

2023

Commissioners

Chair

Matt Gourley
Public Member

Vice Chair

Kimbley Craig
City Member

Mary Adams
County Member, Alternate

Wendy Root Askew
County Member

Glenn Church
County Member

David Kong
Special District Member, Alternate

Mary Ann Leffel
Special District Member

Ian Oglesby
City Member

Warren Poitras
Special District Member

VACANT
Public Member, Alternate

Anna Velazquez
City Member, Alternate

Counsel

Reed Gallogly
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, August 28, 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, Salinas. The Public may attend the meeting, participate by Zoom app, or view the meeting on LAFCO's YouTube channel.

Instructions for Remote Public Participation

1. **To Participate in the Meeting:** Use the Zoom app on your smart phone, laptop, tablet or desktop and click on this link: <https://montereycty.zoom.us/j/91327755550>.

The meeting ID is: [913 2775 5550](https://montereycty.zoom.us/j/91327755550). 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: [913 2775 5550](https://montereycty.zoom.us/j/91327755550) 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 Committee 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, August 28, 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.

Special Business

1. [Resolution of Appreciation for Commissioner Steve Snodgrass for Distinguished Service as a Public Member Commissioner.](#)
Recommended Actions: Receive presentation by Chair Gourley and adopt a Resolution.
(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.

2. [Approve Draft Minutes from the June 26, 2023 Regular LAFCO Commission Meeting.](#)
Recommended Action: Approve minutes.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
3. [Accept the June 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).
4. [Accept the July 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).
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).

Continued Business

7. [Continued from the June 26, 2023 Regular Commission Meeting – Review of LAFCO’s Policies and Practices for Agricultural Preservation and Mitigation.](#)
Recommended Actions: Receive a report from the Executive Officer, receive public comments, and continue this agenda item to the December 4, 2023 regular meeting, or provide other direction.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

Old Business

8. [City of Soledad – Miramonte Annexation Condition Compliance Status Report.](#)
Recommended Actions: Receive a report from the Executive Officer, receive public comments, and provide input on the City’s proposed agricultural mitigation actions.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

New Business

9. [Consider the Alternate Public Member Appointment to LAFCO.](#)
Recommended Actions:
 - (1) Receive the Executive Officer’s Report;
 - (2) Invite Alternate Public Member Applicants to make introductory statements;
 - (3) Invite public comments; and
 - (4) Consider and appoint one Alternate Public Member Commissioner to represent the general public on LAFCO for the remainder of a four-year term that expires on May 4, 2026, or continue consideration of appointments to the next regular LAFCO meeting on September 25, 2023.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
10. [Consider the LAFCO Mid-Year Work Program Review and Proposed Amendment.](#)
Recommended Actions:
 - (1) Receive the Executive Officer’s Report;
 - (2) Receive public comments; and
 - (3) Consider and adopt a Resolution (Attachment 1) approving an amendment to the previously adopted Fiscal Year 2023-2024 work program.
(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) [In Memoriam: Thomas Perkins.](#)
 - b) [California Chapter, American Planning Association: Speaker Panel.](#)
 - c) [Correspondence to the City of Salinas: Ferrasci Business Center Specific Plan.](#)
 - d) [Presentation to the Soledad City Council: Soledad Cemetery District.](#)
(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, September 25, 2023 at 3:00 p.m. at the **Monterey County Government Center**.

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.

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

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

Attachment 1.1

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
RESOLUTION 23-05 IN APPRECIATION AND COMMENDATION
OF
STEVE SNODGRASS
FOR DISTINGUISHED SERVICE AS PUBLIC MEMBER COMMISSIONER

WHEREAS, Commissioner Steve Snodgrass previously served with distinction as a Special District (Alternate and Regular) Member to the Local Agency Formation Commission from May 2011 through January 2018 and more recently as the Public Member (Alternate) from August 2018 to June 2023, working to encourage the orderly growth of local government agencies, to preserve agricultural lands, to discourage urban sprawl, and to ensure efficient delivery of local government services; and

WHEREAS, the Commission expresses its sincere gratitude and appreciation to Commissioner Steve Snodgrass for his significant contributions to the goals and ideals of the Commission in the consideration of Annexation and Sphere of Influence applications, Municipal Service Reviews, policies, procedures, work programs and budgets; and

WHEREAS, the Commission also desires to publicly recognize Commissioner Steve Snodgrass for his contributions on the Cabrillo College Foundation Board, Pajaro Emergency Evacuation Committee, Together in Pajaro, Pajaro/Sunny Mesa Community Services District Board of Directors, including the position of Board President, his devotion to other community causes, and his service as a respected financial leader of local businesses over a 45-year career.

NOW, THEREFORE, the Commission hereby expresses its sincere gratitude and appreciation to Commissioner Steve Snodgrass for his dedicated service to the Local Agency Formation Commission of Monterey County, to his community and the people of Monterey County, and wishes him continued health and happiness in the future.



MATT GOURLEY,
LAFCO CHAIR

AUGUST 28, 2023
SALINAS, CALIFORNIA

KATE MCKENNA, AICP,
EXECUTIVE OFFICER



2023

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

Scheduled for Adoption August 28, 2023

Monday, June 26, 2023

All Commissioners and public participated in the meeting on Monday, June 26, 2023 in person or by Zoom video conference.

Call to Order

The Local Agency Formation Commission was called to order by Chair Gourley at 3:01p.m.

Roll Call

Commissioner Adams
Commissioner Root Askew Arrived at 3:59 p.m.
Commissioner Church
Commissioner Kong
Commissioner Leffel
Commissioner Oglesby
Commissioner Poitras
Commissioner Snodgrass
Commissioner Velazquez
Vice Chair Craig
Chair Gourley

Members Absent (Excused Absence)

None

Staff Present

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

Also Present

Reed Gallogly, 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.

Consent Agenda

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

1. Approve Draft Minutes from the May 22, 2023 Regular LAFCO Commission Meeting.
Recommended Action: Approve minutes.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378)
2. Accept the May 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).
3. Authorize the Executive Officer to execute Amendment #2 to the Best Best & Krieger LLP Agreement for Specialized Attorney Services.
Recommended Action: Authorize Agreement Amendment #2 with Best Best & Krieger LLP to provide funding for continued legal representation of LAFCO in litigation with the Monterey Peninsula Water Management District (MPWMD) (Case No. 22CV000925).
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
4. 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).
5. 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).

Commissioner Leffel requested consent agenda items #3 and #4 pulled for discussion.

Commissioner Velazquez requested consent agenda item #1 pulled for discussion.

Staff and Counsel responded to questions from Commissioner Leffel regarding the BBK Amendment #2 and timelines for the LAFCO Initiated Studies.

Staff responded to questions and comments from Commissioners Oglesby and Church.

Commissioner Velazquez requested that her comments from the May 22 meeting regarding concerns raised by residents of the City of Soledad about the Soledad Cemetery District be entered into the record. The Soledad City Council has received multiple complaints about vandalism of the gravesites, accurate accounting of purchased plots, partying and drinking on cemetery grounds, lack of maintenance and upkeep of gravesites, lack of meeting transparency and the lack of resolution and responsiveness to concerns.

Executive Officer McKenna addressed Commissioner Velazquez's request for a timeline on the initiated studies for reviews and prioritization and provided action steps that Staff would follow up on.

There were public comments from Ida Lopez Chan, CEO of Soledad Health Care District.

Commissioner Oglesby requested staff update the Commission on concerns and priorities.

Commissioner Action:

Upon motion by Commissioner Leffel, seconded by Commissioner Poitras, the Commission approved Consent Agenda Items #1 – #5 with the additional comments as noted for Item #1.

Motion Carried :

AYES: Commissioners: Church, Leffel, Oglesby, Poitras, Vice Chair Craig,
Chair Gourley

NOES: Commissioners: None

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

ABSENT: Commissioners: Root Askew

ABSTAIN: Commissioners: None

New Business

6. Agricultural Preservation and Mitigation – Review of LAFCO’s Policies and Practices.
Recommended Action: Receive and discuss a presentation on LAFCO’s policies and practices.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

Executive Officer McKenna provided an introduction to the presentation and staff report.

Principal Analyst McBain presented a slideshow that reviewed LAFCO’s policies and practices. Executive Officer McKenna provided closing comments.

Staff responded to questions from Commissioners Velazquez, Church and Poitras. There were further questions, discussion comments and concerns expressed by Commissioners Leffel, Craig, Velazquez and Oglesby.

There were public comments from:
Lisa Brinton, Community Development Director, City of Salinas
Megan Hunter, City Manager, City of Soledad
Brent Slama, Brent Slama Consulting
Chris Steinbruner (Zoom)
Laith Agha, Agha Development

There were additional comments from Commissioners Leffel, Craig, Velazquez and Oglesby. Chair Gourley invited a motion to continue the meeting the next scheduled meeting in August.

Commissioner Leffel made the motion to:

- 1) Continue the discussion to the Regular August 28 meeting;
- 2) To discuss, at the August meeting, what the Preservation of Open Space and Agricultural Lands policy of LAFCO should be going forward, to meet the needs of our communities; and
- 3) To direct staff to provide the slide that the Commission did not have in the June 26, 2023 meeting packet.

Motion seconded by Commissioner Poitras.

Commissioner Craig requested the motion be amended to include:

- 4) Direct staff to transmit a letter to the County from LAFCO stating that LAFCO is currently reviewing the policies and procedures and LAFCO staff will be meeting with Salinas Valley cities over Ag Mitigation. LAFCO will continue with the discussion with the County after the meeting with the cities has occurred.

Commissioner Leffel accepted the proposed amendments and added that the Commission would not only discuss policy in August, but would also consider providing direction to make policy changes.

The Commissioners voted unanimously to add the amendments to the motion.

Commissioner Root Askew directed interested parties and viewers looking for further clarification and contact information to the Housing Community & Development website which lists the efforts by other agencies and communities that have been working on Ag Mitigation.

A motion to table and continue agenda item #6 to the next meeting and adjourn the meeting was made by Commissioner Craig, seconded by Chair Gourley and unanimously approved by the Commission.

Adjournment to the Next Meeting

Chair Gourley adjourned the meeting at 4:59 p.m.

