

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, May 22, 2023
3:00 P.M.**

**Monterey Room – Second Floor
Monterey County Government Center
168 West Alisal Street
Salinas, California**

This meeting will be conducted in person at the Monterey County Government Center. 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/91457437687>

The meeting ID is: [914 5743 7687](https://montereycty.zoom.us/j/91457437687). 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/UCIF6pPx2hn3Ek94Wg0UI7QA>

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: [914 5743 7687](https://montereycty.zoom.us/j/91457437687) 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.

PLEASE NOTE: If all Commission Members are present in person, public participation by Zoom is for convenience only and is not required by law. If the Zoom feed is lost for any reason, the meeting may be paused while a fix is attempted but the meeting may continue at the discretion of the Chairperson.

AGENDA
REGULAR COMMISSION MEETING
Monday, May 22, 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. [Pursuant to Government Code Section 54956.9 \(d\)\(1\), the Commission will confer with legal counsel regarding existing litigation: Monterey Peninsula Water Management District v. Local Agency Formation Commission of Monterey County; Commissioners of the Local Agency Formation Commission of Monterey County; and DOES 1 through 20, \(Monterey County Superior Court Case No. 22CV000925\).](#)
(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).

Special Business

2. [Select the LAFCO Chair and Chair Pro Tempore for a Period Ending in May 2024.](#)
Recommended Action: Conduct the Selection Process and select the Chair and Chair Pro Tempore for a one-year period ending on May 6, 2024.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

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.

3. [Approve Draft Minutes from the April 24, 2023 Regular LAFCO Commission Meeting.](#)
Recommended Action: Approve minutes.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378)
4. [Approve Draft Notes from the May 8, 2023 LAFCO Budget & Finance Committee Meeting.](#)
Recommended Action: Approve notes.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378)
5. [Approve Draft Financial Statements for Period Ending March 31, 2023.](#)
Recommended Action (By Budget & Finance Committee): Approve the financial statements.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378)
6. [Accept the April 30, 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).
7. [Authorize the Executive Officer to Execute Professional Services Agreement with CliftonLarsonAllen, LLP for Accounting and Related Services.](#)
Recommended Action (By Budget & Finance Committee): Authorize agreement with CliftonLarsonAllen, LLP for Accounting and Related Services for the fiscal years ending June 30, 2024, 2025 and 2026.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
8. [Authorize the Executive Officer to execute Professional Services Agreement with Bianchi, Kasavan and Pope, LLP for Audit Services.](#)
Recommended Action (By Budget & Finance Committee): Authorize agreement with Bianchi, Kasavan & Pope, LLP for Audit Services for the fiscal years ending June 30, 2024, 2025 and 2026.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
9. [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).

New Business

10. [Consider Business Items for the 2023 Annual Conference of the California Association of Local Agency Formation Commissions \(CALAFCO\).](#)
Recommended Actions:
 - 1.) Receive the Executive Officer's Report;
 - 2.) Authorize attendance by four staff, one general counsel, and all Commissioners who express interest in attending the Annual CALAFCO Conference in Monterey on October 18-20;
 - 3.) Designate Regular and Alternate Delegates to represent LAFCO of Monterey County at the Conference;
 - 4.) Receive and take no action on election nomination information for City and Public Member Seats on the CALAFCO Board of Directors; and
 - 5.) Receive and take no action on nomination information for the 2023 CALAFCO Achievement Awards.
(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.

II. Communications

- a. County of Monterey – Draft Farmland Mitigation Ordinance.
- b. Work Program Update – (Existing) Greenfield-Area Municipal Service Review and (New) Soledad-Area Municipal Service Review.
(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, June 26, 2023 at 3:00 p.m. in the Monterey Room at the Monterey County Government Center (Second Floor, 168 W. Alisal Street).

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 meeting.

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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. Pursuant to Government Code Section 54956.9(d)(1), the Commission will confer with legal counsel regarding existing litigation: *Monterey Peninsula Water Management District v. Local Agency Formation Commission of Monterey County; Commissioners of the Local Agency Formation Commission of Monterey County; and DOES 1 through 20*, (Monterey County Superior Court Case No. 22CV000925).

LAFCO *of Monterey County*

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: May 22, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: Selection of Chair and Chair Pro Tempore
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378

SUMMARY OF RECOMMENDATION:

It is recommended that the Commission select the Chair and Chair Pro Tempore for a one-year period ending on May 6, 2024.

EXECUTIVE OFFICER'S REPORT:

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

Currently, Special District Member Commissioner Mary Ann Leffel serves as the Chair and Public Member Commissioner Matt Gourley serves as the Chair Pro Tempore.

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

<u>Chair</u>	<u>Chair Pro Tempore</u>
→ 2023-24 Public Member	City Member
2024-25 City Member	County Member
2025-26 County Member	Special District Member
2026-27 Special District Member	Public Member

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachment: Section 12. Chair and Chair Pro Tempore from LAFCO *Rules and Regulations for the Orderly and Fair Conduct of Hearings*

THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

RESOLUTION NO. 20-15

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

...

Section 12. CHAIR AND CHAIR PRO TEMPORE

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

Beginning in May 2020, the positions of Chair and Chair Pro Tempore will be rotated among Commissioners according to the following schedule, and then repeated:

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

...

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

City Member, Alternate

Counsel

Kelly L. Donlon

General Counsel

Executive Officer

Kate McKenna, AICP

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Salinas, CA 93901

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Salinas, CA 93902

Voice: 831-754-5838

www.monterey.lafco.ca.gov

Regular Meeting DRAFT MINUTES
**LOCAL AGENCY FORMATION COMMISSION
OF MONTEREY COUNTY**
Board of Supervisors Chambers
168 W. Alisal, First Floor
Salinas, California
Scheduled for Adoption May 22, 2023

Monday, April 24, 2023

All Commissioners and public participated in the meeting on Monday, April 24, 2023 in person or by Zoom video conference.

Call to Order

In the absence of the Chair and Chair Pro Tempore, Commissioner Oglesby nominated Commissioner Adams to chair the Regular Meeting.

The motion was seconded by Commissioner Craig and carried by a unanimous Ayes vote from Commissioners Adams, Church, Craig, Oglesby, and Snodgrass.

The Local Agency Formation Commission was called to order by Commissioner Adams at 3:06 p.m.

Roll Call

Commissioner Adams

Voting in place of Root Askew (County)

Commissioner Church

Commissioner Craig

Commissioner Oglesby

Commissioner Snodgrass

Voting in place of Gourley (Public)

Chair Leffel

Arrived at 3:11 p.m.

Members Absent (Excused Absence)

Commissioner Root Askew

Vice Chair Gourley

Commissioner Kong

Commissioner Poitras

Commissioner Velazquez

Staff Present

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

Also Present

Kelly L. Donlon, General Counsel

Pledge of Allegiance

All Commissioners participated in 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 3:08 p.m.

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)

Executive Officer McKenna joined the Closed Session at 3:40 p.m.

Reconvene on Public Agenda Items

The Commission RECONVENED to Open Session at 3:57p.m.

Roll Call

Commissioner Adams
Commissioner Church
Commissioner Craig
Commissioner Oglesby
Commissioner Snodgrass
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 there were no reportable items.

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 Meeting.
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).

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

Commissioner Action:

Upon motion by Commissioner Craig, seconded by Commissioner Oglesby, the Commission approved Consent Agenda Items #2 – #6 by a Roll Call Vote.

Motion Carried (Roll Call Vote):

AYES:	Commissioners: Adams, Church, Craig, Oglesby, Snodgrass , Chair Leffel
NOES:	Commissioners: None
ALTERNATES:	Commissioners: None
ABSENT:	Commissioners: Root Askew, Gourley, Kong, Poitras, Velazquez
ABSTAIN:	Commissioners: None

Public Hearing

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 and 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 McKenna and Senior Analyst Brinkmann presented the report.

There were no public comments or comments from the Commissioners.

Committee Action:

Upon motion by Commissioner Craig and second by Commissioner Oglesby, the Commission adopted a Resolution approving the Final Budget for Fiscal Year 2023 – 2024 and directed that the Executive Officer transmit the Adopted Final Budget to the County, Cities and Independent Special Districts for the apportionment of the net operating expenses pursuant to the requirement of Government Code Section 56381 (b) (1).

Motion Carried (Roll Call Vote):

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

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).

Executive Officer McKenna provided brief comments on the draft ordinance adopted by the Gonzales City Council, and answered questions from Chair Leffel.

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.

Chair Leffel provided an update her recent meeting on behalf of the Special Districts Association of Monterey County to share information with Special Districts in Santa Cruz County interested in forming a Special Districts Association of Santa Cruz County. Chair Leffel also shared brief comments about her and Executive Officer McKenna's meeting with the Soledad Health Care District CEO.

Adjournment to the Next Meeting

A motion to adjourn was made by Commissioner Craig, seconded by Commissioner Snodgrass and unanimously approved by the Commission.

Chair Leffel adjourned the meeting at 4:08 p.m..

The next regular LAFCO Meeting is scheduled for Monday, May 22, 2023 in the Monterey Room, 2nd Floor, Government Center (168 W. Alisal Street), 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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DRAFT MEETING NOTES
BUDGET AND FINANCE COMMITTEE MEETING
132 W. Gabilan Street, Suite #102
Salinas, California
Scheduled for Approval on May 22, 2023

Monday, May 8, 2023
2:30 P.M.

The Commissioners participated in the meeting on Monday, May 8, 2023 in-person and remotely by Zoom Video conference.

Call to Order

The Budget and Finance Committee of the Local Agency Formation Commission of Monterey County was called to order by Chair Leffel at 2:35 p.m.

Roll Call

Commissioner Oglesby motioned the acceptance of Chair Leffel's attendance remotely due to a medical emergency circumstance, seconded by Commissioner Church and passed unanimously.

Members Present

Commissioner Glenn Church

Commissioner Ian Oglesby

Commissioner Mary Ann Leffel, Chair Attending Remotely – medical emergency circumstance.

Members Absent (Excused Absence)

None.

Staff and Contractors Present

Kate McKenna, AICP, Executive Officer

Karen Campbell, CPA, Bianchi, Kasavan & Pope, LLP *Attended the meeting remotely.

Jarrold Penner, CPA, Bianchi, Kasavan & Pope, LLP *Attended the meeting remotely.

Mike Briley, CPA, CliftonLarsonAllen, LLP *Joined meeting in-person at 3:11 p.m.

Jonathan Brinkmann, Senior Analyst

Safarina Maluki, Clerk to the Commission/Office Administrator

Public Comments

There were no public comments for items not on the Agenda.

At the Chair's request, Agenda Item #4 was presented first.

New Business

4. Discuss the Professional Services Agreement for Accounting and Related Services.
Recommended Action: Discuss report and authorize Executive Officer to proceed with a Request for Proposals for professional accounting and related services.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

This item was moved to the beginning of the agenda at the Chair's request. Jarrod Penner, CPA, Partner and Karen Campbell, CPA, Senior Audit Manager, both of Bianchi, Kasavan and Pope, LLP participated in the meeting remotely for this agenda item.

Following introductory comments, Jarrod Penner and Karen Campbell presented a proposal overview and answered questions from Commissioners Church and Oglesby. Chair Leffel made comments.

There were no public comments.

Committee Action:

Upon motion by Commissioner Church, seconded by Commissioner Oglesby, the Committee recommended that the Commission authorize the Executive Officer to execute a professional services agreement with **Bianchi, Kasavan & Pope, LLP** for audit services for the years ending June 30, 2024, 2025 and 2026.

Motion Carried (Roll Call Vote).

AYES:	Commissioners Church, Oglesby, and Leffel.
NOES:	None.
ALTERNATES:	None.
ABSENT:	None.
ABSTAIN:	None.

The Committee discussed the CliftonLarsonAllen, LLP proposal with the Executive Officer.

Mike Briley, CPA & Managing Principal of CliftonLarsonAllen, LLP joined the meeting and answered questions from Commissioners Church and Oglesby.

There were no public comments.

Committee Action:

Upon motion by Commissioner Oglesby, seconded by Commissioner Church, the Committee recommended that the Commission authorize the Executive Officer to execute a professional services agreement with **CliftonLarsonAllen, LLP** for accounting and related services for FY 2023-2024, 2024-2025 and 2025-2026.

Motion Carried (Roll Call Vote).

AYES:	Commissioners Church, Oglesby, and Leffel.
NOES:	None.
ALTERNATES:	None.
ABSENT:	None.
ABSTAIN:	None.

1. Consider Draft Financial Statements for Period Ending March 31, 2023.

Recommended Action: Recommend that the Commission approve the quarterly financial statements the period ending March 31, 2023.

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

Executive Officer McKenna and Mike Briley, CPA, Managing Principal, presented the report.

There were no questions from the Commissioners.

There were no public comments.

Committee Action:

Upon motion by Commissioner Church, seconded by Commissioner Oglesby, the Committee approved the quarterly financial statements for the period ending March 31, 2023.

Motion Carried (Roll Call Vote).

AYES:	Commissioners Church, Oglesby, and Leffel.
NOES:	None.
ALTERNATES:	None.
ABSENT:	None.
ABSTAIN:	None.

2. Consider Profit/Loss Budget vs. Actual (Draft) Worksheet through April 28, 2023.

Recommended Action: Accept report for information only.

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

Executive Officer McKenna and Mike Briley, CPA, Managing Principal, presented the report and answered questions from Chair Leffel.

There were no public comments.

Committee Action:

Upon motion by Commissioner Oglesby, seconded by Commissioner Church, the Committee accepted the report for information only.

Motion Carried (Roll Call Vote).

