente del Monte project (Jackson and Rianda-owned lands comprising approximately 547 acres). In total, the two projects together would represent a large expansion of the City, approximately doubling the existing City size. The scope of such an expansion raises issues relevant to LAFCO's review. On June 28, 2021, the Commission held a study session to receive information on the status of the City's proposed annexations.

The City issued a Notice of Preparation for the Vista Lucia project in September 2021, and LAFCO staff provided a comment letter in October 2021. LAFCO will comment on the project's draft environmental impact report when it becomes available, probably in 2023. The City anticipates submitting a LAFCO annexation application for the Vista Lucia project in 2023. Also in 2023, we anticipate commenting on a draft environmental impact report for the Puente del Monte project, and receiving an application for annexation of that project. Staff continues to coordinate with Gonzales staff, and with the County, as the City refines and develops these future expansion proposals.

- b. Gonzales Cooler Development (agricultural processing facility): This approximately 300,000-square-foot building is proposed on an 84-acre site on the north side of Gloria Rd., within the City's designated sphere of influence. Status is pre-application. The facility will receive crops from nearby fields for cooling, processing, and shipping to customers. LAFCO staff participated in a City-organized meeting in February 2023 as part of the City's ongoing development review process. Staff also submitted a comment letter in March 2023 on the City's draft Mitigated Negative Declaration for this project. Staff anticipates that the City will file an annexation application for this site within the next several months.

2. Castroville Community Services District: Potential sphere of influence amendments and annexation of two separate Moss Landing-area sites seeking to connect to the District's wastewater collection system. Both sites are adjacent to the District's existing boundaries. Current status is pre-application. Preliminary coordination among the CSD, the County, and property owner representatives is underway.

- a. 174 Struve Rd., west of Hwy 1 (existing development, Ortega Berry Farms): The property owners may request LAFCO approval of an interim out-of-agency service extension for wastewater collection services.
- b. 516 Dolan Rd., east of Hwy 1 (McCombs parcel, adjacent to Pick-n-Pull auto dismantlers): The property owners are seeking County permits for a fish-farming operation. Castroville CSD is the potential wastewater collection service provider. Potable water would need to be supplied by a private well, Pajaro-Sunny Mesa CSD, or another source not yet determined.

3. City of Salinas: Target Area "K" (Ferrasci Ranch) sphere amendment and annexation of approximately 100 acres at the northeast corner of Harrison Road and Russell Road. Status is pre-application.

The site, just north of Salinas and designated as Target Area K in the City's recently approved Economic Development General Plan Element, is planned for industrial and commercial development. In 2019, the

County and City approved a site-specific amendment of the Greater Salinas Area Memorandum of Understanding to facilitate the City's annexation and development of this site. Informal pre-application discussions have been underway with County staff, City staff and property owners since January 2020, most recently in February 2022.

4. **City of Marina:**

- a. **Former Fort Ord Landfill and Landfill Border Parcels** – Annexation of an approximately 341-acre former Army landfill and landfill border parcels area (south of Imjin Parkway, north of Intergarrison Road, east of 8th Street, and west of Abrams Drive), and detachment of this area from Monterey County Regional Fire District. Current status is pre-application. In 2020, Monterey County and City of Marina entered into an agreement to convey its landfill border parcels (approximately 177 acres) to the City of Marina and designate the City of Marina as recipient of the former landfill parcels (approximately 164 acres) from the U.S. Army. The City of Marina and County of Monterey also agreed to seek prompt annexation of these properties to the City of Marina. The area is currently uninhabited and includes a five-acre commercial area known as the Ord Market. The area is within the City of Marina's existing sphere of influence.
- b. **East Campus Housing Areas** – Annexation of California State University Monterey Bay (CSUMB) East Campus housing areas (Schoonover and Frederick Park neighborhoods between Reservation Road and Imjin Road), and detachment of this area from Monterey County Regional Fire District. Current status is pre-application. Both housing areas are in Marina's sphere of influence and have a combined population of about 3,000.

Among other considerations, LAFCO's review will include each proposal's potential effect on fire and emergency medical service delivery models and related revenues to the affected agencies. Initial discussions with the parties occurred in 2019. There is currently no specific schedule for the City to submit an application or applications.

5. **City of Greenfield** – Annexation proposal with two separately owned parcels (vacant Thorp parcel and an existing elementary school site) on Apple Avenue west of the existing city limits. The original application is incomplete, and a revised project is in pre-application status.

In 2017, the City submitted an annexation application for a proposed residential project on the Thorp parcel, but that application remains incomplete. The City is now pursuing development of a community center – rather than housing – on the Thorp parcel. Staff met with the City in 2023 to discuss annexation of the proposed community center parcel and existing school parcel.

6. **Technical Assistance to Local Agencies in Greenfield Area:** LAFCO serves as an informal facilitator and information clearinghouse for small cities and special districts challenged by financial, governance and service delivery issues. Past staff efforts have focused on special districts in Greenfield, Spreckels, Soledad and North Monterey County. Current efforts are again focused on Greenfield special districts, primarily due to governance, transparency, accountability and operational challenges of the Greenfield Memorial District. As a first step, LAFCO staff provided an educational Board orientation training to the Memorial District in 2022. Currently, LAFCO staff is preparing an updated Municipal Service Review and Sphere of Influence study for the City of Greenfield and the Greenfield Fire, Recreation and Cemetery Districts. We met with the leadership of these public agencies in March 2023 and expect to complete the study by June 2023. The study will identify potential partnerships, explore opportunities for increased integration, and/or review other efficiencies among Greenfield-area local public agencies.