The next Regular LAFCO Meeting scheduled for Monday, August 28, 2023 at 3:00 p.m. in the **Monterey Rooms at the Monterey County Government Center (Second Floor, 168 W. Alisal Street).**

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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: August 28, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **June 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 June 2023 draft balance sheet and income statement. These statements are prepared monthly for the Commission's information by CliftonLarsonAllen, LLP. Overall revenue and expenses were on target for the year-end period.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments:

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

LAFCO of Monterey County
Balance Sheet (DRAFT)
As of June 30, 2023

08/23/23
Accrual Basis

	Jun 30, 23
ASSETS	
Current Assets	
Checking/Savings	
1100 · Petty Cash	300.00
1007 · Wells Fargo Checking	155,787.00
1010 · Cash Co. Treasury	
1012 · Designated Cash Litigation Resv	135,485.74
1013 · Designated Cash - Accrued Leave	80,419.32
1014 · Designated Cash-Post Retirement	85,475.00
1015 · Designated Cash-Contingency	269,914.00
1020 · Resticted Cash-FORA Litigation	346,147.46
1010 · Cash Co. Treasury - Other	595,257.67
Total 1010 · Cash Co. Treasury	1,512,699.19
Total Checking/Savings	1,668,786.19
Other Current Assets	
1400 · Prepaid Insurance	12,283.26
1405 · Prepaid Expenses	13,309.84
Total Other Current Assets	25,593.10
Total Current Assets	1,694,379.29
Fixed Assets	
1500 · Equipment	2,185.00
1525 · Computer Equipment	15,099.37
1530 · Office Furniture	40,517.62
1550 · Accumulated Depreciation	-53,350.69
Total Fixed Assets	4,451.30
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	2,016,581.96
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	54,465.60
Total Accounts Payable	54,465.60
Credit Cards	
WFB Visa X2064 (Kate)	325.48
Total Credit Cards	325.48
Other Current Liabilities	
2010 · Deferred Fees Revenue	121,282.00
2220 · Accrued Leave	80,419.32
2410 · Post Retirement (GASB 75)	85,475.00
2200 · Payroll Liabilities	168.00
2380 · Dissolution of FORA Legal Liab.	346,147.46
2381 · Dissolution of FORA Admin Liab.	54,348.50
Total Other Current Liabilities	687,840.28
Total Current Liabilities	742,631.36
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

08/23/23
Accrual Basis

LAFCO of Monterey County
Balance Sheet (DRAFT)
As of June 30, 2023

	Jun 30, 23
Total Long Term Liabilities	-200,130.76
Total Liabilities	542,500.60
Equity	
3700 · Invested in Capital Assets	4,451.30
3710 · Encumbered Funds	70,749.02
3800 · Reserve for Litigation	135,485.74
3810 · Reserve for Contingency	269,914.00
3825 · Restricted for Pension	262,199.19
3850 · Unreserved Fund	781,560.11
Net Income	-50,278.00
Total Equity	1,474,081.36
TOTAL LIABILITIES & EQUITY	2,016,581.96

DRAFT



Accountant's Compilation Report

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

Management is responsible for the Profit and Loss Actual vs. Budget of the Local Agency Formation Commission of Monterey County (LAFCO), as of fiscal year to date June 30, 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

July 19, 2023
Salinas, CA

LAFCO of Monterey County
Profit & Loss Budget vs. Actual (DRAFT)
July 2022 through June 2023

	<u>Jul '22 - Jun 23</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4000 · Fees	38,822.00	10,000.00	28,822.00	388.22%
4205 · County Contributions	354,931.00	354,931.00	-	100.0%
4210 · City Contributions	354,930.99	354,931.00	(0.01)	100.0%
4220 · District Contributions	354,928.00	354,931.00	(3.00)	100.0%
4249 · FORA Admin Revenue	1,588.50	-	1,588.50	100.0%
4300 · Interest	19,092.74	4,862.00	14,230.74	392.69%
Total Income	<u>1,124,293.23</u>	<u>1,079,655.00</u>	<u>44,638.23</u>	<u>104.13%</u>
Expense				
7300 · Depreciation	4,016.95	-	4,016.95	100.0%
6000 · Employee Salaries	550,033.90	554,169.00	(4,135.10)	99.25%
6100 · Employee Benefits	256,638.79	236,928.00	19,710.79	108.32%
7000 · Postage and Shipping	4,890.32	3,804.00	1,086.32	128.56%
7010 · Books and Periodical	1,151.40	1,621.00	(469.60)	71.03%
7030 · Copy Machine	5,442.52	11,576.00	(6,133.48)	47.02%
7040 · Outside Printers	-	1,300.00	(1,300.00)	0.0%
7060 · Office Supplies	3,843.40	6,946.00	(3,102.60)	55.33%
7070 · Office Equipment and Furnishing	226.14	1,946.00	(1,719.86)	11.62%
7080 · Computer Hardware/Peripherals	2,810.83	5,789.00	(2,978.17)	48.56%
7085 · Computer Support Svc Fixed Cost	13,613.40	12,155.00	1,458.40	112.0%
7090 · Computer Support Svc Variable	1,565.00	6,948.00	(5,383.00)	22.52%
7100 · Computer Software	644.84	1,216.00	(571.16)	53.03%
7105 · Meeting Broadcast Services	3,098.75	4,863.00	(1,764.25)	63.72%
7110 · Property and Gen Liability Ins	7,686.57	8,700.00	(1,013.43)	88.35%
7120 · Office Maintenance Services	168.00	463.00	(295.00)	36.29%
7140 · Travel	13,400.36	13,450.00	(49.64)	99.63%
7150 · Training, Conferences & Wrkshps	8,763.79	8,238.00	525.79	106.38%
7160 · Vehicle Mileage	429.10	1,575.00	(1,145.90)	27.24%
7170 · Rental of Buildings	28,772.28	28,772.00	0.28	100.0%
7200 · Telephone Communications	4,533.84	8,104.00	(3,570.16)	55.95%
7240 · Outside Prof. Services	8,825.00	25,000.00	(16,175.00)	35.3%
7242 · Outside Prof Svc-Accounting	54,800.00	60,000.00	(5,200.00)	91.33%
7242 A · Gen Admin Svcs & HR Assistance	4,400.00	14,800.00	(10,400.00)	29.73%
7247 · Outside Prof Svc-Human Resource	-	5,789.00	(5,789.00)	0.0%
7248 · Outside Prof Svc-Annual Audit	20,000.00	20,000.00	-	100.0%
7245 · General Legal Services	18,893.00	19,182.00	(289.00)	98.49%
7250 · Miscellaneous Office Expense	681.26	1,158.00	(476.74)	58.83%
7260 · Legal Notices	1,663.50	4,863.00	(3,199.50)	34.21%
7270 · Recruitment Advertising	-	1,000.00	(1,000.00)	0.0%
7280 · LAFCO Memberships	9,137.00	9,300.00	(163.00)	98.25%
7290 · Litigation Reserve	129,102.27	-	129,102.27	100.0%
Total Expense	<u>1,159,232.21</u>	<u>1,079,655.00</u>	<u>79,577.21</u>	<u>107.37%</u>
Net Ordinary Income	<u>(34,938.98)</u>	<u>-</u>	<u>(34,938.98)</u>	<u>100.0%</u>
Other Income/(Expense)				
8106 · Prior Year Project Fees Returned	(2,697.50)	-	(2,697.50)	100.0%
Total Other Income/(Expense)	<u>(2,697.50)</u>	<u>-</u>	<u>(2,697.50)</u>	<u>-6.81%</u>
Net Income	<u>\$ (37,636.48)</u>	<u>\$ -</u>	<u>\$ (37,636.48)</u>	<u>100.0%</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: August 28, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **July 31, 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 July 2023 draft balance sheet and income statement. These statements are prepared monthly for the Commission's information by CliftonLarsonAllen, LLP. Revenue and expenses were on target for the reporting period.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments:

1. Draft Balance Sheet as of July 31, 2023, prepared by CliftonLarsonAllen, LLP.
2. Draft Income Statement through July 31, 2023, prepared by CliftonLarsonAllen, LLP.

LAFCO of Monterey County
Balance Sheet (DRAFT)
As of July 31, 2023

Attachment 4.1

08/23/23

Accrual Basis

	Jul 31, 23
ASSETS	
Current Assets	
Checking/Savings	
1100 · Petty Cash	300.00
1007 · Wells Fargo Checking	186,975.28
1010 · Cash Co. Treasury	
1012 · Designated Cash Litigation Resv	135,485.74
1013 · Designated Cash - Accrued Leave	81,210.16
1014 · Designated Cash-Post Retirement	85,475.00
1015 · Designated Cash-Contingency	269,914.00
1020 · Resticted Cash-FORA Litigation	346,147.46
1010 · Cash Co. Treasury - Other	1,094,284.05
Total 1010 · Cash Co. Treasury	2,012,516.41
Total Checking/Savings	2,199,791.69
Accounts Receivable	
1236 · A/R Fiscal Year Ending 6/2024	320,253.77
Total Accounts Receivable	320,253.77
Other Current Assets	
1400 · Prepaid Insurance	11,385.93
1405 · Prepaid Expenses	15,689.40
Total Other Current Assets	27,075.33
Total Current Assets	2,547,120.79
Fixed Assets	
1500 · Equipment	2,185.00
1525 · Computer Equipment	15,099.37
1530 · Office Furniture	40,517.62
1550 · Accumulated Depreciation	-53,671.69
Total Fixed Assets	4,130.30
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	2,869,002.46
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	19,313.76
Total Accounts Payable	19,313.76
Credit Cards	
WFB Visa X2064 (Kate)	179.48
Total Credit Cards	179.48
Other Current Liabilities	
2220 · Accrued Leave	81,210.16
2410 · Post Retirement (GASB 75)	85,475.00
2200 · Payroll Liabilities	168.00
2380 · Dissolution of FORA Legal Liab.	346,147.46
2381 · Dissolution of FORA Admin Liab.	54,348.50
Total Other Current Liabilities	567,349.12
Total Current Liabilities	586,842.36
Long Term Liabilities	

LAFCO of Monterey County
Balance Sheet (DRAFT)
As of July 31, 2023

08/23/23

Accrual Basis

	Jul 31, 23
2400 · Net Pension Liability/(Asset)	-262,199.19
2500 · Deferred Inflow-GAB68 Actuarial	9,278.43
2505 · Deferred Inflows-OPEB Actuarial	52,790.00
Total Long Term Liabilities	-200,130.76
Total Liabilities	386,711.60
Equity	
3700 · Invested in Capital Assets	4,130.30
3710 · Encumbered Funds	70,749.02
3800 · Reserve for Litigation	135,485.74
3810 · Reserve for Contingency	269,914.00
3825 · Restricted for Pension	262,199.19
3850 · Unreserved Fund	781,881.11
3900 · Retained Earnings	-50,278.00
Net Income	1,008,209.50
Total Equity	2,482,290.86
TOTAL LIABILITIES & EQUITY	<u>2,869,002.46</u>



Accountant's Compilation Report

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

Management is responsible for the Profit and Loss Actual vs. Budget of the Local Agency Formation Commission of Monterey County (LAFCO), as of fiscal year to date August 4, 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

August 4, 2023
Salinas, CA

LAFCO of Monterey County
Profit & Loss Budget vs. Actual (DRAFT)
July 1 through August 4, 2023