AYES:	Commissioners Church, Oglesby, and Leffel.
NOES:	None.
ALTERNATES:	None.
ABSENT:	None.
ABSTAIN:	None.

3. Consider a Fiscal Year-end Litigation Reserve Fund Transfer.

Recommended Action: Recommend that the Commission authorize a fiscal year-end balance sheet journal entry transfer of approximately \$150,000.00 from Account No. 3850 (Unreserved Fund) to Account No. 3800 (Reserve for Litigation) to replenish the Litigation Reserve.

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

Executive Officer McKenna presented the report and answered questions.

The Committee discussed the report.

There were no comments from the public.

Committee Action:

The Committee unanimously agreed to defer consideration of this item to the next quarterly meeting of the Budget and Finance Committee.

Executive Officer Announcements

The Executive Officer may provide oral or written announcements about current LAFCO activities, for information only.

None.

Adjournment

Commissioner Leffel adjourned the meeting at 3:34 p.m. The next Budget and Finance Committee Meeting will be announced for Quarter One of FY 2023-2024.

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 meeting.

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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

KATE McKENNA, AICP
Executive Officer

DATE: May 22, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: Draft Financial Statements for Period Ending March 31, 2023
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378.

SUMMARY OF RECOMMENDATION:

The Budget and Finance Committee recommends that the Commission approve the quarterly financial statements for the period ending March 31, 2023

EXECUTIVE OFFICER'S REPORT:

This matter was reviewed by the Budget and Finance Committee on May 8, 2023 and discussed with Mr. Mike Briley, CPA, CGMA, Regional Managing Principal, CliftonLarsonAllen, LLP.

Attached are draft financial statements for the third quarter of the fiscal year. Prepared by CliftonLarsonAllen, LLP, the statements show that overall revenue and expenditures are generally as anticipated for this mid-year period.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachment: Financial Statements for Period Ending March 31, 2023, CliftonLarsonAllen, LLP

**Local Agency Formation Commission
of Monterey County
Financial Statements
March 31, 2023**

Draft

**LOCAL AGENCY FORMATION COMMISSION
OF MONTEREY COUNTY**

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Accountant's Compilation Report

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

Management is responsible for the financial statements of the Local Agency Formation Commission of Monterey County (LAFCO), as of and for the nine months ended March 31, 2023, included in the accompanying prescribed form in accordance with the requirements of LAFCO. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements included in the accompanying prescribed form, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion or a conclusion, nor provide any form of assurance on the financial statements included in the accompanying prescribed form.

The financial statements included in the accompanying prescribed form are presented in accordance with the requirements of LAFCO and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of LAFCO and is not intended to be, and should not be, used by anyone other than these specified parties.

We are not independent with respect to LAFCO.

CliftonLarsonAllen LLP

May 1, 2023
Salinas, CA

LAFCO of Monterey County
Balance Sheets
March 31, 2023 and 2022

ASSETS			
	ACCT #	2023	2022
CURRENT ASSETS:			
Cash Held in Bank:			
Wells Fargo Operating	1007	\$ 83,410.94	\$ 129,467.74
Total Cash Held in Bank		83,410.94	129,467.74
Cash Held in County Treasury:			
Cash Held for Operating Expenses	1010	728,750.18	598,360.04
Designated Cash for Reserve for Litigation	1012	176,697.49	300,036.51
Designated Cash for Accrued Leave	1013	76,212.86	60,892.78
Designated Cash for Post Retirement (GASB 75)	1014	85,475.00	90,300.00
Designated Cash for Reserve for Contingency	1015	269,914.00	258,357.00
Restricted Cash for FORA Litigation	1020	345,479.14	345,603.04
Total Cash Held in County Treasury		1,682,528.67	1,653,549.37
Petty Cash	1100	300.00	300.00
Total Cash		1,766,239.61	1,783,317.11
Other Current Assets:			
Accounts Receivable - For Fiscal Yr Ending 6/22	1234	-	635.00
Prepaid Insurance	1400	3,336.35	3,318.10
Prepaid Expenses	1405	6,724.71	1,302.57
Total Other Current Assets		10,061.06	5,255.67
Total Current Assets		1,776,300.67	1,788,572.78
NON-CURRENT ASSETS:			
Equipment	1500	57,801.99	57,801.99
Accumulated Depreciation	1550	(52,344.69)	(48,220.74)
Total Non-Current Assets		5,457.30	9,581.25
DEFERRED OUTFLOWS OF RESOURCES (GASB 68):			
Deferred Outflows of Resources - PERS Contributions	1800	46,559.54	69,874.49
Deferred Outflows of Resources - Actuarial	1805	262,201.83	38,893.32
Total Deferred Outflows of Resources (GASB 68)		308,761.37	108,767.81
DEFERRED OUTFLOWS OF RESOURCES (GASB 75):			
Deferred Outflows of Resources - OPEB Contributions	1810	1,752.00	4,080.00
Deferred Outflows of Resources - OPEB Actuarial	1815	7,238.00	2,609.00
		8,990.00	6,689.00
		\$ 2,099,509.34	\$ 1,913,610.84
LIABILITIES AND EQUITY			
	ACCT #	2023	2022
CURRENT LIABILITIES:			
Accounts Payable	2000	\$ 7,675.98	\$ 11,695.84
Payroll Liabilities	2200	168.00	504.00
Direct Deposit Liabilities	2210	-	(10,646.32)
Accrued Leave	2220	76,212.86	60,892.78
Dissolution of FORA Legal Liability	2380	345,479.14	345,603.04
Dissolution of FORA Admin Liability	2381	54,776.00	57,755.00
Total Current Liabilities		484,311.98	465,804.34
NON-CURRENT LIABILITIES:			
Net Pension Liability/(Asset) (GASB 68)	2400	(262,199.19)	(10,976.20)
Net OPEB Liability/(Asset) (GASB 75)	2410	85,475.00	90,300.00
Total Non-Current Liabilities		(176,724.19)	79,323.80
DEFERRED INFLOWS OF RESOURCES (GASB 68):	2500	9,278.43	10,172.41
DEFERRED INFLOWS OF RESOURCES (GASB 75):	2505	52,790.00	46,684.00
EQUITY:			
Invested in Capital Assets	3700	5,457.30	9,581.25
Encumbered Funds	3710	70,749.02	70,749.02
Reserve for Litigation	3800	176,697.49	300,036.51
Reserve for Contingency	3810	269,914.00	258,357.00
Restricted for Pension	3825	262,199.19	10,976.20
Unreserved Fund*	3850	944,836.12	661,926.31
Total Equity		1,729,853.12	1,311,626.29
		\$ 2,099,509.34	\$ 1,913,610.84

*Includes revenue received in the current year to be used for operating expenses through 6/30/23

LAFCO of Monterey County
Income and Expense Budget Performance - Summary
March 31, 2023

ACCT #	Income:	March 23	March 22	% of Budget Received/Spent		Adopted 22/23 Budget	Remaining Budget Balance	% of Remaining Budget Balance	
				March 23	July 22-March 23				July 21-March 22
4000	Fees: Project	\$ -	\$ -	0.00%	\$ 15,330.00	\$ 158,954.23	\$ 10,000.00	\$ 5,330.00	53.30%
4205	County Contributions	-	-	0.00%	354,931.00	298,814.00	354,931.00	-	0.00%
4210	City Contributions	-	-	0.00%	354,930.99	298,813.00	354,931.00	(0.01)	0.00%
4220	District Contributions	-	-	0.00%	354,928.00	298,814.00	354,931.00	(3.00)	0.00%
4249	FORA Administrative Revenue	85.50	247.50	0.00%	1,246.50	3,630.00	-	1,246.50	0.00%
4300	Interest	12.09	1.52	0.25%	10,827.84	2,541.74	4,862.00	5,965.84	122.70%
	Total Income	97.59	249.02	0.01%	1,092,194.33	1,061,566.97	1,079,655.00	12,539.33	1.16%
	Expense:								
VAR	Employee Salaries	62,906.40	29,874.11	11.35%	418,893.28	318,039.06	554,169.00	135,275.72	24.41%
VAR	Employee Benefits	26,604.41	18,984.06	11.23%	195,344.67	134,913.48	236,928.00	41,583.33	17.55%
7000	Postage and Shipping	261.47	121.62	6.87%	3,120.34	3,896.55	3,804.00	683.66	17.97%
7010	Books and Periodical	-	-	0.00%	1,151.40	1,323.36	1,621.00	469.60	28.97%
7030	Copy Machine	355.16	444.26	3.07%	3,794.40	4,742.43	11,576.00	7,781.60	67.22%
7040	Outside Printers	-	-	0.00%	-	667.88	1,300.00	1,300.00	100.00%
7060	Office Supplies	97.44	-	1.40%	3,653.14	1,876.81	6,946.00	3,292.86	47.41%
7070	Office Equipment & Furnishings	-	-	0.00%	-	273.11	1,946.00	1,946.00	100.00%
7080	Computer Hardware/Peripherals	-	43.69	0.00%	1,342.70	2,030.85	5,789.00	4,446.30	76.81%
7085	Computer Support Svcs Fixed Costs	-	165.11	0.00%	10,890.72	6,161.31	12,155.00	1,264.28	10.40%
7090	Computer Support Svcs Variable Costs	-	-	0.00%	1,095.50	546.00	6,948.00	5,852.50	84.23%
7100	Computer Software	-	-	0.00%	644.84	579.84	1,216.00	571.16	46.97%
7105	Meeting Broadcast Services	-	-	0.00%	848.75	-	4,863.00	4,014.25	82.55%
7110	Property and Gen Liability Insurance	640.54	594.11	7.36%	5,764.86	5,346.99	8,700.00	2,935.14	33.74%
7120	Office Maintenance Services	-	-	0.00%	168.00	160.00	463.00	295.00	63.71%
7140	Travel	41.25	-	0.31%	9,488.99	-	13,450.00	3,961.01	29.45%
7150	Training, Conferences & Workshops	-	-	0.00%	7,496.93	-	8,238.00	741.07	9.00%
7160	Vehicle Mileage	-	-	0.00%	190.94	-	1,575.00	1,384.06	87.88%
7170	Rental of Buildings	2,397.69	2,397.69	8.33%	21,579.21	21,579.21	28,772.00	7,192.79	25.00%
7200	Telephone Communications	428.98	328.42	5.29%	3,216.59	3,184.46	8,104.00	4,887.41	60.31%
7230	Temp Help Services (Clerical)	-	6,081.75	0.00%	-	37,440.38	-	-	0.00%
7240	Outside Prof. Services: Other	-	-	0.00%	8,825.00	75,180.00	25,000.00	16,175.00	64.70%
7242	Outside Prof. Services: Accounting	5,000.00	4,800.00	8.33%	44,800.00	46,000.00	60,000.00	15,200.00	25.33%
7242A	Outside Prof. Services: General Admin and HR	400.00	400.00	2.70%	3,600.00	5,440.00	14,800.00	11,200.00	75.68%
7245	General and Special Legal Services	1,586.70	9,643.30	8.27%	15,830.30	88,373.70	19,182.00	3,351.70	17.47%
7247	Outside Prof. Services: Human Resources	-	-	0.00%	-	-	5,789.00	5,789.00	100.00%
7248	Outside Prof. Services: Annual Audit	-	-	0.00%	20,000.00	14,500.00	20,000.00	-	0.00%
7250	Miscellaneous Office Expense	26.58	97.64	2.30%	560.54	355.20	1,158.00	597.46	51.59%
7260	Legal Notices	288.75	236.25	5.94%	1,663.50	4,028.97	4,863.00	3,199.50	65.79%
7270	Recruitment Advertising	-	-	0.00%	-	675.00	1,000.00	1,000.00	100.00%
7280	LAFCO Memberships	-	-	0.00%	9,137.00	8,839.01	9,300.00	163.00	1.75%
7290	Litigation Reserve	3,643.15	-	0.00%	87,890.52	-	-	(87,890.52)	0.00%
7300	Depreciation	333.00	381.00	0.00%	3,010.95	3,430.37	-	(3,010.95)	0.00%
	Total Expense	105,011.52	74,593.01	9.73%	884,003.07	789,583.97	1,079,655.00	195,651.93	18.12%
	Net Ordinary Income (Loss)	(104,913.93)	(74,343.99)		208,191.26	271,983.00	-		
	Other Income/(Expense):								
8106	Prior Year Project Fees Returned	-	-		(2,697.50)	(218.25)	-		
8115	Encumbered Funds: Temp Professional Services	-	-		-	(3,437.50)	-		
	Total Other Income/(Expense)	-	-		(2,697.50)	(3,655.75)	-		
	Net Income (Loss)	\$ (104,913.93)	\$ (74,343.99)		\$ 205,493.76	\$ 268,327.25	\$ -		

LAFCO of Monterey County
Income and Expense Budget Performance - Detail
March 31, 2023