7. **Salinas Valley Health** – Potential annexation in North Monterey County to align with boundaries of the newly formed Pajaro Valley Health Care District.

Part 3: Other LAFCO-Initiated Studies

In 2022, LAFCO completed a Municipal Service Review/Sphere of Influence study for the City of Soledad.

Currently, staff is preparing a Municipal Service Review/Sphere of Influence study for five Greenfield-area agencies to help address local challenges (see page 3 of this report). The agencies are the City of Greenfield, Greenfield Memorial District, Greenfield Fire District, Greenfield Cemetery District, and Greenfield Public Recreation District. The study will be completed in 2023.

In 2023, staff will begin a Municipal Service Review/Sphere of Influence study for the City of Gonzales to coincide with that City's anticipated annexation application (see page 2 of this report).

Also in 2023, we intend to begin a Municipal Service Review/Sphere of Influence study for the Monterey Peninsula Cities (seven cities).

Respectfully Submitted,



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
Salinas, CA 93902
Telephone (831) 754-5838

132 W. Gabilan Street, Suite 102
Salinas, CA 93901
www.monterey.lafco.ca.gov

DATE: April 24, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
PREPARED BY: Jonathan Brinkmann, Senior Analyst
SUBJECT: Report on Activities of the California Association of Local Agency Formation Commissions (CALAFCO)
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378.

SUMMARY OF RECOMMENDATION:

Accept report for information only.

EXECUTIVE OFFICER'S REPORT:

Annual Conference

Chair Leffel, Commissioner/CALAFCO Board Member Root Askew and staff will meet in early May to discuss host responsibilities for the annual conference. The conference will be held on October 18 through 20 in Monterey.

Legislative Committee

The CALAFCO Legislative Committee met on March 31 to discuss the 2023 Omnibus Bill, tracked legislation, and consider potential CALAFCO positions. During the meeting, the Committee discussed a series of proposed bills focused on different aspects of amending the Brown Act to permit legislative bodies to increase options to hold virtual/teleconference meetings. These bills include AB 557 (Hart), AB 817 (Pacheco), SB 411 (Portantino), and SB 537 (Becker), which are summarized under Attachment 1.

Recognizing the State Legislature's current focus on this subject, Supervisor/Commissioner Wendy Root Askew, a CALAFCO Legislative Committee member, suggested that the Committee develop a policy to guide the Legislative Committee's position on proposed legislation affecting virtual/teleconference meetings under the Brown Act, and to help communicate CALAFCO's position with legislators and stakeholders. The Committee decided, as a first step, to conduct a survey since LAFCOs may have different views. LAFCO Executive Officers responded to the CALAFCO Brown Act survey this month.

During April and May, policy and fiscal committees will hear and report to the Floor on fiscal/nonfiscal bills introduced in their house, with a deadline of May 12 for policy committees and May 19 for fiscal committees. The last day for each house to pass bills introduced in that house is June 2. The last day for each house to pass bills for the current session is September 14. Staff will continue to monitor and track legislation affecting LAFCO or other related government agencies in coordination with CALAFCO and will provide periodic updates to the Commission.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachment: Summaries of AB 557, AB 817, SB 411, and SB 537

AB 557 (Hart) – Open meetings: local agencies: teleconferences.**Current Text:** Introduced 02/08/2023 [HTML](#) [PDF](#)

Summary: Current law, until January 1, 2024, authorizes a local agency to use teleconferencing without complying with specified teleconferencing requirements in specified circumstances when a declared state of emergency is in effect, or in other situations related to public health, as specified. If there is a continuing state of emergency, or if state or local officials have imposed or recommended measures to promote social distancing, existing law requires a legislative body to make specified findings not later than 30 days after the first teleconferenced meeting, and to make those findings every 30 days thereafter, in order to continue to meet under these abbreviated teleconferencing procedures. Current law requires a legislative body that holds a teleconferenced meeting under these abbreviated teleconferencing procedures to give notice of the meeting and post agendas, as described, to allow members of the public to access the meeting and address the legislative body, to give notice of the means by which members of the public may access the meeting and offer public comment, including an opportunity for all persons to attend via a call-in option or an internet-based service option. Current law prohibits a legislative body that holds a teleconferenced meeting under these abbreviated teleconferencing procedures from requiring public comments to be submitted in advance of the meeting and would specify that the legislative body must provide an opportunity for the public to address the legislative body and offer comment in real time.

This bill would extend the above-described abbreviated teleconferencing provisions when a declared state of emergency is in effect, or in other situations related to public health, as specified, indefinitely.

AB 817 (Pacheco) – Open meetings: teleconferencing: subsidiary body.**Current Text:** Amended: 03/16/2023 [HTML](#) [PDF](#)

Summary: Current law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met, including restrictions on remote participation by a member of the legislative body.

This bill would authorize a subsidiary body, as defined, to use alternative teleconferencing provisions similar to the emergency provisions indefinitely and without regard to a state of emergency. In order to use teleconferencing pursuant to the Ralph M. Brown Act, the bill would require the legislative body that established the subsidiary body by charter, ordinance, resolution, or other formal action to make specified findings by majority vote, before the subsidiary body uses teleconferencing for the first time and every 12 months thereafter.