	<u>Jul 1 - Aug 4, 23</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4000 · Fees	\$ -	\$ 10,000.00	\$ (10,000.00)	0.0%
4205 · County Contributions	363,784.00	363,784.00	-	100.0%
4210 · City Contributions	363,784.00	363,784.00	-	100.0%
4220 · District Contributions	363,784.00	363,784.00	-	100.0%
4300 · Interest	-	5,105.00	(5,105.00)	0.0%
Total Income	<u>1,091,352.00</u>	<u>1,106,457.00</u>	<u>(15,105.00)</u>	<u>98.64%</u>
Expense				
7300 · Depreciation	321.00	-	321.00	100.0%
6000 · Employee Salaries	64,872.00	586,475.00	(521,603.00)	11.06%
6100 · Employee Benefits	36,135.17	262,244.00	(226,108.83)	13.78%
7000 · Postage and Shipping	159.24	3,994.00	(3,834.76)	3.99%
7010 · Books and Periodical	238.00	1,000.00	(762.00)	23.8%
7030 · Copy Machine	728.97	7,000.00	(6,271.03)	10.41%
7040 · Outside Printers	-	500.00	(500.00)	0.0%
7060 · Office Supplies	-	5,000.00	(5,000.00)	0.0%
7070 · Office Equipment and Furnishing	-	1,000.00	(1,000.00)	0.0%
7080 · Computer Hardware/Peripherals	-	4,000.00	(4,000.00)	0.0%
7085 · Computer Support Svc Fixed Cost	-	12,763.00	(12,763.00)	0.0%
7090 · Computer Support Svc Variable	-	5,000.00	(5,000.00)	0.0%
7100 · Computer Software	149.99	1,277.00	(1,127.01)	11.75%
7105 · Meeting Broadcast Services	-	5,106.00	(5,106.00)	0.0%
7110 · Property and Gen Liability Ins	1,396.54	9,032.00	(7,635.46)	15.46%
7120 · Office Maintenance Services	-	486.00	(486.00)	0.0%
7140 · Travel	-	7,000.00	(7,000.00)	0.0%
7150 · Training, Conferences & Wrkshps	-	13,000.00	(13,000.00)	0.0%
7160 · Vehicle Mileage	-	1,000.00	(1,000.00)	0.0%
7170 · Rental of Buildings	5,370.00	32,220.00	(26,850.00)	16.67%
7200 · Telephone Communications	471.16	8,509.00	(8,037.84)	5.54%
7240 · Outside Prof. Services	-	15,000.00	(15,000.00)	0.0%
7242 · Outside Prof Svc-Accounting	-	66,000.00	(66,000.00)	0.0%
7242 A · Gen Admin Svcs & HR Assistance	-	6,000.00	(6,000.00)	0.0%
7247 · Outside Prof Svc-Human Resource	-	5,789.00	(5,789.00)	0.0%
7248 · Outside Prof Svc-Annual Audit	-	22,000.00	(22,000.00)	0.0%
7245 · General Legal Services	-	9,116.00	(9,116.00)	0.0%
7250 · Miscellaneous Office Expense	-	1,216.00	(1,216.00)	0.0%
7260 · Legal Notices	958.00	4,000.00	(3,042.00)	23.95%
7270 · Recruitment Advertising	-	900.00	(900.00)	0.0%
7280 · LAFCO Memberships	8,124.00	9,830.00	(1,706.00)	82.65%
Total Expense	<u>118,924.07</u>	<u>1,106,457.00</u>	<u>(987,532.93)</u>	<u>10.75%</u>
Net Ordinary Income	<u>972,427.93</u>	<u>-</u>	<u>972,427.93</u>	<u>100.0%</u>
Net Income	<u>\$ 972,427.93</u>	<u>\$ -</u>	<u>\$ 972,427.93</u>	<u>100.0%</u>

See Accountant's Compilation Report

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: August 28, 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

- 1. City of Gonzales:** Approximately 49-acre Gloria Road Agricultural Cooler Annexation.
The City of Gonzales submitted a LAFCO application in May 2023 for annexation of 49 acres on the north side of Gloria Road within the city's designated sphere of influence. Annexation will enable development of a planned 300,000-square-foot agricultural processing facility. The proposal includes a mitigation plan for the loss of prime agricultural lands. Following the approval of a property tax transfer agreement by the County and the City in August, the application is now complete and will be scheduled for a public hearing on September 25.
- 2. City of Soledad:** A 647-acre Miramonte sphere of influence (SOI) amendment and annexation were conditionally approved in December 2022. The application is in condition compliance status. Progress is being made to address the outstanding condition relating to mitigation for loss of farmlands. LAFCO staff will update the Commission on August 28.
- 3. Fort Ord Reuse Authority Dissolution:** The Fort Ord Reuse Authority (FORA) ceased operations after June 2020. LAFCO had statutory authority to oversee the FORA dissolution and holds administrative and legal funds for that purpose. A final audit has been completed by the County of Monterey and FORA-related litigation was settled in June 2023. We anticipate that final administrative tasks will be completed in coming months by the County of Monterey, after which LAFCO will adopt a final dissolution resolution and return FORA-related funds to land use jurisdictions.

4. **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):** 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 or 2024. We anticipate commenting on a draft environmental impact report for the Puente del Monte project, and receiving an annexation application for the project.

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. Staff continues to coordinate with Gonzales staff, and with the County, as the City refines and develops these future expansion proposals.

2. **Monterey Peninsula Airport District:** Detachment from the City of parcels owned by the Monterey Peninsula Airport District. Status is pre-application.

Most Airport District-owned parcels are in the unincorporated County. Several outlying parcels along Highway 68 are in the City of Monterey. The District is interested in detaching these parcels from the City to eliminate a split in underlying city-county jurisdictions as the airport develops new facilities according to its master plan. LAFCO staff are participating in coordination activities with Airport, City, and County representatives.

3. **City of Soledad:** Hacienda Apartments farmworker housing: Out-of-agency service extension to provide City wastewater services to an existing apartment complex. Status is pre-application.

The City of Soledad is working with the property owners, County of Monterey, Central Coast Water Board, and Rural Community Assistance Corporation (RCAC) to extend City wastewater services to the existing 24-unit farmworker housing apartment complex known as Hacienda Apartments, located approximately three miles northwest of Soledad. The apartment complex is currently served by a failing

septic system. The preferred solution is to connect Hacienda Apartments to the existing City wastewater collection system used by the adjacent Camphora Apartments. In 2012, LAFCO approved the City of Soledad's out-of-agency service extension application to provide wastewater collection and treatment services to Camphora Apartments due to a public health and safety issue. The City plans to submit a similar out-of-agency service extension application to LAFCO for Hacienda Apartments once the necessary documents are prepared. LAFCO staff participated in a coordination meeting with the City and other agencies in May 2023.

4. **Castroville Community Services District:** Potential sphere of influence amendment/out-of-agency service extension seeking to connect to the District's wastewater collection system. The site is located at 174 Struve Rd., west of Hwy 1 (existing development, Ortega Berry Farms), adjacent to the District's existing boundaries. Current status is pre-application. Preliminary coordination among the CSD, the County, and property owner representative is underway.

The District intends to request a LAFCO sphere of influence amendment and out-of-agency service extension of an area adjacent to existing District Boundaries along Struve Road to provide wastewater collection services to an existing building, replacing an existing septic system. The District would include this site in a future LAFCO annexation application.

5. **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. On June 6, 2023, LAFCO staff provided comments on the City's Notice of Preparation of a Draft Environmental Impact Report as a CEQA Responsible Agency.

6. **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.

7. **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.

8. **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 similar Board training. 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).
9. **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.

A Municipal Service Review/Sphere of Influence study for the City of Gonzales will be prepared to coincide with that City's anticipated Vista Lucia annexation application (see page 2 of this report). The timing will depend upon when we receive the application with information needed for the study.

Staff has prepared a proposed work program amendment for the Commission consideration on August 28. The amendment would add a LAFCO study of Soledad-area special districts to the work program and reschedule a routine study of the seven Monterey Peninsula cities to later in the fiscal year.

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: August 28, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
PREPARED BY: Jonathan Brinkmann, Senior Analyst
SUBJECT: Report on Activities of the California Association of Local Agency Formation Commissions (CALAFCO)
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378.

SUMMARY OF RECOMMENDATION:

Accept report for information only.

EXECUTIVE OFFICER'S REPORT:

Conference Host Planning Activities

As a member of the California Association of Local Agency Formation Commissions (CALAFCO), LAFCO of Monterey County is hosting the 2023 CALAFCO Annual Conference on October 18-20 in Monterey. Registration is complete for Monterey LAFCO staff and Commissioners. Commissioner Leffel, Commissioner/CALAFCO Board Member Root Askew and staff are coordinating with CALAFCO on host responsibilities. A conference schedule, bike tour flyer and mobile workshop flyer are attached for information.

Legislative Committee

The CALAFCO Legislative Committee met on July 28 to discuss updates on several legislative items. Commissioner Root Askew serves on this Committee and is supported by LAFCO staff. The Committee opposes a bill (AB 399) that would add an additional procedural vote for a district to detach from a county water authority and would potentially circumvent an ongoing LAFCO process in San Diego County. The Committee also reviewed several omnibus bill proposals for non-controversial changes to the Cortese-Knox-Hertzberg Act. The Committee will meet again on August 18.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments:

1. 2023 CALAFCO Annual Conference Schedule
2. CALAFCO 2023 Bike Tour
3. CALAFCO 2023 Annual Conference Mobile Workshop

Join Us at the Attachment 6.1 2023 CALAFCO ANNUAL CONFERENCE

OCTOBER 18 – 20, 2023

Hyatt Regency Monterey Hotel And Spa
On Del Monte Golf Course
1 Old Golf Course Road, Monterey, CA 93940

Conveniently located near the Monterey Regional Airport



Network with other CALAFCO members and participate in sessions covering policy issues related to growth, sustainability, and preservation.

A diverse assortment of speakers will explore current challenges and solutions on a broad range of topics. Together, they will make the Annual Conference an unmatched opportunity to leverage your role in bringing together community stakeholders.

No other event like this brings together such a diverse group of elected officials.



General Sessions include:

-  A panel discussion on the application, scope, and exemptions under Government Code section 56133.
-  Municipal Services in the 21st Century - LAFCo and Evolving Municipal Services
-  The Future of LAFCos - Reimagining, Rebranding and Promoting LAFCos and Opportunities for Innovation
-  LAFCos and Special Districts - Opportunities for Collaboration

Break Out Sessions:

-  LAFCo Dynamics - EO & Commissioner leadership and partnerships
-  Your Community's Fire Service: Top Notch or Ticking Time Bomb?
-  Guiding Adrift Agencies Back on Course
-  When the Crystal Ball Hits the Wall: LAFCo Future Shock

REGISTRATION IS NOW OPEN! Visit <https://bit.ly/23Conference> to register.