ACCT #	Income:	March 23	March 22	% of Budget		Adopted 22/23 Budget	Remaining Budget Balance	% of Remaining Budget Balance	
				Received/ Spent March 23	July 22-March 23				
4000	Fees: Project	\$ -	\$ -	0.00%	\$ 15,330.00	\$ 158,954.23	\$ 10,000.00	\$ 5,330.00	53.30%
4205	County Contributions	-	-	0.00%	354,931.00	298,814.00	354,931.00	-	0.00%
4210	City Contributions	-	-	0.00%	354,930.99	298,813.00	354,931.00	(0.01)	0.00%
4220	District Contributions	-	-	0.00%	354,928.00	298,814.00	354,931.00	(3.00)	0.00%
4249	FORA Administrative Revenue	85.50	247.50	0.00%	1,246.50	3,630.00	-	1,246.50	0.00%
4300	Interest	12.09	1.52	0.25%	10,827.84	2,541.74	4,862.00	5,965.84	122.70%
	Total Income	97.59	249.02	0.01%	1,092,194.33	1,061,566.97	1,079,655.00	12,539.33	1.16%
	Expense:								
6002	Regular Earnings	62,906.40	29,799.00		418,378.82	316,962.54			
6004	FORA Administrative Wages	-	75.11		514.46	1,076.52			
	Employee Salaries	62,906.40	29,874.11	11.35%	418,893.28	318,039.06	554,169.00	135,275.72	24.41%
6007	Management Expense Allowance	50.00	50.00		450.00	450.00			
6010	Accrued Leave	4,002.20	(2,288.43)		8,108.73	(22,576.42)			
6011	Car Allowance	400.00	400.00		3,600.00	3,600.00			
6013	Post Retirement Healthcare Reserve	151.00	149.00		1,347.00	1,305.00			
6100	Employee Benefits - Other	-	3,825.00		700.00	4,525.00			
6101	Payroll Expenses	950.42	526.04		7,327.68	5,865.00			
6102	Worker's Compensation Insurance	179.37	253.43		1,170.39	2,052.90			
6103	Employee Memberships	-	-		96.75	848.00			
6104	Deferred Comp Plan Contribution	3,900.18	1,852.19		25,971.29	19,168.56			
6105	PERS Retirement	6,532.17	3,250.31		45,892.19	33,473.47			
6110	PERS Health - Other	35.01	18.29		263.36	167.94			
6111	PERS Health - Med ER Non-Elective	604.00	447.00		5,388.00	4,630.00			
6112	PERS Health - Med ER Pre Tax	8,365.69	5,306.47		62,136.75	49,117.06			
6131	LIFE	125.20	90.90		1,126.80	979.30			
6132	ADD	8.21	5.96		73.89	64.22			
6133	Dental	767.90	688.70		6,911.10	6,527.41			
6134	Vision	108.60	96.70		977.40	893.78			
6135	LTD	332.40	231.82		2,991.60	2,533.41			
6136	EAP	-	-		-	80.40			
6139	STD	92.06	75.08		828.54	728.05			
7294	Accrued Leave Reserve	-	4,005.60		19,983.20	20,480.40			
	Employee Benefits	26,604.41	18,984.06	11.23%	195,344.67	134,913.48	236,928.00	41,583.33	17.55%
7000	Postage and Shipping	261.47	121.62	6.87%	3,120.34	3,896.55	3,804.00	683.66	17.97%
7010	Books and Periodical	-	-	0.00%	1,151.40	1,323.36	1,621.00	469.60	28.97%
7030	Copy Machine	355.16	444.26	3.07%	3,794.40	4,742.43	11,576.00	7,781.60	67.22%
7040	Outside Printers	-	-	0.00%	-	667.88	1,300.00	1,300.00	100.00%
7060	Office Supplies	97.44	-	1.40%	3,653.14	1,876.81	6,946.00	3,292.86	47.41%
7070	Office Equipment & Furnishings	-	-	0.00%	-	273.11	1,946.00	1,946.00	100.00%
7080	Computer Hardware/Peripherals	-	43.69	0.00%	1,342.70	2,030.85	5,789.00	4,446.30	76.81%
7085	Computer Support Svcs Fixed Costs	-	165.11	0.00%	10,890.72	6,161.31	12,155.00	1,264.28	10.40%
7090	Computer Support Svcs Variable Costs	-	-	0.00%	1,095.50	546.00	6,948.00	5,852.50	84.23%
7100	Computer Software	-	-	0.00%	644.84	579.84	1,216.00	571.16	46.97%
7105	Meeting Broadcast Services	-	-	0.00%	848.75	-	4,863.00	4,014.25	82.55%
7110	Property and Gen Liability Insurance	640.54	594.11	7.36%	5,764.86	5,346.99	8,700.00	2,935.14	33.74%
7120	Office Maintenance Services	-	-	0.00%	168.00	160.00	463.00	295.00	63.71%
7140	Travel	41.25	-	0.31%	9,488.99	-	13,450.00	3,961.01	29.45%
7150	Training, Conferences & Workshops	-	-	0.00%	7,496.93	-	8,238.00	741.07	9.00%
7160	Vehicle Mileage	-	-	0.00%	190.94	-	1,575.00	1,384.06	87.88%
7170	Rental of Buildings	2,397.69	2,397.69	8.33%	21,579.21	21,579.21	28,772.00	7,192.79	25.00%
7200	Telephone Communications	428.98	328.42	5.29%	3,216.59	3,184.46	8,104.00	4,887.41	60.31%
7230	Temp Help Services (Clerical)	-	6,081.75	0.00%	-	37,440.38	-	-	0.00%
7240	Outside Prof. Services: Other	-	-	0.00%	8,825.00	75,180.00	25,000.00	16,175.00	64.70%
7242	Outside Prof. Services: Accounting	5,000.00	4,800.00	8.33%	44,800.00	46,000.00	60,000.00	15,200.00	25.33%
7242A	Outside Prof. Services: General Admin and HR	400.00	400.00	2.70%	3,600.00	5,440.00	14,800.00	11,200.00	75.68%
7245	General and Special Legal Services	1,586.70	9,643.30	8.27%	15,830.30	88,373.70	19,182.00	3,351.70	17.47%
7247	Outside Prof. Services: Human Resources	-	-	0.00%	-	-	5,789.00	5,789.00	100.00%
7248	Outside Prof. Services: Annual Audit	-	-	0.00%	20,000.00	14,500.00	20,000.00	-	0.00%
7250	Miscellaneous Office Expense	26.58	97.64	2.30%	560.54	355.20	1,158.00	597.46	51.59%
7260	Legal Notices	288.75	236.25	5.94%	1,663.50	4,028.97	4,863.00	3,199.50	65.79%
7270	Recruitment Advertising	-	-	0.00%	-	675.00	1,000.00	1,000.00	100.00%
7280	LAFCO Memberships	-	-	0.00%	9,137.00	8,839.01	9,300.00	163.00	1.75%
7290	Litigation Reserve	3,643.15	-	0.00%	87,890.52	-	-	(87,890.52)	0.00%
7300	Depreciation	333.00	381.00	0.00%	3,010.95	3,430.37	-	(3,010.95)	0.00%
	Total Expense	105,011.52	74,593.01	9.73%	884,003.07	789,583.97	1,079,655.00	195,651.93	18.12%
	Net Ordinary Income (Loss)	(104,913.93)	(74,343.99)		208,191.26	271,983.00	-		
	Other Income/(Expense):								
8106	Prior Year Project Fees Returned	-	-		(2,697.50)	(218.25)	-		
8115	Encumbered Funds: Temp Professional Services	-	-		-	(3,437.50)	-		
	Total Other Income/(Expense)	-	-		(2,697.50)	(3,655.75)	-		
	Net Income (Loss)	\$ (104,913.93)	\$ (74,343.99)		\$ 205,493.76	\$ 268,327.25	\$ -		

LAFCO of Monterey County
Income and Expense by Month
March 31, 2023

	July 22	Aug 22	Sept 22	Oct 22	Nov 22
Ordinary Income/Expense					
Income:					
4000 · Fees: Project	-	-	10,330.00	-	-
4205 · County Contributions	354,931.00	-	-	-	-
4210 · City Contributions	354,930.99	-	-	-	-
4220 · District Contributions	354,928.00	-	-	-	-
4249 · FORA Administrative Revenue	660.00	-	165.00	82.50	82.50
4300 · Interest	1.30	1.68	1.03	3,807.56	4.26
Total Income	1,065,451.29	1.68	10,496.03	3,890.06	86.76
Expense:					
6000 · Employee Salaries	40,780.28	41,937.61	62,962.63	41,937.62	41,937.61
6100 · Employee Benefits	21,442.51	18,863.46	25,307.53	17,839.82	18,627.19
7000 · Postage and Shipping	79.62	101.40	306.83	773.00	410.46
7010 · Books and Periodical	238.00	-	-	49.70	-
7030 · Copy Machine	231.12	494.78	400.68	343.75	543.43
7060 · Office Supplies	-	289.25	8.74	495.43	386.79
7080 · Computer Hardware/Peripherals	-	311.26	-	-	5,445.36
7085 · Computer Support Svcs Fixed Costs	-	-	-	1,361.34	469.50
7090 · Computer Support Svcs Variable Costs	-	-	-	-	-
7100 · Computer Software	214.98	-	-	99.99	-
7105 · Meeting Broadcast Services	-	-	-	-	-
7110 · Property and Gen Liability Insurance	640.54	640.54	640.54	640.54	640.54
7120 · Office Maintenance Services	-	-	-	-	168.00
7140 · Travel	-	-	-	8,182.86	1,217.81
7150 · Training, Conferences & Workshops	-	-	-	6,795.72	550.00
7160 · Vehicle Mileage	-	-	112.56	-	-
7170 · Rental of Buildings	2,397.69	2,397.69	2,397.69	4,795.38	-
7200 · Telephone Communications	452.38	328.68	328.68	329.54	329.54
7240 · Outside Prof. Services: Other	3,225.00	2,475.00	500.00	-	-
7242 · Outside Prof. Services: Accounting	4,800.00	5,000.00	5,000.00	5,000.00	10,000.00
7242A · Outside Prof. Services: Gen Admin & HR Assistance	400.00	400.00	400.00	400.00	800.00
7245 · General and Special Legal Services	-	405.90	3,136.50	-	1,291.50
7248 · Outside Prof. Services: Annual Audit	-	2,000.00	-	12,000.00	-
7250 · Miscellaneous Office Expense	28.16	96.24	53.90	36.74	36.74
7260 · Legal Notices	551.25	-	-	-	823.50
7280 · LAFCO Memberships	7,503.00	-	-	-	-
7290 · Litigation Reserve	-	9,421.90	28,926.50	-	18,546.30
7300 · Depreciation	338.00	335.00	331.95	336.00	338.00
8106 · Prior Year Project Fees Returned	-	12.50	-	-	2,685.00
Total Expense	83,322.53	85,511.21	130,814.73	101,417.43	106,334.66
Net Income/(Loss)	\$ 982,128.76	\$ (85,509.53)	\$ (120,318.70)	\$ (97,527.37)	\$ (106,247.90)

LAFCO of Monterey County
Income and Expense by Month
March 31, 2023

	Dec 22	Jan 23	Feb 23	Mar 23	Total
Ordinary Income/Expense					
Income:					
4000 · Fees: Project	\$ 5,000.00	\$ -	\$ -	\$ -	\$ 5,000.00
4205 · County Contributions	-	-	-	-	354,931.00
4210 · City Contributions	-	-	-	-	354,930.99
4220 · District Contributions	-	-	-	-	354,928.00
4249 · FORA Administrative Revenue	85.50	85.50	-	85.50	1,246.50
4300 · Interest	11.09	6,977.66	11.17	12.09	10,827.84
Total Income	5,096.59	7,063.16	11.17	97.59	1,092,194.33
Expense:					
6000 · Employee Salaries	42,331.07	41,937.62	42,162.44	62,906.40	418,893.28
6100 · Employee Benefits	20,461.82	23,133.85	23,064.08	26,604.41	195,344.67
7000 · Postage and Shipping	286.87	600.61	300.08	261.47	3,120.34
7010 · Books and Periodical	799.70	-	64.00	-	1,151.40
7030 · Copy Machine	343.75	343.74	737.99	355.16	3,794.40
7060 · Office Supplies	225.18	15.24	1,434.47	97.44	3,653.14
7080 · Computer Hardware/Peripherals	-	-	644.65	-	1,342.70
7085 · Computer Support Svcs Fixed Costs	1,361.34	1,361.34	-	-	10,890.72
7090 · Computer Support Svcs Variable Costs	626.00	-	-	-	1,095.50
7100 · Computer Software	239.88	-	89.99	-	644.84
7105 · Meeting Broadcast Services	668.75	180.00	-	-	848.75
7110 · Property and Gen Liability Insurance	640.54	640.54	640.54	640.54	5,764.86
7120 · Office Maintenance Services	-	-	-	-	168.00
7140 · Travel	47.07	-	-	41.25	9,488.99
7150 · Training, Conferences & Workshops	(273.79)	425.00	-	-	7,496.93
7160 · Vehicle Mileage	78.38	-	-	-	190.94
7170 · Rental of Buildings	2,397.69	2,397.69	2,397.69	2,397.69	21,579.21
7200 · Telephone Communications	329.54	329.69	359.56	428.98	3,216.59
7240 · Outside Prof. Services: Other	2,625.00	-	-	-	8,825.00
7242 · Outside Prof. Services: Accounting	5,000.00	-	5,000.00	5,000.00	44,800.00
7242A · Outside Prof. Services: Gen Admin & HR Assistance	400.00	-	400.00	400.00	3,600.00
7245 · General and Special Legal Services	6,494.60	-	2,915.10	1,586.70	15,830.30
7248 · Outside Prof. Services: Annual Audit	6,000.00	-	-	-	20,000.00
7250 · Miscellaneous Office Expense	74.08	162.78	45.32	26.58	560.54
7260 · Legal Notices	-	-	-	288.75	1,663.50
7280 · LAFCO Memberships	-	1,634.00	-	-	9,137.00
7290 · Litigation Reserve	5,224.28	14,670.99	7,457.40	3,643.15	87,890.52
7300 · Depreciation	331.00	329.00	339.00	333.00	3,010.95
8106 · Prior Year Project Fees Returned	-	-	-	-	2,697.50
Total Expense	96,712.75	88,162.09	89,413.65	105,011.52	886,700.57
Net Income/(Loss)	\$ (91,616.16)	\$ (81,098.93)	\$ (89,402.48)	\$ (104,913.93)	\$ 205,493.76