SB 411 (Portantino) – Open meetings: teleconferences: bodies with appointed membership.**Current Text:** Introduced 02/09/2023 [HTML](#) [PDF](#)

Summary: Current law, until January 1, 2024, authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency or in other situations related to public health that exempt a legislative body from the general requirements (emergency provisions) and impose different requirements for notice, agenda, and public participation, as prescribed. The emergency provisions specify that they do not require a legislative body to provide a physical location from which the

public may attend or comment. Current law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met, including restrictions on remote participation by a member of the legislative body.

This bill would authorize a legislative body to use alternate teleconferencing provisions similar to the emergency provisions indefinitely and without regard to a state of emergency. The bill would alternatively define "legislative body" for this purpose to mean a board, commission, or advisory body of a local agency, the membership of which board, commission, or advisory body is appointed and which board, commission, or advisory body is otherwise subject to the Ralph M. Brown Act.

SB 537 (Becker) – Open meetings: local agencies: teleconferences.

Current Text: Introduced 02/14/2023 [HTML](#) [PDF](#)

Summary: Current law, until January 1, 2024, authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency or in other situations related to public health that exempt a legislative body from the general requirements (emergency provisions) and impose different requirements for notice, agenda, and public participation, as prescribed. The emergency provisions specify that they do not require a legislative body to provide a physical location from which the public may attend or comment. Current law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met, including restrictions on remote participation by a member of the legislative body. These circumstances include if a member shows "just cause," including for a childcare or caregiving need of a relative that requires the member to participate remotely.

This bill would authorize certain legislative bodies to use alternate teleconferencing provisions similar to the emergency provisions indefinitely and without regard to a state of emergency. The bill would also require a legislative body to provide a record of attendance on its internet website within 7 days after a teleconference meeting, as specified. The bill would define "legislative body" for this purpose to mean a board, commission, or advisory body of a multijurisdictional cross county agency, the membership of which board, commission, or advisory body is appointed and which board, commission, or advisory body is otherwise subject to the act. The bill would also define "multijurisdictional" to mean a legislative body that includes representatives from more than one county, city, city and county, special district, or a joint powers entity.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

KATE McKENNA, AICP
Executive Officer

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

132 W. Gabilan Street, Suite 102
Salinas, CA 93901
www.monterey.lafco.ca.gov

DATE: April 24, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
PREPARED BY: Jonathan Brinkmann, Senior Analyst
SUBJECT: Draft Final Annual Budget for FY 2023-2024 (Second Hearing)
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378.

SUMMARY OF RECOMMENDATIONS:

It is recommended that the Commission take the following actions:

1. Receive a report from the Executive Officer;
2. Open the second public hearing and receive any public comments;
3. Provide for questions or follow-up discussion by the Commission;
4. Close the second public hearing;
5. Discuss and adopt a Resolution (Attachment 1) to adopt the Final Budget for Fiscal Year 2023–2024, and
6. Direct the Executive Officer to transmit the Adopted Final Budget to the County, Cities and Independent Special Districts for apportionment of the net operating expenses pursuant to the requirement of Government Code Section 56381 (b)(1).

EXECUTIVE OFFICER'S REPORT:

Overview

This is the second of two public hearings for the annual budget for Fiscal Year 2023-2024. The proposed budget was reviewed and recommended for approval by the Budget and Finance Committee on February 27. The full Commission held an initial budget hearing on March 27, directed that the budget be sent to local agencies for review and comment, and set April 24 to consider adoption of the final budget.

The proposed budget will accomplish the annual work program adopted on March 27. Recommended total expenditures (\$1,106,457) are a \$26,802 (2.5 percent) increase as compared to the current year budget (\$1,079,655). No changes are proposed in current staffing levels. This increase will support a three percent COLA for all staff and merit steps, based on performance, for two eligible staff members, and increases in the cost of current benefits, services, and supplies. Primary funding is from the County, cities and special districts, with a proposed cost share of \$363,784 for each of the three groups. This share per group is a \$8,853 (2.5 percent) increase as compared to the current year cost share (\$354,931). Other minor revenue sources are project fees and interest income.

Public Hearing Notices and Local Agency Comments

Local agencies received notice of the March 27 and April 24 hearings, and copies of the proposed final budget with a request for review and comments. Public notice was provided by newspaper, website, email distribution and other postings. LAFCO staff received questions regarding the cities' cost share formula and process. No formal comments regarding the budget were received as of mid-April, but are invited through the close of the April 24 hearing.

Alternative Action

The Commission may change the proposed budget or provide other direction.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Kate McKenna". The signature is written in a cursive style with a large initial "K" and "M".