Hyatt Regency Monterey Hotel And Spa On Del Monte Golf Course *Near the Monterey Regional Airport*



Make your hotel reservations now at the special CALAFCO rate of \$205 per night (excludes taxes and fees). Book before September 18, 2023.

TO MAKE HOTEL RESERVATIONS, PLEASE VISIT:
www.hyatt.com/en-US/group-booking/MRYDM/G-CL10 or call 877-803-7534 and reference the CALAFCO event.

Secure your spot today! You won't want to miss:

- ✓ Unique networking, collaboration and learning opportunities
- ✓ Meetings for regional representatives with elections
- ✓ CALAFCO Annual Business Meeting for member LAFCos
- ✓ Attorney and regional roundtables
- ✓ Luncheon keynotes
- ✓ Breakfast buffet and sponsor networking

Join Us at the
2023 CALAFCO ANNUAL CONFERENCE

Hyatt Regency Monterey Hotel And Spa On Del Monte Golf Course
1 Old Golf Course Road, Monterey, CA 93940

TUESDAY - OCTOBER 17, 2023

2:00 p.m. Monterey Bay Coastal Bike Tour

WEDNESDAY - OCTOBER 18, 2023

7:00 a.m. Registration Opens

7:15 a.m. Mobile Workshop

10:00 a.m. LAFCo 101: Building on the Basics of LAFCo

1:30 p.m. Conference Opening

2:00 p.m. General Session: What's New with New Or Extended Services Outside Jurisdictional Boundaries?

3:15 p.m. Break

3:30 p.m. General Session: Reimagining LAFCo: Staying Relevant in Changing Times

5:30 p.m. CALAFCO Reception

7:00 p.m. Dinner on Your Own

THURSDAY - OCTOBER 19, 2023

7:00 a.m. Breakfast

8:00 a.m. Regional Caucus Meetings and Elections

9:15 a.m. CALAFCO Annual Business Meeting

10:30 a.m. Break

10:45 a.m. Attorney and Regional Roundtables

12:00 p.m. Lunch

1:45 p.m. BREAKOUT SESSIONS

1) LAFCo Dynamics

2) Your Community's Fire Service: Top Notch or Ticking Time Bomb?

3:15 p.m. Break

3:30 p.m. BREAKOUT SESSIONS

1) When the Crystal Ball Hits the Wall

2) Guiding Adrift Agencies Back on Course

6:00 p.m. Pre-dinner Reception

7:00 p.m. Dinner and Awards

FRIDAY - OCTOBER 20, 2023

7:00 a.m. Breakfast

7:30 a.m. CALAFCO Board of Directors Meeting

9:00 a.m. General Session: Municipal Services in the 21st Century

10:15 a.m. Break

10:30 a.m. General Session: LAFCOs and Special Districts: A Look at the History, Current Challenges, and Future Opportunities Among These Agencies

12:00 p.m. Conference Adjourns

REGISTRATION IS NOW OPEN. Visit
<https://bit.ly/23Conference> today!

MONTEREY BAY COASTAL BIKE TOUR

Tuesday, October 17, 2023 | 2 p.m. – 4 p.m.

Come early to Monterey and join the Monterey LAFCO staff on a pre-conference bike ride!



WHERE: On the Monterey Bay Coastal Recreation Trail



MEET: In downtown Monterey at the large anchor in front of Monterey History & Art at the Stanton Center, adjacent to Custom House Plaza



DEPART: 2 p.m.

This fun, easy ride will be along the oceanfront recreation trail in Monterey and Pacific Grove. **FREE to everyone** and no advance registration is needed. Bring your own bicycle or rent one in town. Meet at the anchor outside of the Stanton Center (by Fisherman's Wharf and Custom House Plaza). This CALAFCO tradition started in 2012!



Monterey Bay Bike Tour participants at the 2012 CALAFCO Conference

For more information, visit www.calafco.org





THE SKY IS THE LIMIT

Multi-Agency Partnerships and Sustainability Projects at the Monterey Regional Airport

2023 Annual Conference Mobile Workshop

Explore the unique history, programs, sustainability projects, and partnerships of the Monterey Peninsula Airport District. The day will kick off with refreshments provided by the Airport District and includes presentations from Airport District and partner agency representatives about multi-agency collaboration and sustainability projects.



Wednesday, October 18, 2023

7:15 a.m. – 12:30 p.m.

Monterey Peninsula Airport District

200 Fred Kane Drive, Suite 200, Monterey, CA 93940

Enjoy a brisk 40-minute group walk to the event, leaving at 6:45 a.m. or board the bus in front of the hotel at 7:15 a.m.

Bus departs **promptly** at 7:30 a.m.

TOPICS INCLUDE:



Overview/History of the Monterey Peninsula Airport District



Sustainable Infrastructure: Solar Electricity and Water Service



Partnerships in Service Delivery – Fire Protection/ Emergency Medical Services, Law Enforcement Services, and Jet Center Services



Planned Modernization and Safety at the Airport, Regulatory Requirements, and Funding Sources



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REGISTRATION DEADLINE: Friday, September 29, 2023

COST: \$75 per person, includes refreshments (Workshop is limited to the first 90 registrants.) Registration fees are refundable (less \$30), if a request is received in writing no later than September 29, 2023.

Please dress warmly in layers, as much of the workshop will be outside.

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**Bike Tour on Tuesday,
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HOTEL RESERVATIONS AT THE HYATT REGENCY MONTEREY HOTEL AND SPA ON DEL MONTE GOLF COURSE are available at the special CALAFCO rate of \$205 per night (excludes taxes and fees), if booked before September 18, 2023. Visit www.hyatt.com/en-US/group-booking/MRYDM/G-CL10 or call 877-803-7534 and reference the CALAFCO event.

More information is available at www.calafco.org

adopted policy, as well as practices that have developed over the years for applying the policy to city annexations affecting farmland.

The presentation included a table summarizing the agricultural mitigation associated with prior LAFCO approvals from 2000 onward. An updated version of the table, adding a “Farmland acreage” column, was emailed to commissioners on June 29 and is provided as Attachment 3 to this report.

The presentation touched on the memorandums of agreement (MOAs) that the Cities of Salinas, Greenfield, Gonzales, and Soledad entered into with the County of Monterey between 2006 and 2016. The most recent of these MOAs (2016 MOA for the Soledad area) is available on LAFCO’s website under the “Studies and Maps” tab and is attached to August 28 agenda item 8. Staff also briefly discussed the County of Monterey’s ongoing development of an agricultural mitigation ordinance for projects in the unincorporated county, as well as the City of Gonzales’s ordinance adopted in April of this year. The County’s process is anticipated to extend into 2024.

During public comments, City of Salinas Community Development Director Lisa Brinton invited LAFCO staff to attend an August meeting of Salinas Valley mayors and city managers for a city-focused discussion on agricultural mitigation. Commissioners were generally supportive of this suggestion. The Commission ultimately approved a motion continuing the item to the August 28 meeting for discussion and possible direction to make policy changes. The motion included direction that, in the meantime, staff should not participate in or make recommendations on the County’s development of a draft ordinance until after the meeting with the Salinas Valley Cities has taken place.

August 21, 2023 Meeting with Salinas Valley City Representatives

On August 21, a group of Salinas Valley mayors and City staff, along with LAFCO staff and County representatives, met to explore developing a clear and consistent approach to implementing agricultural mitigation. It was a productive meeting, and the group agreed to continue the discussion on September 25. The County’s draft ordinance also currently remains under development, with participation by City staff, ag industry representatives, developers, and members of the public.

Monterey LAFCO’s Agricultural Mitigation Practices

Because LAFCO’s adopted policy intentionally provides “high-level” guidance rather than specific direction on agricultural mitigation details, the specific actions that LAFCO has carried out in recent decades are more a matter of practices that have developed over the years, as opposed to implementing specific policy direction. LAFCO’s practices of implementing agricultural mitigation have included three key elements:

1. **Timing** of carrying out mitigation requirements

LAFCO’s practice for City annexations of farmland is to require agricultural mitigation to be identified and presented to the Commission as part of the Commission’s consideration of an annexation proposal. The mitigation actions must be fully executed prior to recordation of an annexation’s certificate of completion. This practice implements LAFCO’s legislative mandate to protect prime agricultural lands by directly linking specific, immediate agricultural mitigation actions to a LAFCO approval committing farmland to urban development. The Commission affirmed this practice most recently in December 2022 with approval of the Miramonte annexation to the City of Soledad. *Staff recommends that this practice is central to carrying out LAFCO’s fundamental purposes, and should not be changed.*

2. **Exceptions** from agricultural mitigation requirements

LAFCO’s practices have not included exceptions. Applying exceptions for land use types as part of the LAFCO process tends to be impractical because, at the time of an annexation proposal, there can be uncertainty as to the projects that will actually be built when development occurs, which may be years in the future. However, the Commission has the discretion to exempt part or all of an

annexation from ag mitigation requirements on a case-by-case basis. The Commission could consider adopting a policy exempting specific types of annexations – such as affordable housing, parks and open space, city projects, or processing facilities for agricultural products – from agricultural mitigation requirements in situations where deed restrictions or similar mechanisms provide more certainty as to future land uses on the site.

3. **Mitigation ratios:** the ratio of mitigation acreage to the acreage being annexed and developed with urban land uses

LAFCO's adopted policy does not establish 1:1, 2:1, or any other fixed ratio as a mitigation standard to be met. In practice, LAFCO's approved annexations have generally implemented agricultural mitigation ranging between 1:1 and 2:1. Based on staff's research, the overall mitigation ratio for LAFCO approvals since 2000 is approximately 1.5-to-1, as shown in Attachment 3. Having flexibility on the mitigation ratio can be used to incentivize placing easements on high-value locations, where easements can achieve the most benefit by channeling growth in desired directions or protecting lands that are subject to high development pressure.

For reference, some other mitigation ratios in the local area have included:

- The County's current draft ordinance for projects on unincorporated lands identifies mitigation ratios ranging from 1.25:1 to 2:1, depending on whether or not the development site is within a County-designated Community Area or Rural Center, and whether the site is designated Prime Farmland or a lesser designation.
- The City of Gonzales's adopted April 2023 ordinance appears to indicate a 1:1 ratio as the City's standard, but does not appear to state it outright.
- The 2016 City-County MOA for Soledad identified 1:1 as the standard until such time as the City either adopts a comprehensive citywide ag mitigation program or enters into a countywide program with the County of Monterey and the other Salinas Valley cities – neither of which has occurred to date, although in 2022 the City Council approved a program specific to the Miramonte Specific Plan area.
- The current 2006 City-County MOU for the City of Salinas, as amended in 2019, appears to be silent as to mitigation ratios.