LAFCO of Monterey County
Accounts Receivable Summary
As of March 31, 2023

Accounts Receivable-For Fiscal Year Ending 6/2023:

Description	Date	Amount
All 2022-2023 City, Special District and County fees have been received.		\$ -
	ACCT # 1235	\$ -

Draft

**LAFCO of Monterey County
Equipment Summary
As of March 31, 2023**

Equipment and Accumulated Depreciation:

Description	Fiscal Year In Service (6/30)	Cost	Amount Depreciated
Furniture & Fixtures	2010	\$ 502.51	\$ 502.51
Furniture & Fixtures	2017	29,396.72	26,506.00
Furniture & Fixtures	2018	10,618.39	8,807.00
Office Equipment	2011	2,185.00	2,185.00
Office Equipment	2013	1,990.68	1,990.68
Office Equipment	2014	5,214.29	5,214.29
Office Equipment	2016	1,168.89	1,168.89
Office Equipment	2017	2,527.32	2,527.32
Office Equipment	2019	2,143.66	1,880.00
Office Equipment	2020	2,054.53	1,563.00
	ACCT # 1500	\$ 57,801.99	
			ACCT # 1550 \$ 52,344.69

**LAFCO of Monterey County
Accounts Payable Summary
As of March 31, 2023**

Accounts Payable:

Vendor	Description	Date	Inv#/Acct#	Amount
	Credit	12/10/2021		\$ (42.77)
AT&T	Telephone Services	3/17/2023	317277339	205.81
Best, Best & Krieger	MPWMD Service Activation Legal Services through 3/31/23	3/31/2023	963335	1,404.45
Comcast	Telephone Services from 3/27/22-4/26/23	12/22/2022	8155100301512806	123.75
County of Monterey, Information Technology	Computer Support Services through 2/2023	2/28/2023	Dept 812 P/E 2/2023	2,005.99
Office of County Counsel-Co of Monterey	General Legal Services through 3/31/23	3/31/2023	23-002425	1,586.70
Office of County Counsel-Co of Monterey	LAFCO-MPWMD Latent Power Legal Services through 3/31/23	3/31/2023	23-002431	553.50
Office of County Counsel-Co of Monterey	LAFCO-CNPS Legal Services through 3/31/23	3/31/2023	23-002430	996.30
Wells Fargo Bank Credit Card	Culligan Water Service \$26.58; CSDA Conference \$675.00; Travel Expense \$41.25; Amazon (Phone Charger) \$99.42	3/31/2023		842.25
			ACCT # 2000	<u>\$ 7,675.98</u>

Draft

**LAFCO of Monterey County
Accrued Leave Summary
As of March 31, 2023**

Executive Officer and Analyst Positions:

Employee	Title	Total Hours of Accrued Annual Leave *	Hourly Rate	Annual Leave Book Value
Kate McKenna	Executive Officer	531.40	97.82	\$ 51,981.55
Darren McBain	Principal Analyst	134.11	72.67	9,745.77
Jonathan Brinkmann	Senior Analyst	199.84	54.15	10,821.34
				\$ 72,548.66

Clerk / Administrative Secretary Position:

Employee	Accrued Sick Leave	Accrued Vacation **	Hourly Rate	Sick Leave Book Value	Vacation Book Value
Safarina Maluki	36.16	61.63	37.47	\$ 1,354.92	\$ 2,309.28
				\$ 1,354.92	\$ 2,309.28

Annual Leave	\$	72,548.66
Sick Leave		1,354.92
Vacation		2,309.28
		\$ 76,212.86
ACCT # 2220	\$	

Executive Officer and Senior Analyst Positions:

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

Clerk/Admin Secretary Position:

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

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

LAFCO of Monterey County
Detail of Encumbrances
As of March 31, 2023

Encumbered Funds:

Subject	Invoice Date/ Inv. No.	Funds Received/(Paid)
Recruitment Advertising Encumbered Funds:		
13-14 Budget Carryover		\$ 3,179.40
ID Concepts, LLC	7/15/14 Inv. No. LAFCO-01	(115.00)
Hardee Investigations	9/11/14 Inv. No. LAFCO-01	(460.00)
Hardee Investigations	10/3/2014 LAFCO-02	(180.00)
ID Concepts, LLC	10/10/15 Inv. No. 303013	(107.50)
The Post Box	6/15/2016	(50.00)
Hardee Investigations	6/22/16 Inv. No. LAFCO-03	(180.00)
Hardee Investigations	6/3/17 Inv No. LAFCO 17-01	(360.00)
Hardee Investigations	6/6/19 Inv No. LAFCO 19-01	(225.00)
Montereybayjobs.com	7/20/19 Inv No. mbj	(299.00)
Indeed	7/30/19 Inv. No. 24779848	(25.19)
Indeed	7/31/19 Inv. No. 24993586	(6.47)
Hardee Investigations	8/16/19 Inv No. LAFCO 19-02	(275.00)
		<u>896.24</u>
Human Resources Encumbered Funds:		
	Balance Forward	8,973.00
19-20 Budget Carryover		10,500.00
Hayashi Wayland-HR Services Monthly Fee	8/3/20 Inv. No. 293672	(400.00)
Hayashi Wayland-HR Services Monthly Fee	9/1/20 Inv. No. 294080	(400.00)
Hayashi Wayland-HR Services Monthly Fee	10/1/20 Inv No. 294599	(400.00)
Hayashi Wayland-HR Services Monthly Fee	11/1/20 Inv. No. 295271	(400.00)
Hayashi Wayland-HR Services Monthly Fee	12/7/20 Inv. No. 295739	(400.00)
Liebert Cassidy Whitmore, A Professional Law Corp	12/31/20 Inv. No. 1512526	(38.00)
Hayashi Wayland-HR Services Monthly Fee	1/14/21 Inv. No. 296368	(400.00)
Liebert Cassidy Whitmore, A Professional Law Corp	1/31/21 Inv. No. 1514248	(929.00)
Hayashi Wayland-HR Services Monthly Fee	2/8/21 Inv No. 296802	(400.00)
Liebert Cassidy Whitmore, A Professional Law Corp	2/28/21 Inv. No. 1515993	(3,699.50)
Hayashi Wayland-HR Services Monthly Fee	3/1/21 Inv No. 297416	(400.00)
Liebert Cassidy Whitmore, A Professional Law Corp	3/31/21 Inv. No. 1517887	(152.00)
Hayashi Wayland-HR Services Monthly Fee	4/15/21 Inv No. 298589	(400.00)
Hayashi Wayland-HR Services Monthly Fee	5/20/21 Inv No. 299239	(400.00)
Hayashi Wayland-HR Services Monthly Fee	6/8/21 Inv No. 300212	(400.00)
		<u>10,254.50</u>
Temp Professional Services Encumbered Funds:		
2018-2019 Resolution No. 19-01	Fire and Medical Emergency Study	75,000.00
Michael P. McMurry	9/3/19 Inv No. MON 1	(812.50)
Michael P. McMurry	9/30/19 Inv No. MON 2	(1,062.50)
Michael P. McMurry	11/1/19 Inv No. MON 3	(812.50)
Michael P. McMurry	12/1/19 Inv No. MON 4	(2,031.25)
Michael P. McMurry	1/3/20 Inv No. MON 5	(1,312.50)
Michael P. McMurry	2/1/20 Inv No. MON 6	(1,000.00)
Michael P. McMurry	4/1/20 Inv No. MON 7	(3,350.00)
Michael P. McMurry	5/1/20 Inv No. MON 8	(4,437.50)
Michael P. McMurry	5/29/20 Inv No. MON 9	(1,656.25)
Michael P. McMurry	6/23/20 Inv No. MON 10	(1,187.50)
Michael P. McMurry	11/1/20 Inv No. MON 11	(1,937.50)
Michael P. McMurry	12/1/20 Inv No. MON 12	(781.25)
Michael P. McMurry	3/2/21 Inv No. MON 13	(531.25)
Michael P. McMurry	5/3/21 Inv No. MON 14	(2,975.00)
Michael P. McMurry	6/30/21 Inv No. MON 15	(700.00)
Michael P. McMurry	7/31/21 Inv No. MON 15A	(687.50)
Michael P. McMurry	8/31/21 Inv No. MON 16	(1,312.50)
Michael P. McMurry	10/31/21 Inv No. MON 17	(750.00)
Michael P. McMurry	12/31/21 Inv No. MON 18	(687.50)
		<u>46,975.00</u>
Computer Support Services-Variable Encumbered Funds:		
18-19 Budget Carryover		12,623.28
		<u>12,623.28</u>
	ACCT # 3710	<u>\$ 70,749.02</u>

**LAFCO of Monterey County
Detail of Reserve for Litigation
As of March 31, 2023**

Reserve for Litigation:

Date	Vendor/Description	Invoice #	Amount
	Beginning Balance as of 7/1/13		\$ 300,036.51
4/12/2022	Office of County Counsel-Co. of Monterey	22-0003000	(110.70)
5/12/2022	Best, Best & Krieger	934608	(8,005.67)
5/24/2022	Office of County Counsel-Co. of Monterey	22-000420	(4,243.50)
6/10/2022	Best, Best & Krieger	937410	(16,393.23)
6/16/2022	Office of County Counsel-Co. of Monterey	22-000478	(996.30)
6/30/2022	Best, Best & Krieger	939818	(4,739.70)
6/30/2022	Office of County Counsel-Co. of Monterey	22-000557	(959.40)
8/11/2022	Best, Best & Krieger	942253	(8,905.30)
8/23/2022	Office of County Counsel-Co. of Monterey	22-000686	(516.60)
9/8/2022	Best, Best & Krieger	94461	(15,907.50)
9/12/2022	Office of County Counsel-Co. of Monterey	22-000787	(959.40)
9/30/2022	Best, Best & Krieger	947478	(11,506.10)
9/30/2022	Office of County Counsel-Co. of Monterey	22-000870	(553.50)
11/15/2022	Best, Best & Krieger	950787	(18,435.60)
11/15/2022	Office of County Counsel-Co. of Monterey	22-000892	(110.70)
12/9/2022	Best, Best & Krieger	952842	(4,523.18)
12/14/2022	Office of County Counsel-Co. of Monterey	22-000975	(221.40)
12/31/2022	Office of County Counsel-Co. of Monterey	23-000018	(479.70)
1/20/2023	Best, Best & Krieger	955804	(14,670.99)
2/21/2023	Office of County Counsel-Co. of Monterey	22-002301	(369.00)
2/24/2023	Best, Best & Krieger	958386	(7,088.40)
3/20/2023	Best, Best & Krieger	960589	(1,685.20)
3/31/2023	Best, Best & Krieger	963335	(1,404.45)
3/31/2023	Office of County Counsel-Co. of Monterey	23-002431	(553.50)
		ACCT # 3800	<u>\$ 176,697.49</u>

**LAFCO of Monterey County
Detail of Reserve for Contingency
As of March 31, 2023**

Reserve for Contingency:

Date	Vendor/Description	Invoice #	Amount
	Reserve for Contingency Balance at 6/30/22		\$ 258,357.00
7/1/2022	Authorized Transfer (To)/From Unreserved Funds for FY 2022-2023**		<u>11,557.00</u>
		ACCT # 3810	<u><u>\$ 269,914.00</u></u>

**Per Resolution 19-01, the Contingency Reserve is adjusted at the beginning of each year to account for 25% of the current year budget. See note below.

2022-2023 Budget	\$ 1,079,655
% of Budget	<u>0.25</u>
Expected Reserve for Contingency Balance at 7/1/22	<u>269,914</u>
Reserve for Contingency Balance at 6/30/22	<u>258,357</u>
Authorized Transfer (To)/From Unreserved Funds for FY 2022-2023**	<u><u>\$ 11,557</u></u>

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

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

KATE McKENNA, AICP
Executive Officer

DATE: May 22, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **April 30, 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 April 2023 draft balance sheet and income statement. These statements are prepared monthly for the Commission's information by CliftonLarsonAllen, LLP.

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

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments:

1. Draft Balance Sheet as of April 30, 2023, prepared by CliftonLarsonAllen, LLP.
2. Draft Income Statement through April 30, 2023, prepared by CliftonLarsonAllen, LLP.