Kate McKenna, AICP
Executive Officer

Attachment: Draft Resolution and Exhibit 1 – Proposed Final Budget, FY 2023-2024

cc: Cities, Special Districts, County of Monterey, and County Auditor-Controller's Office

THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

RESOLUTION NO. 23-XX

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
ADOPTING THE FINAL FISCAL YEAR 2023-2024 BUDGET

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

WHEREAS, the Budget and Finance Committee of the Local Agency Formation Commission of Monterey County considered a proposed budget and work program on February 27, 2023, and made its recommendations to the full Commission; and

WHEREAS, the Local Agency Formation Commission of Monterey County considered these recommendations, conducted an initial public hearing, adopted a final work program, and adopted a proposed budget on March 27, 2023; and

WHEREAS, the adopted proposed budget was distributed to the Board of Supervisors, to each city and to each independent special district for review and comment through the close of a second hearing on April 24, 2023; and

WHEREAS, both hearings were duly noticed in accordance with the requirements of Cortese-Knox-Hertzberg Act of 2000;

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

- a. That the Commission adopts a final budget for Fiscal Year 2023-2024 (Exhibit 1); and
- b. That the Executive Officer shall transmit the adopted final budget to the Board of Supervisors, to each city, and to each independent special district, and
- c. That the Executive Officer shall transmit the adopted final budget to the Auditor-Controller for apportionment of the net operating expenses pursuant to the requirements of Government Code Section 56381(b)(1).

UPON MOTION OF Commissioner _____, seconded by Commissioner _____, the foregoing resolution is adopted this 24th day of April 2023 by the following vote:

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

By: _____
Mary Ann Leffel, Chair
Local Agency Formation Commission of Monterey County

ATTEST: I certify that this resolution is a true and complete record of said Commission's actions.

Witness my hand this 24th day April, 2023.

By: _____
Kate McKenna, AICP, Executive Officer

Local Agency Formation Commission of Monterey County			
Proposed Budget for Fiscal Year 2023-2024			
(First Hearing) Adopted on 3.27.2023			
(Second Hearing) Scheduled for 4.24.23			
	Adopted Budget FY 2022-23	Proposed Budget for FY 2023-24	Change (%)
REVENUE			
4000 - Project Fees - <i>See Note 1</i>	\$ 10,000	\$ 10,000	0%
4001 - Pass-through Fees	\$ -	\$ -	
4205 - County Contribution	\$ 354,931	\$ 363,784	2%
4210 - City Contributions	\$ 354,931	\$ 363,784	2%
4220 - Independent Special District Contributions	\$ 354,931	\$ 363,784	2%
4249 - Fort Ord Reuse Authority (FORA)- <i>See Note 3</i>	\$ -	\$ -	0%
3850 - Unreserved Fund Balance Supplement (as needed) - <i>See Note 2</i>	\$ -	\$ -	0%
4300 - Interest	\$ 4,862	\$ 5,105	5%
TOTAL REVENUES	\$ 1,079,655	\$ 1,106,457	2%
EXPENDITURES			
6000 - Employee Salaries	\$ 554,169	\$ 586,475	6%
6100 - Employee Benefits	\$ 236,928	\$ 262,244	11%
Total Salaries & Benefits	\$ 791,097	\$ 848,719	7%
7000 - Postage and Shipping	\$ 3,804	\$ 3,994	5%
7010 - Books and Periodicals	\$ 1,621	\$ 1,000	-38%
7030 - Copy Machine Charges	\$ 11,576	\$ 7,000	-40%
7040 - Outside Printers	\$ 6,300	\$ 500	-92%
7060 - Office Supplies	\$ 6,946	\$ 5,000	-28%
7070 - Office Equipment and Furnishings	\$ 6,946	\$ 1,000	-86%
7080 - Computer/Hardware/Peripherals	\$ 5,789	\$ 4,000	-31%
7085 - Computer Support Services (Fixed Costs)	\$ 12,155	\$ 12,763	5%
7090 - Computer Support Services (Variable Costs)	\$ 19,448	\$ 5,000	-74%
7100 - Computer Software	\$ 1,216	\$ 1,277	5%
7105 - Meeting Broadcast Services	\$ 4,863	\$ 5,106	5%
7110 - Property and General Liability Insurance	\$ 8,700	\$ 9,032	4%
7120 - Office Maintenance Services	\$ 463	\$ 486	5%
7140 - Travel	\$ 4,450	\$ 7,000	57%
7150 - Training, Conferences and Workshops (Registration Fees)	\$ 5,238	\$ 13,000	148%
7160 - Vehicle Mileage	\$ 1,575	\$ 1,000	-37%
7170 - Rental of Buildings	\$ 28,772	\$ 32,220	12%
7200 - Telephone Communications	\$ 8,104	\$ 8,509	5%
7230 - Temporary Help Services (Clerical)	\$ -	\$ -	
7240 - Outside Professional Services	\$ 134,271	\$ 123,905	-8%
Total for Line Items 7240-7249			
7240 - Outside Professional Services	\$ 25,000	\$ 15,000	-40%
7242 - Accounting and Financial Services	\$ 60,000	\$ 66,000	10%
7242A -General Admin Services and HR Assistance	\$ 14,800	\$ 6,000	-59%
7245 - General Counsel and Special Counsel	\$ 8,682	\$ 9,116	5%
7247 - Human Resources-Other	\$ 5,789	\$ 5,789	0%
7248 - Annual Audit	\$ 20,000	\$ 22,000	10%
7249 - Temporary Professional Services-FORA Admin- <i>See Note 3</i>	\$ -	\$ -	0%
7250 - Miscellaneous Office Expenses	\$ 1,158	\$ 1,216	5%
7260 - Legal Notices	\$ 4,863	\$ 4,000	-18%
7270 - Recruitment Expenses	\$ 1,000	\$ 900	-10%
7280 - LAFCO Memberships	\$ 9,300	\$ 9,830	6%
Sub-total Services & Supplies	\$ 288,558	\$ 257,738	-11%
TOTAL EXPENDITURES	\$ 1,079,655	\$ 1,106,457	2%

Please See Attachment 1 for Description of Budget Line Items.