Neither the County's agricultural mitigation ordinance (when adopted) nor a City ordinance would limit or pre-empt LAFCO's authority with regard to City annexations of farmland. The Commission is an independent body that will always have the discretion to determine agricultural mitigation requirements for annexations.

Staff Recommendation

With City-organized meetings and development of a County ordinance actively in progress, allowing additional time for those processes to continue could bring forward innovative ideas, approaches, or other beneficial input for the Commission to weigh.

Staff recommends no changes, at this time, to the Commission's adopted policy or practices. Instead, staff recommends that Commission consider the information in this report, receive public input at the August 28 meeting, and then continue this item to the December 4 regular meeting. At that time, the Commission could opt to either receive an update or provide direction on modifying LAFCO's current policies or practices.

Alternatively, the Commission could provide direction on substantive amendments to LAFCO's policies or practices now. The key elements of LAFCO's agricultural mitigation implementation practices are the issues outlined in this report regarding the timing of mitigation, potential exemptions, and mitigation ratios. For any of these subject areas, or others, the Commission could amend the adopted policy to

specifically incorporate either the current practice or a different standard – for example, the policy could be changed to identify a specific mitigation ratio as LAFCO’s typical standard.

Should the Commission opt to direct such changes now, then staff requests that the Commission provide direction at the August 28 meeting. Staff would then draft specific text revisions to the policy for review with legal counsel, to be followed by public review and comment and formal adoption by the Commission as part of a subsequent meeting agenda.

Staff will, in the meantime, continue to work toward bringing forward several active items that involve an agricultural mitigation component. These include the conditionally approved Miramonte annexation to Soledad (August 28 agenda item 8) and a proposed ag-industrial annexation to the City of Gonzales that is being scheduled for a public hearing as part of the September LAFCO meeting.

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".

Kate McKenna, AICP
Executive Officer

Attachments:

1. The Commission’s Preservation of Open-Space and Agricultural Lands policy, as adopted in 2010
2. June 26, 2023 staff presentation to the Commission (Farmland Preservation and Mitigation: LAFCO’s Policies and Practices)
3. Table: LAFCO Approvals that Involved Agricultural Mitigation, 2000-2022

Pages from Policies & Procedures

PART E. PRESERVATION OF OPEN-SPACE AND AGRICULTURAL LANDS¹⁹

I. INTRODUCTION

Significant debate exists concerning the authority of a local agency formation commission to adopt policies, rules, regulations, guidelines, or conditions regarding the establishment of “agricultural buffers” or other methods to address the preservation of open space and agricultural lands. The Cortese – Knox – Hertzberg Local Government Reorganization Act (the “Act”), California Government Code section 56000, et seq., is replete with provisions that grant to a local agency formation commission the authority to consider and provide for the preservation of open space and agricultural lands. “Among the purposes of a [local agency formation commission] are discouraging urban sprawl [and] preserving open-space and prime agricultural lands,” Section 56301. Furthermore, “[i]t is the intent of the Legislature that each commission, . . . , shall establish written policies and procedures and exercise its powers pursuant to this part in a manner . . . that encourages and provides planned, well-ordered, efficient urban development patterns *with appropriate consideration of preserving open-space and agricultural lands* within those patterns.” Section 56300 (a) (emphasis added). The Legislature has also declared that the preservation of open-space and prime agricultural lands is a “state interest” to be balanced against the promotion of orderly development. Section 56001.

A local agency formation commission is specifically charged in some instances with protecting open space and agricultural land. For example, an island annexation may not be approved if the island consists of prime agricultural land. Section 56375.3 (b)(5). A local agency formation commission may not approve a change to a Sphere of Influence where the affected territory is subject to a farmland security zone or Williamson Act contract, unless certain conditions exist. Sections 56426 and 56426.5.

In other situations, a local agency formation commission is charged with considering specific circumstances affecting open space or agricultural land when making a decision. For example, when considering a proposal that could reasonably be expected to lead to the conversion of open space lands to non-open space uses, a local agency formation commission must consider guiding such conversion away from prime agricultural land towards non-prime lands. Section 56377s (a) and 56668 (d). In addition, a local agency formation commission should encourage the conversion of open space lands within the jurisdiction or Sphere of Influence of a local agency before approving any proposal that would lead to such conversion outside the jurisdiction or Sphere of Influence of that agency. Sections 56377 (b) and 56668 (d). Finally, a

¹⁹ Part E of the Policies and Procedures was first adopted on January 25, 2010. This Part replaces the “Agricultural Lands Preservation Policy” adopted on November 27, 1979 (Resolution 79-30).

local agency formation commission must consider the “effect of [a] proposal on maintaining the physical and economic integrity of agricultural lands, . . .” Section 56668 (e).

While a local agency formation commission has considerable authority to provide for the preservation of open space and agricultural land, it may not directly regulate land use: “A commission shall not impose any conditions that would directly regulate land use density or intensity, property development, or subdivision requirements.” Section 56375. A local agency formation commission may, however, require that property sought to be annexed be prezoned, although it may not specify how it shall be prezoned. *Id.*

In order to implement the intent and purposes of the Act with respect to the preservation of open-space and agricultural lands, the Local Agency Formation Commission of Monterey County (“LAFCO”) adopts the following policy.

II. POLICY

It is the policy of LAFCO that, consistent with section 56300 (a) of the Act, applications or proposals for a change in organization or reorganization, or for the establishment or any change to a Sphere of Influence or urban service area (hereinafter, “Proposal” or “Proposals”), shall provide for planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space and agricultural lands within those patterns. To implement this policy, it is the further policy of LAFCO that:

1. A Proposal must discuss how it balances the state interest in the preservation of open space and prime agricultural lands against the need for orderly development. (Government Code section 56001.) Proposals that fail to discuss this balance, in the opinion of the executive officer, will be deemed incomplete. Proposals may be denied if they fail to demonstrate to the satisfaction of LAFCO that the need for orderly development is balanced against the preservation of open space and prime agricultural lands.
2. A Proposal must discuss its effect on maintaining the physical and economic integrity of agricultural lands. (Government Code section 56668 (a).) Proposals that fail to discuss their effect, in the opinion of the executive officer, will be deemed incomplete. Proposals may be denied if they fail to demonstrate to the satisfaction of LAFCO that the physical and economic integrity of agricultural lands is maintained.
3. A Proposal must discuss whether it could reasonably be expected to induce, facilitate, or lead to the conversion of existing open-space land to uses other than open-space uses. (Government Code section 56377.) Proposals that fail to discuss potential conversion, in the opinion of the executive officer, will be deemed incomplete. Proposals may be denied if they fail to demonstrate to the satisfaction of LAFCO that: a)

they guide development or use of land for other than open-space uses away from existing prime agricultural lands in open-space use and toward areas containing nonprime agricultural lands (Government Code section 56377 (a)); and b) development of existing vacant or nonprime agricultural lands for urban uses within the existing jurisdiction of a local agency or within the Sphere of Influence of a local agency will occur prior to the development of existing open-space lands for non-open-space uses which are outside of the existing jurisdiction of the local agency or outside of the existing Sphere of Influence of the local agency (Government Code section 56377 (b)).

4. A Proposal must, if applicable, provide for pre-zoning (Government Code section 56375 (a)), and must demonstrate that it is consistent with the General Plans and Specific Plans of the existing local agency and any immediately adjacent local agency (Government Code sections 56375 (a) and 56668 (g)). Proposals may be denied if they are not consistent with such plans, or, if not pre-zoned, if the Proposal does not demonstrate to the satisfaction of LAFCO that the existing development entitlements are consistent with the local agency's plans.

To further these policies, it is the position of LAFCO that agricultural buffers provide an important means to preserve open-space and agricultural lands and preserve the integrity of planned, well-ordered, efficient urban development patterns. Such buffers may be permanent, temporary, or rolling, and may take many forms; easements, dedications, appropriate zoning, streets, or parks, for example. How agricultural buffers are used to further the state policy of preserving open-space and agricultural lands within patterns of planned, well-ordered, efficient urban development is left to the discretion of each local agency; however, Proposals will be judged on how state-wide policies under the Act, and LAFCO adopted policies, with respect to the preservation of open-space and agricultural lands are furthered. Agreements between neighboring local agencies with regard to the preservation of open-space and agricultural lands are encouraged, and such agreements may be incorporated by LAFCO into a Proposal as a condition of approval, or may be required as a condition precedent to approval.

June 26 Meeting Slides
On
Ag Mitigation

LAFCO of Monterey County

LOCAL AGENCY FORMATION COMMISSION

Farmland Preservation and Mitigation: LAFCO's Policies and Practices

June 26, 2023

1

1

LAFCO's Legislative Purposes

- ❖ LAFCOs created in 1963 to fulfill state policy goals/interests
- ❖ Legislative Purposes (Section 56000, *et seq.*)
 - Encourage orderly formation, growth & development of local government agencies
 - Preserve open space and prime agricultural lands
 - Discourage urban sprawl
 - Efficiently provide local government services

Guide to the
CORTESE-KNOX-HERTZBERG
LOCAL GOVERNMENT
REORGANIZATION ACT OF 2000

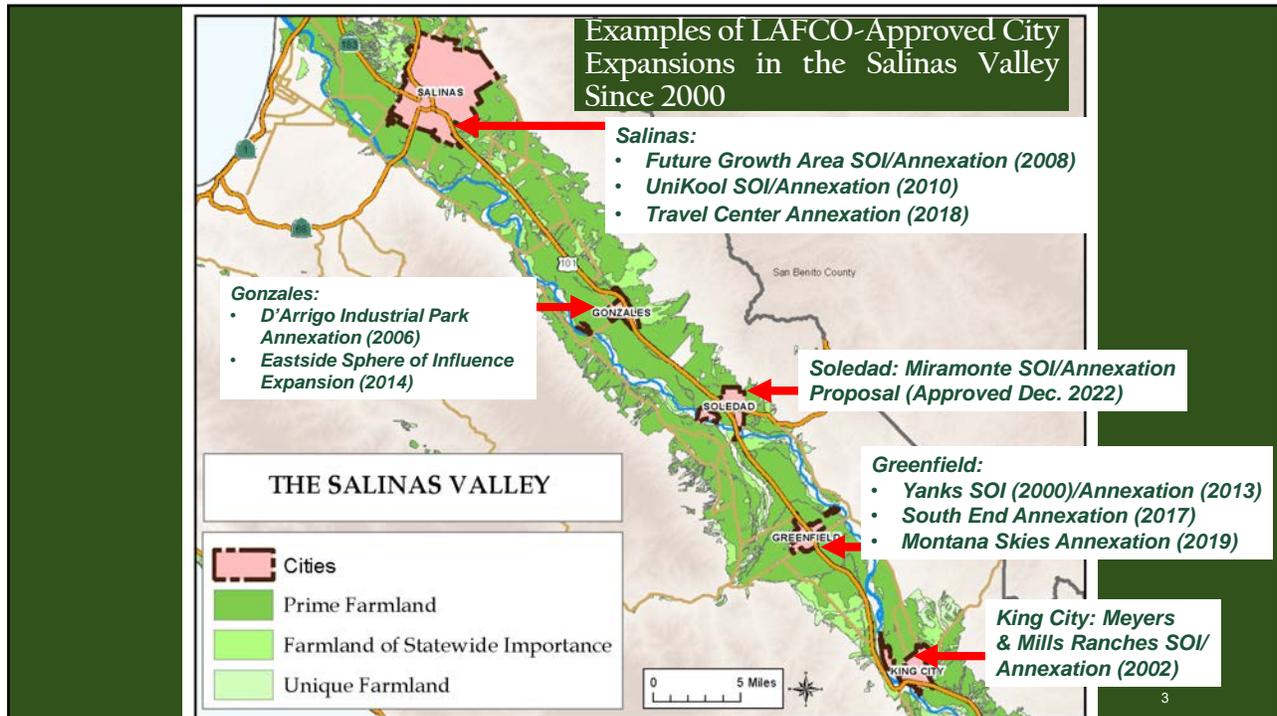


Prepared by
Assembly Committee on Local Government
Honorable Cecilia M. Aguiar-Curry, Chair
December 2021