LAFCO of Monterey County
Balance Sheet
As of April 30, 2023

DRAFT

05/10/23
Accrual Basis

	Apr 30, 23
ASSETS	
Current Assets	
Checking/Savings	
1100 · Petty Cash	300.00
1007 · Wells Fargo Checking	166,125.40
1010 · Cash Co. Treasury	
1012 · Designated Cash Litigation Resv	176,697.49
1013 · Designated Cash - Accrued Leave	78,814.78
1014 · Designated Cash-Post Retirement	85,475.00
1015 · Designated Cash-Contingency	269,914.00
1020 · Resticted Cash-FORA Litigation	345,479.14
1010 · Cash Co. Treasury - Other	576,148.26
Total 1010 · Cash Co. Treasury	1,532,528.67
Total Checking/Savings	1,698,954.07
Other Current Assets	
1400 · Prepaid Insurance	3,074.31
1405 · Prepaid Expenses	4,477.97
Total Other Current Assets	7,552.28
Total Current Assets	1,706,506.35
Fixed Assets	
1500 · Equipment	2,185.00
1525 · Computer Equipment	15,099.37
1530 · Office Furniture	40,517.62
1550 · Accumulated Depreciation	-52,677.69
Total Fixed Assets	5,124.30
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	2,029,382.02
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	1,777.67
Total Accounts Payable	1,777.67
Credit Cards	
WFB Visa X2064 (Kate)	2,553.30
Total Credit Cards	2,553.30
Other Current Liabilities	
2220 · Accrued Leave	78,814.78
2410 · Post Retirement (GASB 75)	85,475.00
2200 · Payroll Liabilities	168.00
2380 · Dissolution of FORA Legal Liab.	345,479.14
2381 · Dissolution of FORA Admin Liab.	54,776.00
Total Other Current Liabilities	564,712.92
Total Current Liabilities	569,043.89

LAFCO of Monterey County
Balance Sheet
As of April 30, 2023

DRAFT

05/10/23
Accrual Basis

	<u>Apr 30, 23</u>
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
	<hr/>
Total Long Term Liabilities	-200,130.76
	<hr/>
Total Liabilities	368,913.13
	<hr/>
Equity	
3700 · Invested in Capital Assets	5,124.30
3710 · Encumbered Funds	70,749.02
3800 · Reserve for Litigation	176,697.49
3810 · Reserve for Contingency	269,914.00
3825 · Restricted for Pension	262,199.19
3850 · Unreserved Fund	739,675.36
Net Income	136,109.53
	<hr/>
Total Equity	1,660,468.89
	<hr/>
TOTAL LIABILITIES & EQUITY	2,029,382.02
	<hr/> <hr/>

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

DRAFT

05/10/23
 Accrual Basis

	Jul '22 - Apr 23
Ordinary Income/Expense	
Income	
4000 · Fees	
4005 · Project	25,330.00
Total 4000 · Fees	25,330.00
4205 · County Contributions	354,931.00
4210 · City Contributions	354,930.99
4220 · District Contributions	354,928.00
4249 · FORA Admin Revenue	1,246.50
4300 · Interest	10,842.77
Total Income	1,102,209.26
Expense	
7300 · Depreciation	3,343.95
6000 · Employee Salaries	
6002 · Regular Earnings	460,235.20
6004 · FORA Admin Earnings	595.69
Total 6000 · Employee Salaries	460,830.89
6100 · Employee Benefits	
6013 · Post Retirement Healthcare	1,498.00
6010 · Accrued Leave	10,710.65
6007 · Management Expense Allowance	
6011 · Management Car Allowance	4,000.00
6007 · Management Expense Allowance - Other	500.00
Total 6007 · Management Expense Allowance	4,500.00
6102 · Worker's Compensation Insurance	1,349.76
6101 · Payroll Expenses	7,962.29
6103 · Employee Memberships	96.75
6104 · Deferred Comp Plan Contribution	28,571.41
6105 · PERS Retirement	50,246.97
6110 · PERS Health	
6111 · Med ER Non-Ele	5,992.00
6112 · Med ER Pre Tax	70,502.44
6110 · PERS Health - Other	298.37
Total 6110 · PERS Health	76,792.81
6130 · Insurance	
6139 · STD	920.60
6131 · LIFE	1,252.00
6132 · ADD	82.10
6133 · Dental	7,679.00
6134 · Vision	1,086.00
6135 · LTD	3,324.00
Total 6130 · Insurance	14,343.70
7294 · Accrued Leave Reserve	19,983.20
6100 · Employee Benefits - Other	700.00
Total 6100 · Employee Benefits	216,755.54

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

DRAFT

05/10/23
 Accrual Basis

	Jul '22 - Apr 23
7000 · Postage and Shipping	3,484.93
7010 · Books and Periodical	1,151.40
7030 · Copy Machine	4,149.56
7060 · Office Supplies	3,653.14
7080 · Computer Hardware/Peripherals	1,471.63
7085 · Computer Support Svc Fixed Cost	12,252.06
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	6,405.40
7120 · Office Maintenance Services	168.00
7140 · Travel	13,105.57
7150 · Training, Conferences & Wrkshps	8,563.79
7160 · Vehicle Mileage	190.94
7170 · Rental of Buildings	23,976.90
7200 · Telephone Communications	3,546.76
7240 · Outside Prof. Services	8,825.00
7242 · Outside Prof Svc-Accounting	49,800.00
7242 A · Gen Admin Svcs & HR Assistance	4,000.00
7248 · Outside Prof Svc-Annual Audit	20,000.00
7245 · General Legal Services	15,830.30
7250 · Miscellaneous Office Expense	616.36
7260 · Legal Notices	1,663.50
7280 · LAFCO Memberships	9,137.00
7290 · Litigation Reserve	87,890.52
Total Expense	963,402.23
Net Ordinary Income	138,807.03
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	136,109.53

AGENDA ITEM NO. 7

LAFCO *of Monterey County*

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

KATE McKENNA, AICP
Executive Officer

DATE: May 22, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: Professional Services Agreement - CliftonLarsonAllen, LLP
CEQA: Not a project under California Environmental Quality Act Guidelines Section 15378.

SUMMARY OF RECOMMENDATION:

It is recommended that the Commission authorize the Executive Officer to execute a Professional Services Agreement with CliftonLarsonAllen, LLP for Accounting and Related Services for Fiscal Years 2023-2024, 2024-2025 and 2025-2026.

EXECUTIVE OFFICER'S REPORT:

This matter was reviewed and recommended for approval by the Budget and Finance Committee on May 8, 2023.

Background

At the direction of the Budget and Finance Committee, LAFCO staff issued a Request for Proposals for professional accounting and related services in March 2023. The solicitation was sent to 22 firms in the Monterey Bay region and California. One proposal was received and considered by the Budget and Finance Committee on May 8. Michael Briley, CPA, CGMA, Managing Principal of CliftonLarsonAllen, LLP attended the meeting.

Discussion

Attached is a qualified proposal received from CliftonLarsonAllen, LLP for accounting and related services for the next three fiscal years. The firm (formerly Hayashi Wayland) currently provides these professional services to LAFCO. Proposed combined fees for a new three-year engagement are \$70,800 for FY 2023-2024, \$74,400 for FY 2024-2025, and \$79,200 for FY 2025-2026.

While the Budget and Finance Committee discussed this matter and recommends an approval action, it was clarified that the agreement will include standard termination language and that the Committee will continue to explore alternative, cost-effective service options in the coming year.

Fiscal Impact

The proposed services and fees are included in the adopted budget for FY 2023-2024.

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: Proposal, CliftonLarsonAllen, LLP, April 14, 2023



April 14, 2023

Proposal to provide professional
Accounting and Human Resource services to:

LAFCO of Monterey County

Prepared by:

Michael T. Briley, CPA, CGMA
Managing Principal
mike.briley@CLAconnect.com
Direct 831-759-6330

[CLAconnect.com](https://www.CLAconnect.com)

CPAs | CONSULTANTS | WEALTH ADVISORS

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAGlobal.com/disclaimer](https://www.CLAGlobal.com/disclaimer).

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.





CliftonLarsonAllen LLP
CLAconnect.com

April 14, 2023

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

Dear Kate:

Thank you for inviting us to propose our services to you. We gladly welcome the opportunity to share our approach to helping the Local Agency Formation Commission of Monterey County (LAFCO) meet its need for professional services. The enclosed proposal responds to your request for ongoing Accounting and Human Resource services.

After reviewing your Request for Proposal, we understand your broader objectives are to retain a service provider that has a strong background in governmental agencies and authorities, a deep understanding of high-level financial accounting, and serves entities similar in size and complexity to LAFCO. We are confident our proposal not only addresses your need for financial accounting services, but also demonstrates our strong capabilities in serving governmental clients, developed during our more than 60-year history of working with similar organizations.

CLA is focused on delivering an exceptional level of knowledge, insight, and industry experience. As our clients' most trusted business advisor, we:

- Take a genuine interest in your opportunities and challenges
- Proactively work with you to develop approaches based on a deep understanding of your operations and industry
- Address your organization's financial challenges through our national, local, and global resources
- Continually strive to better your organization, the governmental industry, the communities in which we work and live, the accounting profession, and ourselves

This proposal and its contents remain valid for a period of not fewer than 180 days. Our scope of services is included on page 9 of this proposal.

We are eager to continue our work with you and welcome the chance to present our proposal to you. If you have any questions about our offerings, please do not hesitate to contact me via the information below.

Sincerely,

CliftonLarsonAllen LLP

A handwritten signature in black ink that reads "Michael T. Briley". The signature is written in a cursive, flowing style.

Michael T. Briley, CPA, CGMA
Managing Principal

mike.briley@CLAconnect.com
Direct 831-759-6330

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Executive Summary

Why should LAFCO choose CLA?

With CLA by your side, you can find everything you need in one firm. We know your industry, and we know you.

- Want to improve your performance and results? We assemble the right team for you.
- Need strong support services to help guide you through these turbulent times? We have national resources at our fingertips.
- Planning for a leadership transition? CLA has the tools you need.

Understanding your needs

We understand your most important needs are:

- **A proposed team of professionals carefully-selected for compatibility with LAFCO's needs and circumstances** — Your service team understands the strategic, operational, and regulatory issues impacting your organization. These professionals dedicate a substantial percentage of their time assisting governmental entities with financial, regulatory, and information security matters.
- **Efficiency** — Our goal is to provide exceptional client service at the lowest possible cost. A well-planned and well-executed engagement by an experienced service team can minimize disruption to your staff and enable timely completion of all deliverables.
- **Experience and continuity** — Each engagement team member has in-depth experience in governmental accounting matters. We commit the necessary resources to provide quality client service and timely report delivery. We have an extensive local and national practice from which to draw resources.
- **Diversity, equity, and inclusion (DEI)** — We are dedicated to building a diverse, equitable, and inclusive culture that thrives on different beliefs and perspectives. Our DEI team identifies strategies that foster and support the many dimensions of diversity within the firm. When we embrace an inclusive culture, we can truly know and help each other and our clients — that's how we create opportunities together.
- **Commitment to the community** — CLA family members bring meaningful social impact through volunteer efforts, charitable contributions, service on boards, and a focus on sustainable practices. Our community engagement team is bolstered by the diversity and inclusion team and the CLA Foundation — a philanthropic organization that has awarded more than \$5 million to advance career opportunities in communities across the nation.
- **We know you!** — We know and understand you. By providing services to you in the past, we have established an understanding of your organization. The work we've performed provides your project with momentum even before we begin the engagement. We don't have to learn about your core operations, we know them well.



Innovation at CLA

Artificial intelligence, machine learning, cryptocurrencies, and other technologies are disrupting the way we all operate. Disruption creates the need for innovation; innovation is an opportunity to improve the way we do our work and interact with you. Our entrepreneurial culture requires us to embrace change wherever we find it, learn from it, and create approaches designed to make interactions easier, more transparent, and more seamless.

We use a combination of technical and non-technical means to improve efficiency, enhance quality, and make your experience better.

As your organization continues to innovate, we're doing the same by continually increasing our knowledge of you and understanding of your industry so we can help you address the issues you face.



Innovation at CLA is a purposeful approach to problem-solving that transforms technology into better experiences for our clients.

Qualifications And Related Experience

Firm overview

CLA exists to create opportunities for our clients, our people, and our communities through industry-focused wealth advisory, digital, audit, tax, consulting, and outsourcing services. Our broad professional services allow us to serve clients more completely — from startup to succession and beyond.

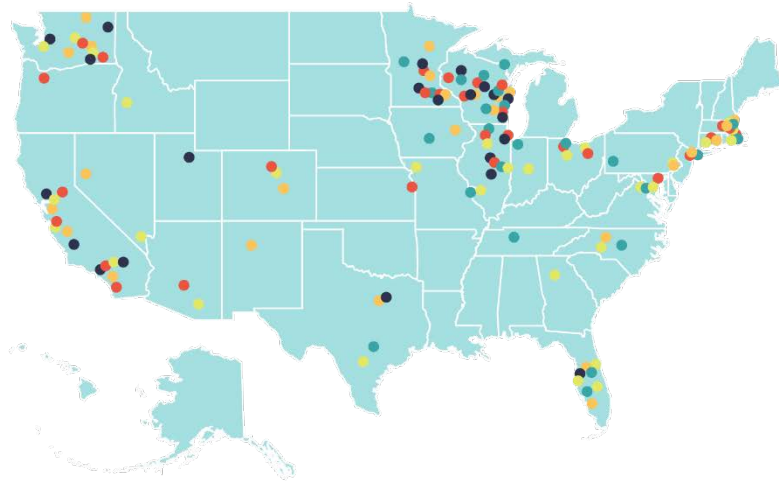
Our professionals are immersed in the industries they serve and have specialized knowledge of their operating and regulatory environments. With more than 8,500 people, 130 U.S. locations, and a global vision, we promise to know you and help you.

8,500+
PEOPLE

130
NEARLY 130 U.S. LOCATIONS

AN INDEPENDENT
NETWORK MEMBER OF

CLA Global



CLA is a limited liability partnership incorporated in the state of Minnesota in 2012. Our legacy firms, LarsonAllen and CliftonGunderson were founded in 1953 and 1960, respectively. The firm does not have any pending litigation, planned office closures, or impending mergers that will affect our ability to perform the services outlined in this proposal. Furthermore, CLA is not debarred, suspended, or otherwise declared ineligible to contract by any federal, state, or local public agency. We are the eighth largest accounting firm in the United States.

It takes balance

With CLA by your side, you can find everything you need in one firm. Professionally or personally, big or small, we can help you discover opportunities and bring balance to get you where you want to go.

For two consecutive years, CLA has been certified as a Great Place to Work[®], based on employee feedback and workplace experience.