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

Note 2: Per adopted local LAFCO policy, the proposed revenue for FY 2023-2024 is projected to be fully funded by the Cities, Districts, and County.

Note 3: These FORA income and expense items are for temporary professional assistance to perform FORA-related administrative tasks on an as-needed basis after FORA ceased operations on June 30, 2020. Lafco anticipates insignificant activity for FORA related items in 2023-2024.

DESCRIPTION OF FY 2023-2024 BUDGET LINE ITEMS

SALARIES & BENEFITS

Page 1 of 3

6000 EMPLOYEE SALARIES

This line item supports all work program activities of the Commission by 4 FTE positions. The part-time administrative position will remain unfunded in 2023-2024. Assumes COLA increases and merit increases for some staff positions. Includes overtime allowances for non-exempt employees (per law).

6100 EMPLOYEE BENEFITS

This line item assumes no new benefits and no benefit changes for 4 full time employees, and no change in benefit reductions that are already in place. Assumes increase in some benefit costs. Employee pays 100% of the employee share of retirement plan contributions. LAFCO is responsible for 100% of the employer share of retirement plan contributions as well as the employer's share of payroll taxes.

SERVICES & SUPPLIES**7000 Postage and Shipping**

Includes postage for general correspondence and agenda packet delivery, express mail, courier service and certified mail. Also includes LAFCO election mailings to independent special districts, and distribution of budget and studies. Includes lease for mailing machine.

7010 Books & Periodicals

Includes newspaper subscriptions, periodicals and codes on LAFCO law, CEQA, employment law and other publications necessary to keep current on laws and trends.

7030 Copy Machine Charges

Includes copier machine leases, copies and maintenance. Assumes in-house production of studies for LAFCO's Municipal Service Reviews/Sphere of Influence studies, for cost and quality control purposes. Includes support of activities associated with pre-application and application processing functions. Includes production of resource maps, district election mailing materials, educational outreach materials, and other work program needs.

7040 Outside Printers

Includes copying of Commission/Committee agenda packets, some large volume publications, maps and other occasional needs.

7060 Office Supplies

Includes annual consumable goods for office operations and work production.

7070 Office Equipment & Furnishings

Includes office furniture replacement, small tables and other miscellaneous items.

7080 Computer Hardware and Peripherals

Includes annual lease of work station computers and occasional purchase of laptops, audiovisual equipment and accessories.

7085 Computer Support Services (Fixed Costs)

Under contract with the County of Monterey or other vendor, this line item provides device support (e.g. computers and network printers). Services also include website housing, email, internet and network access, and high volume cloud storage. County IT is the primary vendor and fixes costs based on unit counts. Occasional device support service by other vendors is not fixed.

7090 Computer Support Services (Variable Costs)

Under contract with the County of Monterey, this line item provides micro systems (software) support, mapping and GIS support for LAFCO data layers that are stored in the County's centralized GIS system. Includes mapping/data analysis for LAFCO's busy Municipal Service Review/Sphere of Influence Update program. Includes County support for LAFCO website maintenance. Charges are variable.

7100 Computer Software

Includes software updates and licenses to extend the security, compatibility and functions of computers.

7105 Meeting Broadcast Services	This account funds the production, technical support, and live streaming broadcast of Commission meetings held at the Board of Supervisors Chambers under contract with County of Monterey IT Department and its vendors. Costs are variable depending on the number and length of meetings. The 2023-2024 budget anticipates a 5% increase in rates for meeting broadcast services.
7110 Property and General Liability Insurance	Property and Errors & Omissions Insurance is obtained by contract with the Special Districts Risk Management Authority. Premiums reflect discounts for no claim history. Cost is fixed annually. The 2023-2024 budget reflects the current year gross package cost plus a 5% increase due to anticipated rising insurance costs. (\$8,601 plus a 5% increase of \$431)
7120 Office Maintenance Services	Includes general office cleaning, including blinds, cabinets and underneath furniture. (Basic janitorial service to empty trash and sweep floors is included in office lease.)
7140 Travel for Training, Conferences and Workshops	Provides funding for employee, counsel and Commissioner travel for annual CALAFCO conference (October 2023), annual CALAFCO staff workshop (April 2024), and other professional development. Includes transportation, hotel and meal costs.
7150 Registration for Training, Conferences and Workshops	Provides funding for employee, counsel and Commissioner registrations at annual CALAFCO conference (October 2023), annual staff workshop (April 2024), and other professional development.
7160 Vehicle Mileage	Reimbursement for use of personal vehicles, at the government rate.
7170 Rental of Building	Includes minor increase in office rent, and includes utilities. The monthly building rent for 2023-2024 is set at \$2,685.
7200 Telephone Communications	Includes telephone, cell and fax charges, office wi-fi for laptop/visitor use, and system maintenance and repairs.
7230 Temporary Help Services (Clerical)	Not funded. All clerical work is generally done by in-house staff.
7240 Outside Professional Services	This line item includes:
	7240: Outside Professional Services. Variable rate services on an as needed basis from Berkson and Associates who specializes in fiscal, financial and economic review. This line item may also include other minor contracts for professional services.
	7242: Accounting and Financial Services. In November 2022, Hayashi Wayland merged with CliftonLarsonAllen, LLP (CLA). The original contract which ends June 30, 2023, reflects a fixed rate contract for payroll, accounting, financial reporting services, GASB 68 Compliance and assistance to auditor. Staff issued an RFP in March 2023 and will negotiate a new contract with a service provider. A 10% increase has been included in FY 23-24.
	7242A: General Admin Services and HR Assistance. The existing contract with CLA includes a \$400/month retainer (\$4,800/annually) for human resource services provided by CLA. The proposed budget includes an increase to \$500/month. The existing contract expires in June 2023 and staff is proceeding with an RFP for a new contract with a service provider.
	7245: General Counsel and Special Legal Counsel Services (Not Litigation). General Counsel costs are variable, with an annual cap of \$15,000 (per contract with County Counsel's Office). This line item fund is also intended for variable Special Legal Counsel costs, depending on need (per contract with Michael Colantuono).
	7247: Human Resources Services-Other. Variable rate services from Liebert Cassidy Whitmore or other firm, on an as needed basis.
	7248: Annual Audit. The current fixed-rate contract with Bianchi, Kasavan & Pope ends with the audit ending June 30, 2023. A 10% increase has been included for this work. An RFP process is underway for audit services for the fiscal year that will end on June 30, 2024.