2

2

1



3

CKH Act Mandates Regarding Farmlands

- ❖ Discourage urban sprawl, and preserve open space and prime agricultural lands (Section 56301)
- ❖ Balance the preservation of open space and agricultural lands, which is a state interest, with the promotion of orderly development (Section 56001)
- ❖ Adopt **local policies** that encourage and provide planned, well-ordered, efficient urban development patterns *with appropriate consideration of preserving open space and agricultural lands* within those patterns (Section 56300 (a))
 - ❖ 1979: Monterey LAFCO adopts an Agricultural Lands Preservation Policy
 - ❖ 2010: Current version adopted



Local Agency Formation Commission of Monterey County

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Monterey LAFCO's Policy Approach

Policy approach: Require proposals to discuss/explain how they meet LAFCO policy objectives and CKH Act mandates for balancing agricultural preservation and orderly development.

- ❖ Monterey LAFCO's adopted policies establish broad objectives, rather than prescribe specific actions or performance standards to meet (such as specific mitigation acreage ratios);
- ❖ Applying conservation easements and buffers to a specific proposal is left to the discretion of the proposer.
- ❖ The burden is on the applicant to show/explain satisfactory compliance.
- ❖ Overall goal: provide flexibility on how a proposal can meet LAFCO's policy objectives
- ❖ Proposals are deemed incomplete if the executive officer determines they do not address LAFCO's policy objectives.
- ❖ The commission may deny, modify, or add terms and conditions to a proposal if the proposal does not satisfy the ag preservation policies to the commission's satisfaction.

Local Agency Formation Commission of Monterey County



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LAFCO's Practices Regarding Ag Mitigation

"Practices": Actions taken by LAFCO in implementing the CKH Act's mandates and Monterey LAFCO's local policies

Key Elements of LAFCO's Practices:

- ❖ Ag mitigation carried out at the time of annexation (LAFCO condition of approval, prior to final recordation of the annexation)
 - ❖ Ag mitigation tied to annexations since the 1990s
- ❖ Direct placement of conservation easements on specific sites: more typical than paying an in-lieu fee to fund acquisition of future easements
- ❖ Flexibility on mitigation acreage ratios, to account for differences in potential easement receiver sites (location/"strategic value," soil quality, level of being subject to likely development pressure, etc.) and to potentially incentivize placing easements on high-value sites
 - ❖ Mitigation generally in a range from 1:1 to 2:1, depending on the circumstances (locations of easement receiver sites, etc.)
 - ❖ 2:1 mitigation as a goal, to enhance the amount of permanently protected farmland

Local Agency Formation Commission of Monterey County



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LAFCO's Practices Regarding Ag Mitigation

Year approved	Annexation proposal	City	Site acreage	Mitigation acreage	Type of Mitigation
2000	Yanks SOI amendment (annexation followed in 2013)	Greenfield	135	306	Conservation easement
2002	Meyers-Mills Ranches	King City	216	361	Conservation easement
2010	Uni-Kool	Salinas	252	197	Fee-title ownership transfer to a land trust
2017	South End	Greenfield	292	666	Conservation easement
2018	Travel Center	Salinas	65	20	Conservation easement
2019	Montana Skies	Greenfield	31	24	In-lieu fee payment
2022 (Dec.)	Miramonte	Soledad	654	462*	Conservation easements and/or in-lieu fees, TBD
			1,645	2,036	

Local Agency Formation Commission of Monterey County

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LAFCO's Practices Regarding Ag Mitigation (cont'd)

Most recent LAFCO approval implementing these practices:

Dec. 2022 Miramonte sphere amendment and annexation to City of Soledad (654 acres)

Condition of approval regarding ag mitigation (applies only to the annexation):

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

Local Agency Formation Commission of Monterey County

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City-County MOAs: A Factor in Implementing Ag Mitigation

Memorandums of Agreement (MOAs) between cities and the County are encouraged as part of determining a city's Sphere of Influence.

Current City-County MOAs:

- ❖ **Soledad (2016)**
 - ❖ **Gonzales (2014)**
 - ❖ **Greenfield (2013)**
- Regarding agricultural mitigation, these MOAs:
1. Anticipated that the City would participate in developing a unified countywide ag mitigation program, or a comprehensive city-specific program, and
 2. Until such time, provided for the City to carry out ag mitigation at a 1:1 ratio.
- ❖ **Salinas (2006)** – City and County agree to the creation and implementation of agricultural conservation easements (wording is much less specific than the later MOAs)



Recent County- and City-Led Efforts

County of Monterey Draft Farmland Mitigation Ordinance (2023)

- ❖ Currently in preliminary draft form; County staff is developing the ordinance in meetings with a subcommittee of the County's Agricultural Advisory Committee (AAC).
- ❖ County staff anticipates taking a draft ordinance forward to the full AAC, Planning Commission, and Board of Supervisors later this year.

City of Gonzales - Agricultural Resource Mitigation Ordinance

- ❖ Citywide ordinance, adopted in April 2023

City of Soledad - Miramonte Agricultural Mitigation Plan

- ❖ Miramonte site-specific plan, approved by City Council in May 2022



Key Policy/Practice Considerations

- ❖ **Timing** of carrying out agricultural mitigation
- ❖ Potential **exemptions** from mitigation requirements
- ❖ Mitigation **ratios**

Local Agency Formation Commission of Monterey County



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Current and Future LAFCO Applications Involving Ag Mitigation

In LAFCO's "condition-of-approval compliance" phase

- ❖ **City of Soledad:** Miramonte 654-acre annexation
*LAFCO approved the proposal in Dec. 2022. Sphere amendment is in effect.
For the annexation, ag mitigation remains under discussion and incomplete.*

Recently filed – May 2023

- ❖ **City of Gonzales:** Gloria Rd Agricultural Cooler 45-acre annexation
Agricultural mitigation is being voluntarily proposed, consistent with LAFCO practices - but not a requirement of the City's own processes.

Anticipated in 2024

- ❖ **City of Salinas:** "Target Area K"/Ferrasci Ranch 140-acre sphere of influence amendment and annexation (*Draft EIR preparation is underway*); Also, potentially other sites identified in the City's 2018 Economic Development General Plan Element
- ❖ **City of Gonzales:** Vista Lucia annexation contemplating approximately 3,500 residential units on 768 acres (*Draft EIR not yet circulated*)

Local Agency Formation Commission of Monterey County



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Questions / Discussion



Agricultural Mitigation Acreage Table

LAFCO Approvals that Involved Agricultural Mitigation, 2000-2022

Year approved	Annexation proposal	City	Total site acreage	Farmland acreage (approx.)	Mitigation acreage	Type of mitigation
2000	Yanks SOI amendment (annexation followed in 2013)	Greenfield	135	135	306	Conservation easement
2002	Meyers-Mills Ranches	King City	216	189	361	Conservation easement
2010	Uni-Kool	Salinas	252	240	197	Fee-title ownership transferred to a land trust
2017	South End	Greenfield	292	259	666	Conservation easement
2018	Travel Center	Salinas	65	34*	20	Conservation easement
2019	Montana Skies	Greenfield	31	24	24	In-lieu fee payment
2022 (Dec.)	Miramonte	Soledad	654	462	462**	Conservation easements and/or in-lieu fees, TBD
Totals			1,645	1,343	2,036	
Overall mitigation ratio <i>(ratio of mitigation acreage to farmland acreage)</i>					1.52 to 1	

*Includes about 14 acres that were designated Prime but considered to be unfarmable due to location, lack of access, and no irrigation.

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: August 28, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
PREPARED BY: Darren McBain, Principal Analyst
SUBJECT: **City of Soledad – Miramonte Annexation Condition Compliance Status Report**
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378

SUMMARY OF RECOMMENDATIONS:

Receive a report from the Executive Officer, receive public comments, and provide input on the City's proposed agricultural mitigation actions.

EXECUTIVE OFFICER'S REPORT:

Introduction

In December 2022, the Commission approved the City of Soledad's proposed 654-acre Miramonte sphere of influence amendment and annexation. The Commission's approval of the proposal's annexation component included a special condition requiring agricultural mitigation (Attachment 1).

The Commission determined that review and approval of agricultural mitigation actions shall be completed to the satisfaction of the Executive Officer. As part of the Executive Officer's responsibility in carrying out this delegated task, staff requests the Commission's input on compliance to date with this condition of approval. The agricultural mitigation being proposed by the property owner, with the City's concurrence, is discussed below.

Discussion

The City is making a concerted effort to address this condition of approval so the annexation can be finalized and recorded, enabling development to proceed. The new City Manager, Megan Hunter, has been actively involved in contacting landowners about the possibility of dedicating conservation easements to a land trust to satisfy the condition of approval. The City's efforts are described in a written update (Attachment 2) received on Friday, August 18 as staff was preparing the August 28 meeting packet. The property owner, Agha Development, also recently acknowledged that the Commission's condition of approval requires agricultural mitigation to be fully implemented before LAFCO can record the annexation.

The main proposed 370-acre mitigation site continues to be the Gabilan Mountain Ranch. Staff had expressed concerns about this property's suitability as a mitigation site during the public hearings for the annexation last year. The December 5, 2022 Executive Officer's report stated:

“This site is not adjacent to the City's designated Urban Growth Boundary in the City-County MOA. However, a portion of the site is adjacent to a corner of the MOA's designated Permanent Agricultural Edge, which is farther out from current city limits. Placing a conservation easement

here would help establish the Permanent Agricultural Edge for delineating future City growth in the very long-term outlook. But it would not be nearly as impactful as would placing conservation easements in other locations (for example, along the 101 freeway to the south of Soledad) where easements would protect lands that are closer to the existing city limits and are likely to be under much more near-term development pressure.”