What makes us different?

You can depend on CLA for several uncommon advantages:

Deep industry specialization

Our people are, first and foremost, industry practitioners. You will work with professionals who know you, your organization, and your industry. We combine their knowledge with yours to make you stronger.



Seamless, integrated capabilities

We offer planning and guidance from startup through succession, with a particular care for the people behind the enterprise. Your team connects with a broad network of resources behind the scenes to support you.

Premier resource for governmental entities

You are at the core of our strategic focus because supporting you means a better world for all of us.



Inspired careers

Our team members are personally invested in your success. You will work with entrepreneurial people who are constantly developing capabilities to help you meet any challenge you face.

For more information about CLA, visit CLAconnect.com/aboutus.



Governmental experience

CLA offers the credibility, reputation, and resources of a leading professional services firm — without sacrificing the small-firm touch. We bring unsurpassed levels of technical excellence, commitment, and dedication to our clients, which have made us one of the most successful professional service firms serving governmental entities. Our strong reputation for serving state and local government units provides LAFCO the confidence in their decision to select CLA as their professional service provider.

CLA has one of the largest governmental audit and consulting practices in the country, serving more than 4,200 governmental clients nationwide. Regulated industry clients represent approximately one-quarter of all firm-wide revenue, and each of the governmental services team members are well versed in the issues critical to complex governmental entities.

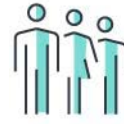
Our professionals have deep, technical experience in serving governmental entities. As a professional service firm experienced in serving state and local units of government, we are very aware of the financial and legal compliance requirements that government officials face daily. This creates complexities and service issues within a unique operational and regulatory environment. Because of our experience, we have become adept at providing our clients with insights in this environment not typical of other professional service firms.



We differ from other national firms in that our corporate practice focuses on the needs of non-SEC clients, allowing us to avoid the workload compression typically experienced by firms that must meet public companies' SEC filing deadlines. CLA is organized into industry teams, affording our clients specialized industry-specific knowledge supplemented by valuable local service and insight. Therefore, LAFCO will benefit from working with members of our state and local government services team who understand the issues and environment critical to governmental entities.

Proposed Staffing And Project Organization

An experienced engagement team has been aligned to provide you with the most value. The team members have performed numerous engagements of this nature and will commit the resources necessary to provide top quality service throughout the engagement. Following are our proposed team members:



The most important resource any business has is people — *the right people.*

Engagement Team Member*	Title	Role	Years' Experience
Michael T. Briley	Managing Principal	Client Relationship Leader	30+
Sandra Mason	Operations Director, Central Coast	Human Resources Leader	20+
Stephanie Gonzalez	Business Operations (BizOps)	Engagement Team Lead	20+

*Detailed biographies are available in Section C of this proposal.

Continuity of service

We are committed to providing continuity throughout this engagement. It is our policy to maintain the same staff throughout an engagement, providing maximum efficiency and keeping the learning curve low. With a solid, steady engagement team, each year brings the added benefits of trust and familiarity. We are also flexible in exploring alternative strategies to non-mandatory rotation policies.

In any business, however, turnover is inevitable. If and when it happens, we will supply summaries of suggested replacements and will discuss re-assignments prior to finalizing. We have a number of qualified staff members to provide LAFCO with quality service over the term of the engagement.

CLA is committed to maintaining high staff retention rates, which we believe are a strong indicator of service quality. High retention rates also indicate that our staff members have the resources they need to perform their tasks and maintain a positive work/life balance.



Proposal Requirements

A. Proposed Work Plan (Introduction)

Overview of services to be provided

LAFCO is seeking a firm to provide ongoing Accounting and Human Resource services. CLA will provide a relationship that will grow with you as you address new challenges and opportunities.

Our engagement provides you access to the accumulated wisdom of the firm through professionals with substantial experience who can help your organization enhance its future and achieve its goals.

CLA proposes providing a broad set of services that can shift with your changing needs as you move forward with organizational strategy. Our goal is to collaborate with you to customize and focus those services to help accomplish your goals and advance your mission. We anticipate that the time and level of service needed will ebb and flow and our CLA team will adapt accordingly.

CLA will provide the following services for LAFCO based on our discussions and information you provided:

Proposed Outsourced Accounting and Human Resource Services

Refer to Section B for Scope of Services.

We are committed to providing you with an experience that exceeds your expectations. Your proposed engagement team has the knowledge, experience, and dedication to provide LAFCO with the quality, timely services it deserves.

CLA's extensive team of governmental professionals will be available to collaborate with your staff. Our end goal is that your needs are being met. For example, if the assigned CLA team can't answer a particular question, they have the ability to reach out to a network of governmental professionals within the firm for assistance to get the correct answer. For technical questions, they have access to governmental auditors and our national BizOps quality team. For modeling or process improvement options, our consulting team is there to support you. For tax questions, we pull in our governmental tax team to offer suggestions and get you the answers you need to run your organization and maintain compliance.

Good standing

CLA and the supervising certified public accountants are in good standing with the AICPA and CAICPA and our firm does not have a record of substandard audit work.

BOARD OF ACCOUNTANCY LICENSING DETAILS FOR: 7083

NAME: CLIFTONLARSONALLEN LLP
LICENSE TYPE: CPA - PARTNERSHIPS
LICENSE STATUS: CLEAR
PREVIOUS NAMES: LARSONALLEN LLP ♦ LARSON, ALLEN, WEISHAIR & CO., LLP
ADDRESS
915 HIGHLAND POINTE DR STE 300
ROSEVILLE CA 95678
PLACER COUNTY

ISSUANCE DATE

JULY 27, 2006

EXPIRATION DATE

JULY 31, 2024

CURRENT DATE / TIME

JUNE 20, 2022
8:15:50 AM



Office location assigned to manage the engagement

LAFCO will be served by our industry-specialized engagement team located in our Salinas office. We have provided the address to our Salinas office below.

CLA - Salinas, 1188 Padre Drive, Ste. 101, Salinas, CA 93901

Employee Count at the Salinas Office: Principals = 4, Directors/Managers = 12, Seniors = 9, Associates = 14, and Administration = 3.



B. Scope of Services

Accounting

PAYROLL:

- Prepare payroll biweekly. Payroll consists of four full time employees.
- Maintain database of vacation, sick, professional leave and comp time accrued and used.
- Calculate and pay deferred compensation and retirement contributions.
- Prepare detailed payroll stubs for employees showing vacation, sick, professional leave and comp time balances, and costs incurred by employer for employee benefits.
- Pay all payroll taxes and deductions; Pay payroll taxes electronically.
- Reconcile, prepare, and pay workers' compensation.
- Prepare quarterly payroll tax returns (Federal and State)
- Prepare annual payroll tax returns and reconciliations.
- Process W-2 forms.
- Process personnel action forms.

ACCOUNTS PAYABLE:

- Prepare and produce accounts payable checks bi-weekly.
- Maintain contract tracking system.
- Maintain accurate bank balances and check distribution lists.
- Allocate all accounts payable to work elements directly or indirectly.
- Process 1099 forms for all subcontractors.
- Electronically submit payments to include health insurance and retirement contributions.
- Record automatic electronic payments in general ledger.
- Enter monthly credit card activity; Reconcile statement; Record electronic payment.

BANKING:

- Reconcile all bank accounts including account balance in County Treasury.
- Prepare monthly warrant register.
- Prepare County wire transfer requests and send to LAFCO's Confidential Secretary when needed.

RECEIPTS:

- Process accounts receivable and other income deposits as needed.

BUDGETS:

- Prepare and update monthly budget/actual expenditure and revenue reports.
- Assist with preparation of new budgets and budget amendments.

MISCELLANEOUS:

- Assist with staff prepared updates to Lafco's financial policies and procedures.
- Provide informational reports as needed including, but not limited to, vendor analysis, detailed transactions ledgers, trial balances, accounts payable listing, and actual vs budget reports.
- Prepare special reports as requested by government agencies or benefit and service providers.



FINANCIAL STATEMENTS:

- Update, prepare and present quarterly financial statements according to client's approved format, which includes the following reports: Balance Sheet, Income and Expense Budget Performance Summary and Detail, Income and Expense by Month, Accounts Receivable, Accounts Payable, Equipment and Accrued Leave Summary, Encumbrances, Reserve for Litigation and Contingency.
- Prepare monthly financial statements to include the following: Balance Sheet, Profit & Loss, fiscal year-to-date, and Profit & Loss Budget vs. Actual, fiscal year-to-date.
- Prepare bi-weekly reports to include the following: Preliminary draft general ledger, draft balance sheet, and draft Profit & Loss Budget vs. Actual.

MEETINGS:

- Mike Briley will attend quarterly LAFCO Budget and Finance Committee meetings to present financial statements, plus one annual Committee meeting to present year-end financials.

ADDITIONAL SERVICES:

- CLA will provide consulting services as we have done in the past regarding compliance with GASB 68 requirements and assisting your auditor in that regard.
- CLA will assist LAFCO's actuary in preparation of actuarial valuations and reports on LAFCO's other post-employment benefits (OPEB) program, in compliance with GASB 75.
- CLA will consult with and provide requested documentation to Lafco's auditor in preparation of Lafco's annual audit.

Human Resources

- We will provide Human Resource services as requested. This includes personnel administration and employee relation services, HR on call assistance, hiring and benefits, terminations, resignations, and promotions as well as assistance with annual performance reviews and the update of job descriptions as needed.



C. Qualifications





Michael T. Briley, CPA, CGMA

CLA (CliftonLarsonAllen LLP)

Managing Principal
Salinas, California

831-759-6330
mike.briley@CLAconnect.com



Mike specializes in:

A vast range of disciplines. He works with every department and oversees every aspect of the Central Coast offices of CLA. He also does considerable work for governmental, non-profit and provides tax, audit, and consulting services.

He is known for:

Being a keen listener and for having good insight into the overall financial operations of clients. He's especially gifted at communicating his insights to owners, board members and CLA team members.

His best capabilities are:

Being a visionary and strategist, he spends time learning about what clients want and need. He sees the big picture and maintains empathy for all parties. He also communicates in a meaningful and effective way.

What Mike likes most about his job:

Helping people and organizations advance. He works to understand and process complex financials and organizational challenges and uses his insights to help his clients and CLA family members. He enjoys helping others achieve greater success personally and professionally.

Community-minded:

Outside of work, Mike shares his talents with educational organizations. He served as both Treasurer and Chair of the Finance Committee for the Hartnell College Foundation. He works with the California State University Monterey Bay School of Business (CSUMB) as Chair of the Business Advisory Council at the College of Business, and he also helped in developing an accounting concentration at the university. He is on the Board of St. Vincent DePaul which services those in need in our community.

Mike's a winner:

In 2011, CSUMB honored Mike with their Business Leadership Award.

In 2022, Hartnell College Foundation honored Mike with a Distinguished Service Award

Professional Affiliations and Credentials

- Member of the American Institute of Certified Public Accountants (AICPA)
- Member of the California Society of Certified Public Accountants (CalCPA)

Education

- Bachelor of Science in Business Administration with a concentration in Accounting from California State University, Fresno.





Sandra Mason, PHR, SHRM-CP

CLA (CliftonLarsonAllen LLP)

Operations Director
Salinas, California

831-759-6334
sandra.mason@CLAconnect.com



Sandee specializes in:

All things Human Resources, including California employment laws, benefits administration, payroll, total compensation packages, policy formation and enforcement, internal relations, recruitment, and compliance and safety.

She is known for:

HR related questions from both staff and clients.

Her best capabilities are:

Juggling a multitude of tasks and keeping them all organized. Every day is different in her world, and she loves the diversity that is brought into her role.

What Sandee enjoys most about her job:

The company, culture, and team, and being part of a collaboration. She enjoys helping others out and assisting them to improve our overall client experience.

Community-minded:

Sandee is committed to a “gives back” mindset and has been involved in many organizations over the years. She is currently the Treasurer for IMPOWER, a sustaining member of the National Charity League and the Sponsorship Chair of the Salinas High School Athletic Booster Club.

Awards & Recognitions:

In 2007 & 2008 American Cancer Society’s Pacesetter Award for the Salinas Relay
In 2019 Salinas High School Booster Club Volunteer of the Year Award
In 2020 Volunteer of the Year Award for Santa Lucia Rotary

Professional Affiliations and Credentials

- PHR (Professional of Human Resources)
- SHRM-CP (Society for Human Resource Management, Certified Professional)

Education

- Bachelor of Science in Business Administration with a concentration in Management from San Jose State University.





Stephanie Gonzalez

CLA (CliftonLarsonAllen LLP)

Business Operations (BizOps)
Salinas, California

831-206-2164
stephanie.gonzalez@CLAconnect.com



Profile:

Stephanie Gonzalez has worked with CLA (Hayashi Wayland, LLP prior to the merger in November 2022) since August 2021. With more than twenty years of experience in the Small Business/BizOps setting, she has helped her clients gain a better understanding of how to record their business transactions, understand their financial statements, and answer any questions they may have. When needed, Stephanie can work with her clients and handle all aspects of the accounting cycle – freeing her client’s time from finance and accounting operations, so they can focus on managing their organizations. Stephanie has experience with bookkeeping and payroll with all types of clients to include governmental agencies who are part of the CalPERS retirement plan system. Most importantly, she understands the need for transparency and accountability.

Technical experience:

- Day to day bookkeeping
- Processing of payroll
- Financial report preparation for management and board
- Payroll tax reporting
- 1099 reporting
- Budget preparation
- Famous and Quickbooks software experience

Education:

- Bachelor of Science in Business Administration with a concentration in Accounting from California State University, Sacramento.