	7249: Temporary Professional Services-FORA Admin. These FORA income and expense items are for temporary professional assistance to perform FORA-related administrative tasks on an as-needed basis after FORA ceased operations on June 30, 2020. Lafco anticipates insignificant activity for FORA related items in 2023-2024.
7250	Miscellaneous Office Expenses
	Minor expenses for office operations, Commission meetings and recording fees for LAFCO-initiated activities.
7260	Legal Notices
	Expenses for actions requiring public notices, such as annexations, Sphere of Influence updates, municipal service reviews and budgets. Some of these costs are reimbursable.
7270	Recruitment Expenses
	To fill any vacant position.
7280	LAFCO Memberships
	This line item includes the CALAFCO Membership and California Special Districts Association. The CALAFCO membership provides access to legislative and educational activities. CSDA membership is required in order to get the Special District Authority's Workers Compensation Insurance and Property & Liability Insurance (Acct.# 7110).
7290	Litigation Reserve
	Per Commission policy, the target funding for the litigation defense reserve is \$300,000. This target is sufficient for one-year's estimated expenses. LAFCO is indemnified for current FORA-related litigation. LAFCO is not indemnified for current MPWMD litigation, and the balance sheet reserve is being drawn down in FY 2022-2023. No litigation reserve fund supplement is proposed in the FY 2023-2024 budget. Instead, in May 2023, staff will recommend that this reserve be replenished by a transfer from the Unreserved Fund Balance on June 30, 2023.
7285	Records Management
	Not funded for outside help. Records management is by in-house clerical staff.
7295	Contingency Reserve
	Per Commission policy, the target funding for the general contingency reserve is 25 percent of the annual budget. This balance sheet reserve is currently funded at \$269,914, which is about 100% of the target level for FY 2022-2023. No fund supplement is proposed for FY 2023-2024.

2023

March 31 2023

Commissioners

Chair

Mary Ann Leffel
Special District Member

Vice Chair

Matt Gourley
Public Member

Luis Alejo

County Member

Wendy Root Askew
County Member, Alternate

Kimbley Craig

City Member

David Kong

Special District Member, Alternate

Christopher Lopez

County Member

Ian Oglesby

City Member

Warren Poitras
Special District Member

Steve Snodgrass
Public Member, Alternate

Anna Velazquez
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Counsel

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Mayor Jose L. Rios
Gonzales City Council
147 Fourth Street, Gonzales, CA 93926 (via email)

**Re: City of Gonzales Draft Agricultural Resource Mitigation Ordinance
(April 3, 2023 City Council agenda item)**

Dear Honorable Mayor Rios and Councilmembers,

Thank you for this opportunity to provide comments on the City's draft Agricultural Resource Mitigation Ordinance.

The Local Agency Formation Commission of Monterey County (LAFCO) is a state-mandated commission with regulatory authority for boundary changes to cities and special districts. LAFCO's fundamental legislative mandate is based on promoting orderly development and in balancing that development with preservation of open-space and prime agricultural lands. It is in this role that LAFCO is commenting on the City's draft ordinance.

LAFCO's comments in this letter apply to currently unincorporated lands that Gonzales is considering – or may consider – annexing in the future. These lands include parcels that are within the City's sphere of influence as designated by LAFCO in 2014, pursuant to an approved City-County memorandum of agreement. Insofar as the ordinance will apply to development projects on farmlands that are already wholly within Gonzales city limits, LAFCO has no regulatory role or comments.

City Should Anticipate Carrying Out Agricultural Mitigation as a Required Part of Future Annexation Proposals

The City should anticipate that LAFCO will require agricultural mitigation for future annexations of sites that are currently farmland. As discussed in a separate letter (dated March 31, 2023; attached) to the City commenting on the proposed Gloria Road Agricultural Cooler project, LAFCO's longstanding practice is to require that specific agricultural mitigation actions be identified and fully implemented prior to recordation of an annexation.

This has been LAFCO's consistent standard for city annexations involving farmland for approximately 15 years. Monterey LAFCO first adopted an Agricultural Lands Preservation Policy in 1979.