The Commission did not act to accept this site as mitigation at the time of approving the annexation. It is currently staff’s understanding that the Ag Land Trust may be unwilling to accept a conservation easement on this site due to concerns including long-term water supply for irrigation.

A secondary, 90-acre component of the proposed mitigation would occur on a separate site that the Ag Land Trust is willing to accept. This site is located south of Gonzales, somewhat outside the overall area delineated in the 2016 City-County memorandum of agreement. Several other potential alternative sites also appear to remain under consideration, as shown on Attachment 2 to City Manager Megan Hunter’s memorandum.

The statutory one-year standard limitation for completion of an annexation will lapse on December 19, 2023 unless agricultural mitigation is fully executed before then. Staff is committed to working with the project proponents to resolve this condition of approval in a timely and efficient manner. However, finalizing conservation easements includes numerous potentially time-consuming steps. Staff anticipates that the City will be ask the Commission to approve a time extension within the next one to two months to ensure adequate time for completion.

Next Steps

Staff will continue to work with the City and property owners to achieve compliance with the condition of approval, and will bring forward the anticipated time-extension request when received. We will continue to keep the Commission informed of progress toward finalizing this significant annexation.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments

1. Commission’s December 19, 2022 condition of approval
2. Information received from the City of Soledad (memorandum and attachments)

Condition of Approval

City of Soledad Miramonte Annexation

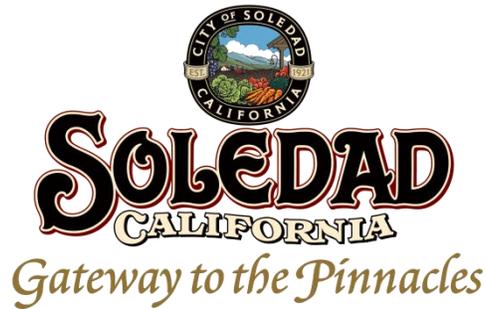
Miramonte annexation to the City of Soledad

Commission's December 19, 2022 condition of approval

Section 8. The proposal is approved subject to the following terms and conditions. The Certificate of Completion for the annexation shall not be issued until all terms and conditions are met.

- a. Acceptance of maps and/or property descriptions, as needed, by the State Board of Equalization;
- b. Payment of all fees incurred in the processing of the application consistent with the LAFCO fee schedule, including the fee required by the State Board of Equalization;
- c. The City shall agree, as a condition of the approval of this application to defend and indemnify at its sole expense any action brought against LAFCO (Commission and its staff), with respect to the approval of this application. The City will reimburse LAFCO for any and all attorneys' fees and court costs. LAFCO may, at its sole discretion, participate in the defense of any such action; but such participation shall not relieve the City of its obligations under this condition. The obligation on the part of the City to indemnify LAFCO is effective upon the adoption of this resolution and does not require any further action. Accepting the benefit of this resolution shall evidence the City's agreement to this term; and
- d. Agricultural Mitigation: In consultation with, and to the satisfaction of the LAFCO Executive Officer, the applicant and property owner shall identify and propose agricultural conservation easements in the vicinity of the 2016 City-County Memorandum of Agreement's designated Permanent Agricultural Edge or Urban Growth Boundary to the east, south, or west of city limits if suitable easement receiver sites are available, and/or pay in-lieu fees to a qualified land conservation entity to fund future acquisition of conservation easements. The required conservation easements and/or in-lieu fee payment amounts shall apply to lands within the affected territory that are designated as Prime Farmland or Farmland of Statewide Significance on the State of California Department of Conservation's 2018 important farmlands map. The proposed conservation easements and/or in-lieu fee payments, as well as the proposal's related western agricultural buffer easement, shall be executed to the satisfaction of the Executive Officer prior to recordation of the Certificate of Completion.

Information Received from
City of Soledad



MEMORANDUM

TO: Monterey County LAFCO Commission

FROM: Megan Hunter, City Manager 

DATE: August 17, 2023

RE: Update on Miramonte Annexation And Agricultural Mitigation

On December 19, 2022, the Local Agency Formation Commission of Monterey County (LAFCO) conditionally approved the City of Soledad's application for a sphere of influence amendment and annexation of lands totaling approximately 654 acres for a project known as Miramonte consisting of single and multi-family housing, affordable housing and neighborhood retail. One of the conditions of annexation was fulfillment of agricultural mitigation to the satisfaction of the LAFCO's Executive Officer to include either conservation easements or payment of in-lieu fees. LAFCO's mitigation requirement is meant to offset the conversion of agricultural land for residential/retail use by either preserving agricultural land via easement in perpetuity or providing funding for the acquisition of such easements.

The Miramonte property encompasses 462 acres of prime farmland and farmland of statewide importance. In an effort to preserve prime ag land, the Miramonte Development Team's initial conservation easement proposal to LAFCO identified 462 acres of comparable farmland. From the 462 acres, two of those acres are within Miramonte and would be dedicated for a Future Farmers of America site (at the request of Soledad Unified School District) while the remaining 460 acres are comprised of two ranches owned by Ray Francioni. This includes the Gabilan Mountain Ranch, which consists of 370 acres of prime farmland, adjacent to Soledad's Permanent Agricultural Edge on its eastern end and extending one mile to the west, where it abuts the State prison site. The proposed easement will create a mile-long corridor in which no development would occur between the City's future growth line and the prison site. The other 90 acres of prime farmland are in a ranch located south of Gonzales, on the east side of Highway 101 (Attachment 1). This property also creates a strategic buffer between a Salinas Valley city and the prison property, while sitting outside of that city's Urban Growth Boundary (UGB) or existing

conservation easements.

Shortly after LAFCO's conditional approval of the City's annexation application, the City experienced a change in leadership. The City Manager of Soledad, Brent Slama, who had shepherded the project through LAFCO, left. The City then hired Interim City Manager, Ed Tewes to assist until the permanent City Manager was brought on board. During this time of transition, the City encouraged the Development Team to continue discussions directly with LAFCO staff about the agricultural mitigation condition. When I officially started on May 15, 2023, I immediately reached out to LAFCO staff to schedule a meeting to discuss the required mitigation.

On May 30, 2023, the City met with LAFCO Staff Kate McKenna, Executive Officer and Darren McBain, Principal Analyst, who were very gracious in educating me about the history of the proposed mitigation and the related challenges. Their first concern about the Development Team Proposal had to do with timing of implementing the agricultural mitigation. LAFCO staff stated that the mitigation had to be completed upfront before the Certificate of Completion was issued. LAFCO staff also explained that the proposed agricultural conservation easement was not located in an area that would essentially create a permanent urban edge and provided a map with preferred farmland for conservation based on that criterion. Finally, LAFCO staff indicated that required mitigation should perhaps be greater than a 1:1 ratio because of the quality of the ag land being converted. LAFCO staff encouraged us to reach out to Ag Land Trust to discuss the agricultural mitigation.

On June 20th, the City met with Marc Del Piero of Ag Land Trust and LAFCO staff (Kate and Darren). At that meeting, I informed LAFCO and Ag Land Trust that the Developer Team agreed to provide the agricultural mitigation upfront, however, I wanted to talk about the proposed mitigation location, site suitability, and required ratio. Marc Del Piero was fairly adamant that he had talked to some farmers around Soledad, and they were interested in participating in a conservation easement. He highlighted the success of Ag Land Trust, which is on track to conserve approximately 50,000 acres. He also stated that the proposed conservation easements for Miramonte were not comparable to the lands lost due to lack of water. He stated that the appraisals and water study were flawed. He further explained that the cost of agricultural conservation easements has gone up significantly to between \$15,000 to \$20,000 per acre. In response, I promised that the City would reach out to the surrounding property owners to determine interest in agricultural conservation and facilitate meetings between the Development Team and any interested party. I also stated that based upon Soledad's 2016 Memorandum of Agreement with the County, the December 19th meeting, and common practice for agricultural mitigation, the City believes that Miramonte is subject to a 1:1 ratio.

A week after the meeting, on June 27th, 2023, the City of Soledad mailed letters to 23 different property owners immediately surrounding Soledad based on the map LAFCO provided (Attachment 3). In addition to mailing a letter, contact was made to property owners via email or phone call. Despite the City's diligence in reaching out, thirteen (13) property owners have not been responsive. Three (3) property owners wanted were provided with additional information, but still are unsure about participating. It should be noted that these three properties are located near the Salinas River within the flood plain and likely will never be developed and thus, are poorer candidates than the Development Team's proposal. Please refer to the Attachment 2, which

includes the property owners contacted and the outcome of the City's outreach. Attachment 1 shows the associated map of those properties of prime ag land surrounding the City.

After the extensive follow-up with landowners of prime ag land, it is very unlikely that an alternative site consistent with the requirements of the 2016 Memorandum of Agreement with Monterey County (Attachment 6) will be identified. Therefore, the City believes that the Development Team's proposed conservation easements on the two ranches owned by Ray Francioni should be accepted as meeting LAFCO's requirement for agricultural mitigation.

The Development Team has modified its proposal in good faith based on discussions with LAFCO staff by agreeing to comply with LAFCO's requirement on the timing of the mitigation. Moreover, in response to concerns about the suitability and comparability of the conservation site in relation to the land lost, the Development Team has provided additional documentation (Attachments 4 & 5a-5d) supporting the similar value and character of the offered easements. As outlined above, the City, in an effort to find a preferred alternative site, engaged in additional direct outreach to owners of prime ag land. The City is hoping that the LAFCO Commission reviews this information and concurs that the Development Team's proposal meets the requirements for ag mitigation so that we can move forward with building critical housing so desperately needed in Monterey County.

I appreciate your consideration and want to stress again how helpful LAFCO's staff has been in coordinating with the City on this effort.