D. References

1. Local Agency Formation Commission of Monterey County (LAFCO)

As Hayashi Wayland, we have provided services to LAFCO with the same team since 2005. During that time we have become very familiar with LAFCO's operations and financial accounting requirements. We have worked closely with LAFCO's management, budget and financial committee, and the commission.

2. Association of Monterey Bay Area Governments (AMBAG)

Type of Organization

Governmental agency providing strategic leadership and services to analyze, plan and implement regional policies for the benefit of the Counties of Monterey, San Benito and Santa Cruz, balancing total control with regional collaboration.

Address

24580 Silver Cloud Court, Monterey, CA 93940

Main Contact

Errol Osteraa, Director of Finance & Administration

Telephone

831-883-3750

Scope of Work Performed

CLA provides assurance services to the Association of Monterey Bay Area Governments' (AMBAG), including single audit and preparation of the Special District Financial Transaction Report.

3. California Strawberry Commission

Type of Organization

Governmental agency representing more than 400 strawberry growers, shippers, and processors, working together to advance strawberry farming for the future of our land and people.

Address

180 Westridge Drive, Watsonville, CA 95076

Main Contact

Chris Christian

Telephone

831-724-1301

Scope of Work Performed

CLA provides assurance services to California Strawberry Commission, including the preparation of the financial statements. In addition, CLA also works on an Agreed Upon Procedures related to California Strawberry Commission's compliance with California Department of Food & Agriculture (the CDFA) Accounting Guidelines and General Rules.



E. Cost Schedule

Our fees are based on the timely delivery of services provided, the experience of personnel assigned to the engagement, and our commitment to meeting your deadlines.

CLA understands the importance of providing our clients with value-added strategies. We propose to provide routine, proactive meetings—as part of our fee—that will allow us to review and discuss with you the impact of new accounting issues, as well as any other issues you are facing and how they should be handled. This level and frequency of interaction will no doubt enable CLA to help you tackle challenges as they come up and take full advantage of every opportunity that presents itself.

Professional Services – Accounting and Human Resources	Fiscal Year July 1-June 30	Monthly Fee
Accounting and Human Resource Services	2023-2024	\$5,900
Accounting and Human Resource Services	2024-2025	\$6,200
Accounting and Human Resource Services	2025-2026	\$6,600

The monthly fee includes a \$400 monthly retainer fee for Human Resources support. We realize that there will be months where more or less of these services are needed. If there are less services needed, your retainer will continue to carry over. At year end, we will look at our total time spent on these services as compared to what was billed to determine whether an additional billing is needed. We will discuss with you any additional billing that may be necessary and any price modifications for the following year.

Projects outside the scope of the work listed in Section B will be discussed prior to commencing the work. These additional services will be billed at our hourly rates. We would discuss this prior to launching any projects like this with you to determine the amount of time involved.

Our clients don't like fee surprises. Neither do we. We commit to you, as we do all of our clients, that:

- We will be available for brief routine questions at no additional charge, a welcome investment in an ongoing relationship.
- Like most firms, we are investing heavily in technology to enhance the client experience, protect our data environment, and deliver quality services. We believe our clients deserve clarity around our technology and client support fee, and we will continue to be transparent with our fee structure. All engagements are charged a 5% technology fee on services provided. However, this fee will be included in the above stated monthly fee.
- Any additional charges not discussed in this proposal will be mutually agreed upon up front.
- We will always be candid and fair in our fee discussions, and we will avoid surprises.
- Billing for our services will be submitted monthly and payment terms are net 30 days.



Limited use and proposal disclaimer

The project and its related products as defined above are intended solely for use by LAFCO. Any use outside of this specific purpose by either party must be agreed to in writing by CliftonLarsonAllen and LAFCO. If you decide to work with us, we will enter into a separate engagement agreement with you which specifies a payment schedule. This proposal and our discussions do not constitute an agreement between us.

Our last word on fees — we are committed to serving you. Therefore, if fees are a deciding factor in your selection of an accounting firm, we would appreciate the opportunity to discuss our scope of services.

At CLA, it's more than just getting the job done.



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

KATE McKENNA, AICP
Executive Officer

DATE: May 22, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: Professional Services Agreement - Bianchi, Kasavan & Pope, LLP
CEQA: Not a project under California Environmental Quality Act Guidelines Section 15378.

SUMMARY OF RECOMMENDATION:

It is recommended that the Commission authorize the Executive Officer to execute a Professional Services Agreement with Bianchi, Kasavan & Pope, LLP for Audit Services for the years ending June 30, 2024, 2025 and 2026.

EXECUTIVE OFFICER'S REPORT:

This matter was reviewed and recommended for approval by the Budget and Finance Committee on May 8, 2023.

Background

At the direction of the Budget and Finance Committee, LAFCO staff issued a Request for Proposals for professional audit services in March 2023. The solicitation was sent to 22 firms in the Monterey Bay region and California. One proposal was received and considered by the Budget and Finance Committee on May 8. Jarrod Penner, CPA, Partner, and Karen Campbell, Senior Audit Manager, both of Bianchi, Kasavan & Pope, LLP, attended the meeting.

Discussion

Attached is a qualified proposal received from Bianchi, Kasavan & Pope, LLP for audit services. The firm currently provides these services to LAFCO, including an audit for the year that will end on June 30, 2023. Proposed fees for a new three-year engagement for the years ending June 30 are as follows: \$22,000 for 2024, \$23,000 for 2025, and \$24,000 for 2026.

The Budget and Finance Committee discussed this matter and recommends an approval action.

Fiscal Impact

There is no impact to the adopted budget for FY 2023-2024, as the proposed services will be provided after June 2024. Audit services will be addressed in the future budget for FY 2024-2025.

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: Proposal, Bianchi, Kasavan & Pope, LLP, April 14, 2023

LAFCO OF MONTEREY COUNTY

AUDIT PROPOSAL

FOR THE YEARS ENDING JUNE 30, 2024, 2025 and 2026

BIANCHI, KASAVAN & POPE, LLP

Certified Public Accountants
450 Lincoln Avenue, Suite 200
Salinas, California 93901
(831) 757-5311

Contact: Karen Campbell, CPA, Senior Audit Manager
karenc@bkpcpa.com

April 14, 2023

Bianchi, Kasavan & Pope, LLP

AUDIT PROPOSAL

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SALINAS OFFICE
450 LINCOLN AVENUE
SUITE 200
SALINAS, CA 93901
PHONE 831-757-5311
FAX 831-757-9529
BKPCPA.COM

April 14, 2023

Darren McBain, Principal Analyst
Local Agency Formation Commission of Monterey County
132 W. Gabilan Street, Suite 102
Salinas, California 93901

Dear Mr. McBain,

We appreciate the opportunity to propose on the annual audit requirements for LAFCO of Monterey County (Organization), for the years ending June 30, 2024, 2025 and 2026.

Bianchi, Kasavan & Pope, LLP's principal services to the Organization will include the annual audit which leads to an opinion on the Organization's financial statements.

Bianchi, Kasavan & Pope, LLP understands the work to be performed and is committed to assigning sufficient personnel to ensure the work is completed within the required time frames. We will plan to meet with management and financial personnel to develop a proposed timeline for the audit, meetings and deliverables.

Our proposed fees are estimated to be \$22,000, \$23,000 and \$24,000 for audit services for the years ending June 30, 2024, 2025 and 2026.

We sincerely appreciate the opportunity to propose on this engagement and trust that this statement of our qualifications is responsive to your requirements. Should you wish additional information, please don't hesitate to contact us.

Very truly yours,

JARROD V. PENNER, CPA
Partner

KAREN L. CAMPBELL, CPA
Sr. Audit Manager

Bianchi, Kasavan & Pope, LLP

AUDIT PROPOSAL

A. INTRODUCTION

Bianchi, Kasavan & Pope, LLP (BKP) was formed in July of 2007 with the merger of Bianchi, Lorenz, Huey, Hudson & Company, LLP and Kasavan & Pope, LLP two leading Central Coast accounting firms. With a combined 100 years of tax, audit, business consulting and accounting experience, our professionals provide peace of mind through valued service. Our firm has offices in Hollister, Monterey and Salinas and consists of fifty-five employees, of which forty-two are professional staff, including eleven partners, thirteen managers and twenty-one licensed CPAs in California. The work performed for your audit will be performed by professionals in our Salinas and Monterey offices.

BKP is a full-service accounting firm offering our clients, the best of both worlds – personalized, local service with the knowledge and expertise of a large firm. BKP provides a full suite of services, including:

- Tax Planning & Compliance
- Audit & Assurance Services
- Estate & Trust Planning
- Business Start-up Services
- Professional IT Services
- Payroll Services
- Business Valuation
- Client Accounting Services
- Talent Acquisition

BKP is a legal entity in the State of California and has performed continuous CPA services for well over five years. BKP is a member of both the American Institute of Certified Public Accountants (AICPA) and California Society of Certified Public Accountants (Cal CPA).

We believe in the value of relationships. We view every client relationship like a partnership, and truly believe that our success is a result of your success. We are committed to providing close, personal attention to our clients. We take pride in giving you assurance that the personal assistance you receive comes from years of advanced training, technical experience and financial acumen. Our continual investment of time and resources in professional continuing education, computer technology and extensive business relationships is indicative of our commitment to excellence. Our approach to business relationships ensures our clients receive peace of mind through valued service.

Bianchi, Kasavan & Pope, LLP

AUDIT PROPOSAL

B. SCOPE OF SERVICES

BKP's responsibility is to express an opinion on the Local Agency Formation Commission of Monterey County's (LAFCO) financial statements based on our audits. Our audits will be conducted in accordance with government auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We will issue written reports in accordance with *Government Auditing Standards* upon completion of our audits, which will include both Government-Wide Financial Statements and Fund Financial Statements.

To ensure our audits are in accordance with government auditing standards generally accepted in the United States of America, Bianchi, Kasavan & Pope, LLP, utilizes Practitioners Public Company Audit Guides (Guides) in determining its audit approach. Specifically, the Guide for Local Governments and Government Yellowbook audits and other appropriate publications will be utilized. Bianchi, Kasavan & Pope, LLP, will tailor the Guides for LAFCO's unique circumstances, in order to perform the audit effectively and efficiently.

We will request a meeting with LAFCO management and the Budget and Finance Committee to establish and identify the lines of communication and discuss any concerns or issues with the LAFCO's Budget and Finance Committee. We will set expectations and establish a preliminary timetable to ensure a smooth audit process. BKP will prepare a list of schedules and documents to be completed by your staff.

We will be visiting your offices to obtain and document our understanding of LAFCO's accounting systems and internal control environment, and conduct fraud interviews. The form and extent of this documentation is influenced by the nature and complexity of the controls.

Bianchi, Kasavan & Pope, LLP

AUDIT PROPOSAL

C. QUALIFICATIONS

JARROD V. PENNER, CPA, Audit Partner

Jarrold graduated in 2006 from California State University, Monterey Bay, with a Bachelor of Science Degree in Business Administration with concentration in accounting. Jarrold has over thirteen years of experience in public accounting and his areas of expertise include non-for-profit entities, local government, small business and construction. He joined Bianchi, Kasavan & Pope, LLP, in 2010. He is licensed as a CPA in the state of California.

Jarrold is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. Jarrold continues to enhance his professional skills through seminars, workshops and classes which include specific topics for Uniform Guidance and Yellow Book Government Audits, local government Accounting and Auditing Standards updates. Jarrold enjoys accounting and is enthusiastic about working with clients to improve their understanding of accounting concepts.

KAREN L. CAMPBELL, CPA, Senior Audit Manager

Karen Campbell, a lifelong resident of Salinas, graduated from California State University, Fresno in 1981, with a Bachelor of Science Degree in Business Administration concentration in accounting. Karen is licensed as a CPA in the State of California, and is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

During her more than 40 years with BKP, Karen's audit experience has included a variety of organizations, including non-profit, governmental and commercial organizations. Karen is responsible for planning, staffing and managing audits. Karen's community activities include volunteering for the California Rodeo as well as serving on the Salinas City Elementary School District Citizen's Oversight Committee.

Bianchi, Kasavan & Pope, LLP

AUDIT PROPOSAL

C. QUALIFICATIONS (Continued)

MOLLY GOSHORN, CPA, Audit Manager

Molly earned her Bachelor of Science Degree in Economics and a minor in Mathematics from University of California, San Diego and later obtained a Master of Science Degree in Accounting from San Diego State University in 2004, where she was part of the accounting society Beta Alpha Psi. Molly began her career with a “Big 4” firm; and in 2008 Molly moved to Carmel, where she worked as an Audit Manager for a local CPA firm. In 2016, Molly joined BKP as an Audit Manager and continues to focus on auditing and quality control.

Molly’s community involvement includes serving on the Board for Carmel Youth Center, Junior League of Monterey County and All Saints Day School Parent Organization, and serving as Audit Committee Chair for the Carmel Foundation.