Most recently, in December 2023, for the Miramonte annexation to the City of Soledad, the Commission affirmed this standard and required agricultural mitigation to be carried out as part of the annexation by imposing the following condition of approval:

- “Agricultural Mitigation: In consultation with, and to the satisfaction of the LAFCO Executive Officer, the applicant and property owner shall identify and propose agricultural conservation easements in the vicinity of the 2016 City-County Memorandum of Agreement's designated Permanent Agricultural Edge or Urban Growth Boundary to the east, south, or west of city limits if suitable easement receiver sites are available, and/or pay in-lieu fees to a qualified

land conservation entity to fund future acquisition of conservation easements. The required conservation easements and/or in-lieu fee payment amounts shall apply to lands within the affected territory that are designated as Prime Farmland or Farmland of Statewide Significance on the State of California Department of Conservation's 2018 important farmlands map. The proposed conservation easements and/or in-lieu fee payments, as well as the proposal's related western agricultural buffer easement, shall be executed to the satisfaction of the Executive Officer prior to recordation of the Certificate of Completion."

Consistent with this established standard practice, as well as with prior discussions with City representatives, the City and property owners should plan to make agricultural mitigation a part of future annexation applications to LAFCO. Annexation proposals should clearly identify what is being proposed for agricultural mitigation, and explain how the proposal addresses LAFCO's adopted policies for Preservation of Open-Space and Agricultural Lands¹.

Importantly, LAFCO's policies and practices do not provide for exemptions based on planned future uses of the area being annexed. In large part, this is because actual buildout of a site in the future, following annexation, may differ from what is planned at the time a site is annexed.

Inconsistencies with the County of Monterey's Draft Agricultural Conservation Mitigation Program

County of Monterey staff is currently developing a program for agricultural conservation and mitigation program applicable to unincorporated farmlands throughout the county. Salinas Valley city managers and mayors, LAFCO, agriculture industry representatives, and other local partners and stakeholders are participating in program development. (Note: LAFCO is an independent public agency, and is not part of the County government structure). County staff anticipates holding public hearings by this summer.

As written, the proposed City ordinance does not appear to be coordinated with the more robust agricultural preservation and mitigation standards drafted by the County. For example, the County's preliminary draft ordinance would require applicants to attempt to secure nearby permanent conservation easements as the preferred agricultural mitigation strategy before allowing payment of in-lieu fees. The County's preliminary draft would also require 2-to-1 mitigation for designated Prime Farmland that is being converted to urban uses. The City's draft ordinance does not appear to include these features.

As an alternative to adopting a separate Gonzales-specific ordinance now, LAFCO encourages the City to consider pausing the current effort. The City could continue to participate in completion of the countywide program and integrate its key adopted provisions into a revised City ordinance later this year. This option would provide for a more consistent and equitable approach, valley-wide, for addressing agricultural preservation and mitigation requirements. Whether or not the City chooses to adopt this suggestion, the City should anticipate that future proposals for annexations of farmland will be required to carry out agricultural mitigation as part of LAFCO's annexation approval process, as discussed above.

Apparent Unresolved Issues in the March 13, 2013 Draft Ordinance

At its March 13, 2023 meeting, the Gonzales Planning Commission reviewed a version of the draft ordinance. The draft ordinance in the March 13 agenda packet that City staff provided to LAFCO on March 14 (i.e., after the meeting had occurred) included approximately 20 questions and comments, from several City representatives, embedded within the PDF document.

These questions and comments were not shown in the version included in the March 13 Planning Commission agenda packet that was later posted on the City's website. This version without comments shown also appears to be Attachment 2 to the staff report for the April 3, 2023 City Council meeting.

The April 3 staff report states, on page 239, that the updated draft ordinance (Attachment 3) includes minor and non-consequential clarifications and adjustments to the prior draft. However, the staff report does not

¹ LAFCO's policies include this key provision: "A Proposal must discuss how it balances the state interest in the preservation of open space and prime agricultural lands against the need for orderly development. (Government Code section 56001.) Proposals that fail to discuss this balance, in the opinion of the executive officer, will be deemed incomplete. Proposals may be denied if they fail to demonstrate to the satisfaction of LAFCO that the need for orderly development is balanced against the preservation of open space and prime agricultural lands."

appear to discuss whether any of these changes address or resolve the questions and comments on the March 13 draft.

Conclusion

Thank you for considering LAFCO's comments on the City's draft ordinance. I would be pleased to meet with City staff and consultants for more detailed discussions.

Sincerely,

A handwritten signature in blue ink that reads "Kate McKenna". The signature is written in a cursive style with a large initial "K" and "M".

Kate McKenna, AICP
Executive Officer

Attachment:

LAFCO letter dated March 31, 2023 to the City of Gonzales commenting on the planned Gloria Road Agricultural Cooler project

2023
Commissioners

Chair
Mary Ann Leffel
Special District Member

Vice Chair
Matt Gourley
Public Member

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Voice: 831-754-5838

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March 31, 2023

Taven Kinison Brown, Community Development Director
Gonzales Community Development Department
147 Fourth Street, Gonzales, CA 93926 (via email)

Re: Gloria Road Agricultural Cooler Project Mitigated Negative Declaration

Dear Mr. Kinison Brown,

LAFCO staff is writing to submit comments on the draft Mitigated Negative Declaration for this future development project. LAFCO received the City's document on March 16, 2023. LAFCO is a CEQA responsible agency with regulatory responsibility for processing city boundary changes. We appreciate the project referral and the ongoing coordination between the City and LAFCO on this project and other potential future Gonzales annexation projects.