Bianchi, Kasavan & Pope, LLP

AUDIT PROPOSAL

D. REFERENCES

We encourage you to contact the following client references to learn more about our experience and commitment to quality audit services:

- 1) Don Rosa
General Manager
Pajaro/Sunny Mesa Community Services District
(831) 722-1389
donrosa@pajarosunnymesa.com
scope of work: Single Audit in accordance with *Government Auditing Standards*
- 2) Sheri Massolo
CFRE, Development Services Manager
Salinas Valley Health Foundation
(831) 759-1823
smassolo@salinasvalleyhealth.com
scope of work: Non-Profit Audit
- 3) Sarah Nordwick
CEO / Executive Director
Community Food Bank of San Benito
(831) 637-0340
sarah@communityfoodbankofsbc.org
scope of work: Single Audit in accordance with *Government Auditing Standards*

Nonprofit Clients

The following are a sampling of not-for-profit and governmental audit engagements performed by BKP:

California Agriculture Leadership Foundation
Community Food Bank of San Benito County
Community Human Services
Legal Services for Seniors
Monterey County Convention and Visitors Bureau
Northern Salinas Valley Mosquito Abatement District
Pacific Repertory Theatre
Pajaro/Sunny Mesa Community Services District
Palma School
Salinas Valley Health Foundation

Bianchi, Kasavan & Pope, LLP

AUDIT PROPOSAL

E. COST

Our standard hourly billing rates are as follows:

Partner	\$ 345
Senior Manager	\$ 310
Manager	\$ 250
Senior	\$ 145
Junior	\$ 110

Our proposed fees for a three-year engagement for the years ending June 30, are as follows:

	<u>2024</u>	<u>2025</u>	<u>2026</u>
Audit	\$ 22,000	\$ 23,000	\$ 24,000

We will plan the engagement based on the assumption that your personnel and accounting firm will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. The fee estimate is based on anticipated cooperation from your personnel and accounting firm, and the assumption that unexpected circumstances, including changes to the existing accounting and internal control environment will not be encountered during the engagement.

Either party shall be entitled to terminate the Agreement during the term of the Agreement. The termination must be presented in writing by January 1 of the year to be audited.

Many questions on routine matters throughout the year are covered in our proposed fees listed above. If technical matters arise that are beyond the scope of our audit, we will bill based on our hourly rates listed above. Assistance with new accounting standard implementation will be billed at our standard billing rates. Any out-of-scope work or special projects would be discussed with management and the audit committee in advance of work performed.

Bianchi, Kasavan & Pope, LLP commits to meeting the timeline as outlined in the proposal.

Bianchi, Kasavan & Pope, LLP

AUDIT PROPOSAL

F. ATTACHMENTS

- 1) Peer Review Report and Acceptance Letter
- 2) Licensing from the California Board of Accountancy

ATTACHMENTS

November 15, 2022

Jesus Lopez
Bianchi, Kasavan & Pope, LLP
450 Lincoln Ave Ste 200
Salinas, CA 93901-2652

Dear Jesus Lopez:

It is my pleasure to notify you that on November 08, 2022, the California Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is June 30, 2025. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

Peer Review Committee

Peer Review Program
The Peer Review Program Team
peerreview@calcpa.org
650-522-3094

cc: Fausto Hinojosa

Firm Number: 900010036400

Review Number: 591192



Report on the Firm's System of Quality Control

July 11, 2022

To the Partners of
Bianchi, Kasavan & Pope, LLP
And the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Bianchi, Kasavan & Pope, LLP (the firm) in effect for the year ended December 31, 2021. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included an engagement performed under Government Auditing Standards, including a compliance audit under the Single Audit Act and an audit of an employee benefit plan.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Bianchi, Kasavan & Pope, LLP in effect for the year ended December 31, 2021, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Bianchi, Kasavan & Pope, LLP has received a peer review rating of *pass*.

Price Paige & Company

Price Paige & Company

570 N. Magnolia Avenue, Suite 100
Clovis, CA 93611

tel 559.299.9540
fax 559.299.2344



CALIFORNIA BOARD OF ACCOUNTANCY
2450 VENTURE OAKS WAY, SUITE 300
SACRAMENTO, CA 95833
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3672

CERTIFIED PUBLIC ACCOUNTANT PARTNERSHIP

REGISTRATION PAR 3335
RECEIPT NO. 22520009

VALID UNTIL SEPTEMBER 30, 2024

BIANCHI, KASAVAN & POPE, LLP
243 6TH STREET SUITE 220
HOLLISTER CA 95023

In accordance with the provisions of Chapter 1, Division 3 of the Business and Professions Code, the firm named hereon is duly registered and entitled to practice as a Partnership.

09/13/22
09/13/22

----- POST IN PUBLIC VIEW -----

WABPAR 04/12/17

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: May 22, 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 I: 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. Later in 2023, we anticipate commenting on a draft environmental impact report for the Puente del Monte project, and receiving an annexation application for the project. Staff continues to coordinate with Gonzales staff, and with the County, as the City refines and develops these future expansion proposals.

LAFCO staff provided a comment letter to the City of Gonzales prior to the City Council's consideration of a proposed Agricultural Resource Mitigation Ordinance on April 3, 2023. The City of Gonzales adopted the ordinance without changes requested in the LAFCO letter. This action will affect future discussions about annexation projects.

- 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. The City took a CEQA action without changes requested in the LAFCO letter. The Gonzales City Council acted on May 15 to authorize submittal of an application to LAFCO. LAFCO and City staff will meet on May 24 for a pre-submittal discussion.

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 District intends to request LAFCO approval of an out-of-agency service extension for wastewater collection services upon receiving a letter from the County of Monterey Health Department documenting a public health and safety threat at this location.
- 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” (proposed Ferrasci Business Center project) sphere amendment and annexation of approximately 140 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 business park, retail, and mixed-use (commercial and residential) 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 May 2023. On May 10, 2023, LAFCO received a Notice of Preparation of a Draft EIR for the proposed Ferrasci Business Center Specific Plan from the City of Salinas. LAFCO staff will provide comments on the City’s NOP as a CEQA Responsible Agency.

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:** 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. In 2019, LAFCO staff prepared a discussion paper focused on Greenfield special districts. We met in 2022 with the Greenfield Memorial District to provide Board training in roles and responsibilities. We met in March 2023 with the Soledad Cemetery District to provide Board training in

roles and responsibilities. We are now following up our informal assistance with formal LAFCO studies focused on Greenfield-area and Soledad-area local agencies that are experiencing financial management and other accountability, transparency and/or governance challenges (see below).

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, with a focus on the Greenfield Memorial District, Greenfield Cemetery District, and Greenfield Public Recreation District. These three districts are experiencing financial management and other compliance challenges with accountability and transparency requirements. The study will be completed this summer.

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

Due to a variety of emerging concerns, staff also intends to begin a Municipal Service Review/Sphere of Influence study for Soledad-area public agencies this fall. The study will focus on the Soledad Cemetery District, Soledad-Mission Recreation District, and Soledad Community Health Care District. This task is not in the adopted work program. It will postpone a task that is in the work program – a routine study of the services and boundaries of seven Monterey Peninsula cities – to 2024.

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: May 22, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
PREPARED BY: Jonathan Brinkmann, Senior Analyst
SUBJECT: **Business Items for the 2023 Annual Conference of the California Association of Local Agency Formation Commissions**
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378

SUMMARY OF RECOMMENDATIONS:

It is recommended that the Commission:

1. Receive the Executive Officer's Report;
2. Authorize attendance of four staff, one general counsel, and all Commissioners who express interest in attending the Annual CALAFCO Conference in Monterey on October 18-20;
3. Designate Regular and Alternate Voting Delegates to represent LAFCO of Monterey County at the Conference;
4. Receive information about nominations for City and Public Member Seats on the CALAFCO Board of Directors, and
5. Receive information about the 2023 CALAFCO Achievement Awards.

EXECUTIVE OFFICER'S REPORT:

LAFCO of Monterey County is a member of the California Association of Local Agency Formation Commissions (CALAFCO). Commissioner Wendy Root Askew is an elected Coastal Region County representative on the CALAFCO Board of Directors. The 2023 CALAFCO Annual Conference and Business Meeting will be held on October 18 - 20 at the Hyatt Regency in Monterey.

Conference Host Planning Group

Chair Mary Ann Leffel, Commissioner Wendy Root Askew and staff met this month to discuss the local host responsibilities for the Monterey conference. Progress was made in planning a mobile workshop, keynote speaker options, and other conference support activities. The group will meet again in June. No action is needed by the Commission.

Conference Program Planning Committee

Executive Officer Kate McKenna has joined this CALAFCO committee to coordinate program and host activities. No action is needed by the Commission.

Conference Business Items (Action or Information Items)

The Commission has four business items to consider now:

1. Authorize Annual CALAFCO Conference Attendance

Please authorize the attendance of interested attendees to include up to four staff, one general counsel, and all Commissioners who express interest in attending. Funding is available in the adopted budget.

Recommended Action: Authorize attendees.

2. Designate Voting Delegates

Please designate regular and alternate Voting Delegates to cast votes during the regional election caucus and other business activities of CALAFCO.

Recommended Action: Designate the Commission Chair as the Voting Delegate and one other Commissioner who will attend as the Alternate Delegate. Also designate the LAFCO Executive Officer as a back-up to the Alternate Delegate.

3. Consider Nominations for CALAFCO Board of Directors

Two of the four Coastal Region seats on the CALAFCO Board of Directors are up for election. Any interested Monterey LAFCO City or Public Member may seek a Commission nomination to run for seats currently held by Napa and Santa Barbara LAFCO representatives. We don't yet know if the incumbents will run for CALAFCO office again.

Although Monterey LAFCO may nominate a second or third local Commissioner to serve on the CALAFCO Board, staff recommends that the Commission decline to do so in the interest of encouraging geographic diversity on the Board.

Recommended Action: Receive election nomination materials for information only.

4. Consider CALAFCO 2023 Achievement Awards Nominations

CALAFCO opened its 2023 Achievement Award nominations in May. The flier is attached for reference. LAFCO staff reviewed the criteria for eight award categories and does not identify an Achievement Award nomination this year.

Recommended Action: Receive award nomination flier for information only.

Respectfully Submitted,



Kate McKenna, AICP,
Executive Officer

Attachment: 2023 Achievement Awards Flier



Nominations are now open for the 2023 CALAFCO Achievement Awards

Recognizing those who have gone above and beyond this last year to advance the principles and goals of the Cortese-Knox-Hertzberg Act

NOMINATION CATEGORIES:

- Outstanding CALAFCO Volunteer
- Outstanding CALAFCO Associate Member
- Outstanding Commissioner
- Outstanding LAFCo Professional
- Lifetime Achievement Award
- Legislator Of The Year



Mike Gotch Excellence In Public Service Award

AWARD CATEGORIES:



Protection of agricultural and open space lands and prevention of sprawl



Innovation, collaboration, outreach and effective support of the evolution and viability of local agencies, promotion of efficient and effective delivery of municipal services

For nomination and selection criteria and the nomination form, please visit bit.ly/23AAwards. For questions, please contact Steve Lucas at slucas@buttecounty.net.

Nomination deadline: Friday, August 18, 2023 · 5 p.m.

For most categories, nominations may be made by any individual, LAFCo, CALAFCO Associate Member, or any other organization. The Lifetime Achievement Award may only be nominated by a member LAFCo or an Associate Member in good standing with the Association.

Winners will be announced at the CALAFCO Awards Banquet to be held during the Annual Conference on October 19, 2023, at the Hyatt Regency Hotel in Monterey, California.

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

KATE McKENNA, AICP
Executive Officer

DATE: May 22, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: Executive Officer Communications
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378.

SUMMARY OF RECOMMENDATION:

Receive report for information only.

EXECUTIVE OFFICER'S REPORT:

County of Monterey – Draft Farmland Mitigation Ordinance

As previously reported, staff continues to participate in meetings about the County of Monterey's development of a draft farmland mitigation ordinance. The County's ordinance will apply to future projects being built in the unincorporated county under County permitting jurisdiction. Having such an ordinance will benefit Monterey County communities, the agricultural industry, and developers by providing greater certainty and specificity about mitigation requirements for conversions of farmland. Staff has been participating in these meetings at the County's request, and to support the County's efforts with input about LAFCO's agricultural mitigation experiences and practices for annexations.

The County's adoption of an ordinance will not limit the Commission's discretion in applying agricultural mitigation requirements to city annexations of farmland for development. The Commission has, and will continue to have, the authority to determine how agricultural mitigation should apply to its approval of an annexation proposal.

Discussions on a preliminary draft remain ongoing by a subcommittee of the County's Agricultural Advisory Committee (AAC). The next subcommittee meeting is scheduled for June, which may be a final meeting before moving a draft ordinance forward to the full AAC, Planning Commission, and Board of Supervisors. Staff will bring this item back to a LAFCO meeting agenda this summer with an update on what will, by that time, be a more fully developed draft ordinance. Staff's intent is to submit a letter expressing support and recommendations to the County prior to the County's public hearings to adopt an ordinance.

Work Program Update – (Existing) Greenfield-Area Municipal Service Review and (New) Soledad-Area Municipal Service Review

As a follow up to a 2019 LAFCO discussion paper and more recent concerns, staff is preparing a LAFCO study that focuses on three Greenfield-area special districts: Greenfield Memorial District, Greenfield Cemetery District, and Greenfield Public Recreation District. The study will also include a routine review of the City of Greenfield and the Greenfield Fire Protection District. Staff has identified financial management lapses and other transparency and accountability concerns for the three focus districts. Our study will address compliance issues and recommendations. We anticipate that the draft study will be brought to the Commission for consideration in August.

Based on a variety of emerging concerns, staff is prioritizing a new Soledad-area study that is not in the adopted work program. This fall, we anticipate preparing a study focused on the Soledad Cemetery District, Soledad-Mission Recreation District, and the Soledad Community Health Care District. As with the Greenfield study, the Soledad study will focus on financial management and other transparency and accountability issues for the three identified districts. The study will also include a routine review of the Mission-Soledad Rural Fire Protection District and will touch upon the relationship of all four districts to the City of Soledad. This new task will be prioritized before we begin a task already in the work program – a routine study of the services and boundaries of seven Monterey Peninsula cities.

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