Project and Setting

The project site is currently unincorporated. The site is within the City's sphere of influence as designated by LAFCO in 2014 and pursuant to the approved 2014 City-County memorandum of agreement (MOA). The project includes annexation into the City of Gonzales for development to occur under City permitting authority.

The planned project is an approximately 320,000-square-foot agricultural cooling plant and related facilities. The project also includes development of a 4.1-acre pond for processing and storage of process water across Gloria Road to the south, on a parcel that is intended to remain in the unincorporated County. LAFCO staff has coordinated with County staff to inform them about this component of the project. LAFCO encourages City representatives to consult with the County to confirm that the pond will be a permissible use under County land-use designations, policies, and regulations.

Please Clarify Whether the City Plans to Require Agricultural Mitigation for this Project

The site is designated as Prime Farmland and is currently in agricultural production.

The MND states that "The project impact from converting farmland must be mitigated to the extent feasible" (MND, page 47).

The MND also describes that:

- "The City is developing an agricultural mitigation program that will be adopted by ordinance. The program is currently in draft form and is subject to change. [...] Agricultural uses are exempt from the mitigation requirements. Agricultural uses include [...] agricultural support uses such as agricultural processing, agricultural coolers, and other direct agriculture value added activities."
- "Based on the current draft agricultural mitigation program, the proposed project would not be subject to the agricultural mitigation because agricultural coolers are considered an agricultural use. However, because the draft agricultural mitigation program is still undergoing refinement and has not yet

been adopted by the City Council, it is possible that the proposed project could yet be subject to agricultural mitigation. To be conservative, it is being assumed that the project does convert prime farmland and farmland of statewide importance to a non-agricultural use and will contribute to the significant unavoidable impact of such conversion as identified in the general plan EIR” (emphasis added).

- “To partially mitigate for the impact of converting farmland to nonagricultural use, the following mitigation measure shall be implemented.” Proposed Mitigation Measure AG-1 then states that, at the time of approving discretionary actions for the project, the City will implement some combination of mitigation options from either the City’s draft agricultural mitigation program or from the formally adopted City program if adoption has taken place by that time. The draft program mitigation options are then listed. However, these draft measures, and the City’s overall program in general, are “subject to change” as noted on page 47. Nevertheless, the MND states that agricultural mitigation “shall” be implemented.

Based on these provisions, and on the City’s stated intention to exempt agricultural coolers from agricultural mitigation requirements, it is unclear what the City will require for agriculture mitigation if the City adopts its draft agricultural mitigation ordinance prior to approving site-specific discretionary actions for this project. Please clarify whether proposed Mitigation Measure AG-1 applies to this project or not.

City Should Anticipate Carrying Out Agricultural Mitigation as a Required Part of the Annexation Process

Whether or not the City requires agricultural mitigation for this project, the City should anticipate that LAFCO will require it. LAFCO’s longstanding practice is to require that specific agricultural mitigation actions be identified and fully implemented prior to recordation of an annexation. This has been LAFCO’s consistent standard for city annexations involving farmland for approximately 15 years. LAFCO’s policies and practices do not provide for exemptions based on planned future uses of the area being annexed, partly because buildout of a site may differ from what is planned at the time a site is annexed.

Most recently, in December 2023, for the Miramonte annexation to the City of Soledad, the Commission affirmed this standard and required agricultural mitigation to be carried out as part of the annexation by imposing the following condition of approval:

- “Agricultural Mitigation: In consultation with, and to the satisfaction of the LAFCO Executive Officer, the applicant and property owner shall identify and propose agricultural conservation easements in the vicinity of the 2016 City-County Memorandum of Agreement’s designated Permanent Agricultural Edge or Urban Growth Boundary to the east, south, or west of city limits if suitable easement receiver sites are available, and/or pay in-lieu fees to a qualified land conservation entity to fund future acquisition of conservation easements. The required conservation easements and/or in-lieu fee payment amounts shall apply to lands within the affected territory that are designated as Prime Farmland or Farmland of Statewide Significance on the State of California Department of Conservation’s 2018 important farmlands map. The proposed conservation easements and/or in-lieu fee payments, as well as the proposal’s related western agricultural buffer easement, shall be executed to the satisfaction of the Executive Officer prior to recordation of the Certificate of Completion.”

Consistent with this established standard practice, as well as with prior discussions with City and property owner representatives regarding this project, the City and the property owner should plan to make agricultural mitigation a part of the future annexation application to LAFCO. The proposal should clearly identify what is being proposed for agricultural mitigation, and explain how the proposal addresses LAFCO’s adopted policies (as further described in LAFCO’s application form).

Prime farmlands owned by this project’s property owner on the south side of Gloria Rd, across from the project site and outside the city’s designated permanent agricultural edge, appear to be a highly suitable location for placement of a permanent conservation easement.

Offer to Meet

We appreciate this opportunity to provide comments on the City's draft MND. As suggested at the City's February 23 interagency meeting for this project, we look forward to meeting with you again to further discuss agricultural mitigation for this project, and other aspects of the upcoming annexation process.

Sincerely,

A handwritten signature in blue ink that reads "Kate McKenna". The signature is written in a cursive style with a large, stylized initial "K" and "M".

Kate McKenna, AICP
Executive Officer