Attachments:

Attachment 1: Miramonte Agriculture Mitigation Map

Attachment 2: Summary of Outreach to Owners of Agricultural Land Surrounding Soledad

Attachment 3: Sample of City Letter Sent to Surrounding Ag Landowners

Attachment 4: Appraisals of Proposed Ag Conservation Easement Properties

Attachment 5: Well Tests

5a: Sharpe Ranch Pump

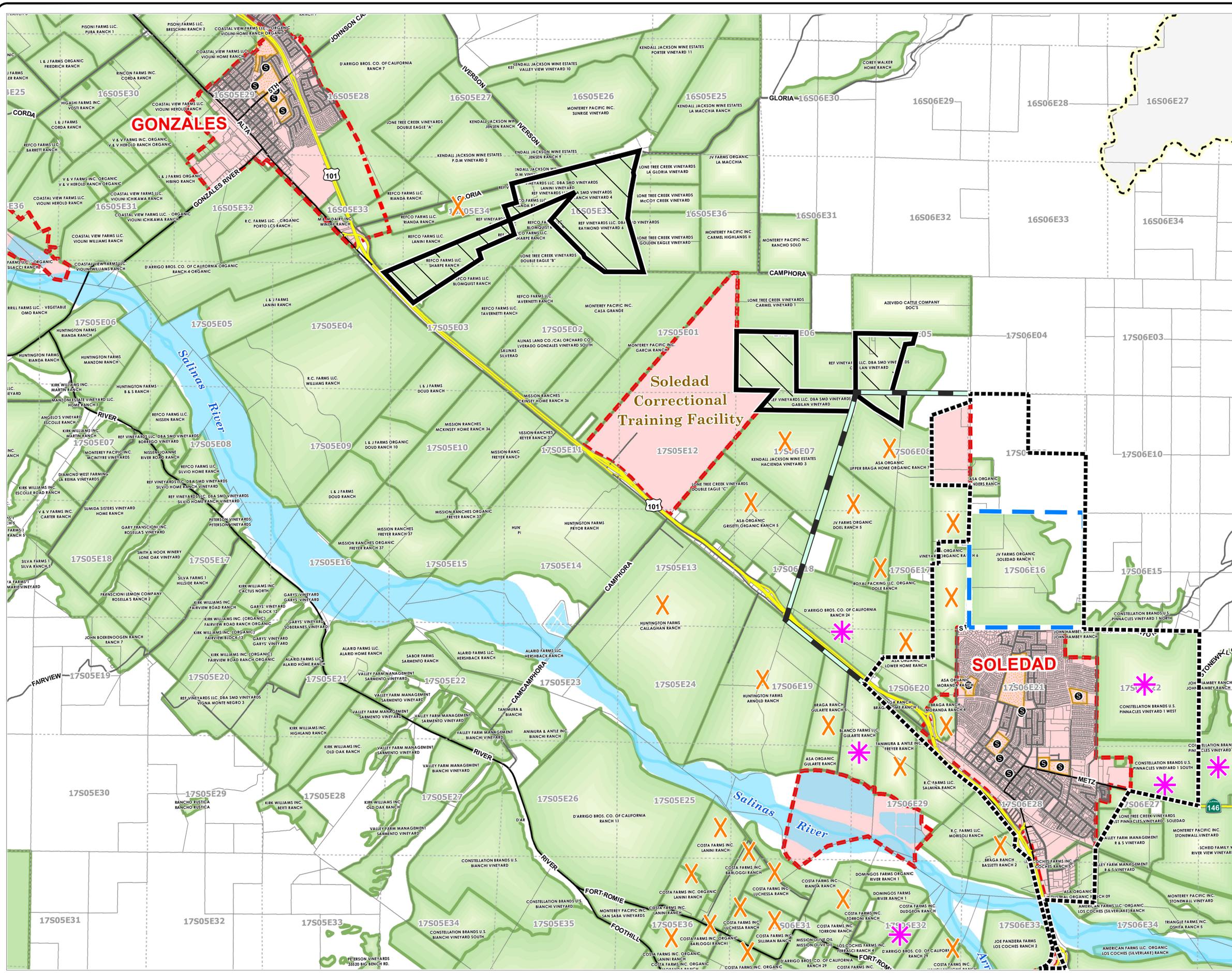
5b: Soledad Pump 137

5c: Soledad Pump 120

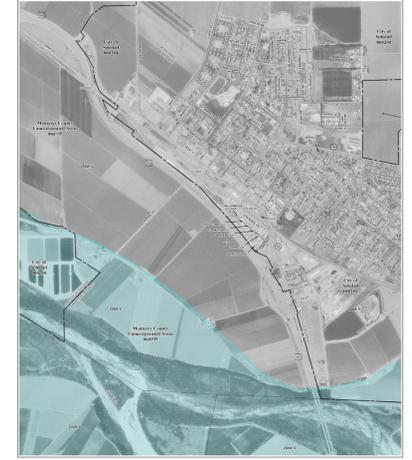
5d: Gabilan Mountain Ranch

5e: Raymond Ranch

Attachment 6: Memorandum of Agreement Between Soledad and Monterey County

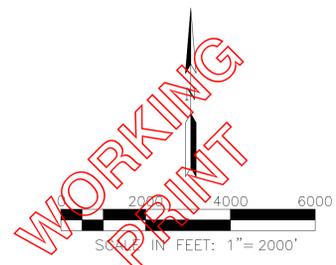


- LEGEND AND NOTES**
- MIRAMONTE PROJECT
 - PROPOSED AG MITIGATION PROPERTY
 - PERMANENT AGRICULTURE EDGE
 - CITY OF SOLEDAD URBAN GROWTH BOUNDARY
 - X CONTACTED, LAND NOT AVAILABLE
 - * LAND UNDERSTOOD NOT TO BE AVAILABLE



2009 FEMA FLOOD MAP

ATTACHMENT 1



**MIRAMONTE
AGRICULTURE
MITIGATION
EXHIBIT**

**SOLEDAD
MONTEREY COUNTY
CALIFORNIA**

RJA
RUGGERI-JENSEN-AZAR
ENGINEERS • PLANNERS • SURVEYORS
8055 CAMINO ARROYO GILROY, CA 95020
PHONE: (408) 848-0300 FAX: (408) 848-0302

Attachment 2

MIRAMONTE SUBDIVSION PROJECT: SURROUNDING AGRICULTUAL PROPERTIES

City of Soledad
 LAST REVISED: 8/18/2023

Parcel #	Name	Mailing Address	City, State, Zip	Site	Mailed on	USPS Tracking #	Received	Communication
257-151-005	BASSETTI PROPERTIES LIMITED PARTNERSHIP	17925 OLD BARN LANE	SALINAS CA 93907	S HWY 101 SOLEDAD CA	6/27/2023	7021-1970-0001-7554-7484		City Manager Megan Hunter received Email on 7/30/23, Owner not Interested.
257-082-013	SALMINA RANCH LP	621 SEACLIFF DR	APTOS CA 95003	34551 MORISOLI RD SOLEDAD CA 93960	6/27/2023	7021-1970-0001-7554-7477	6/29/2023	Left a Message with RC Farms reception.
257-082-016	MORISOLI LAND CO	PO BOX 445	SOLEDAD CA 93960	34670 MORISOLI RD SOLEDAD CA 93960	6/27/2023	7021-1970-0001-7554-7507	7/3/2023	Owner not interested will e-mail City Manager.
257-082-009	MORISOLI DAVID A & YVONNE J TRS	PO BOX 652	SOLEDAD CA 93960		6/27/2023	7022-3330-0000-9418-5324		
257-082-010	TANIMURA BROTHERS LP ATTN KERRY L VARNEY	PO BOX 4070	SALINAS CA 93912		6/27/2023	7022-3330-0000-9418-5331		Owner is not interested. Email confirmation pending.
257-061-009	HNS PROPERTIES LLC	PO BOX 1662	SALINAS CA 93902	33670 HWY 101 SOLEDAD CA 93960	6/27/2023	7022-3330-0000-9418-5348	6/30/2023	Staff followed up with e-mail to malvarez@foxyproduce.com
257-061-011	MARING JON ET AL GRIMBLEBY COLEMAN	200 W ROSEBURG AVE	MODESTO CA 95350		6/27/2023	7022-3330-0000-9418-5355	6/29/2023	No contact information available.
257-061-013	CAMINO MONTEREY RANCH LTD	2801 TOWNSGATE RD STE 200	WESTLAKE VILLAGE CA 91361		6/27/2023	8022-3330-0000-9418-5362	6/29/2023	No contact information available.
257-051-001	HUNTINGTON FARMS ET AL	PO BOX 398	SOLEDAD CA 93960	33050 SILLIMAN RD SOLEDAD CA	6/27/2023	7022-3330-0000-9418-5379	7/3/2023	Property Owner, Nick Huntington is not interested will email City Manager.
257-091-011	BRITTON JACK ROBERT TR	PO BOX 2069	CARMEL CA 93921		6/27/2023	7022-3330-0000-9418-5386	7/3/2023	Owner is not interested. Asked City Manager to reach out so that he can reply formally (jack@sancarlosagency.com).
257-081-041	RCCM LANDS LP C/O JAYME FIELDS	PO BOX 425	SOLEDAD CA 93960	33750 MORANDA RD SOLEDAD CA 93960	6/27/2023	7022-3330-0000-9418-5393	6/29/2023	
257-081-036	D ARRIGO BROS CO	PO BOX 850	SALINAS CA 93902		6/27/2023	7022-3330-0000-9418-5409	6/30/2023	Mr. John Culligan called Planning Division on 7/28/23. Mr. Culligan to meet with City Manager Megan Hunter to discuss the matter.
257-031-003	GRISSETTI JOHN TR ET AL	PO BOX 704	SOLEDAD CA 93960	32351 MC COY RD SOLEDAD CA	6/27/2023	7022-3330-0000-9418-5416		Staff left voicemail. No response.
257-021-014	JACKSON FAMILY ESTATES II LLC ATTN SILIA RENDON	PO BOX D	SOLEDAD CA 93960		6/27/2023	7022-3330-0000-9418-5423	7/5/2023	No contact information available.
257-081-026	BRAGA MARSHALL TR RODNEY BRAGA	33750 MORANDA RD	SOLEDAD CA 93960		6/27/2023	7021-1970-0001-7554-3035	6/29/2023	Owner has indicated not interested, but City to verify.
257-081-038	BUD ANTLE INC DBA DOLE SALAD PLANT	2959 MONTEREY SALINAS HWY	MONTEREY CA 93940	32655 CAMPHORA-GLORIA RD SOLEDAD CA	6/27/2023	7021-1970-0001-7554-3042	6/28/2023	City Manager Megan Hunter received Email on 7/17/23, Owner not Interested.
257-101-060	SCV-EPI VINEYARDS INC ATTN: FINANCIAL COMPLIANCE	235 NORTH BLOOMFIELD ROAD	CANANDAIGUA NY 14424		6/27/2023	7021-1970-0001-7554-3004	7/3/2023	Staff left voicemail. No response.
165-011-004	COSTA FARMS INC	36817 FOOTHILL RD	SOLEDAD CA 93960		6/27/2023	7021-1970-0001-7554-2977	6/28/2023	Staff left voicemail. No response.
165-021-008	RIANDA BROTHERS C/O MILTON RIANDA	36622 KITZMILLER	SOLEDAD CA 93960		6/27/2023	7021-1970-0001-7554-3028	6/29/2023	Mrs. Janet Rianda contacted City Manager Megan Hunter on 7/10/23, Planning Division on 7/12/23. Mrs. Rianda to meet with City Manager Megan Hunter to discuss the matter.
165-021-012	ANTHONY COSTA & SONS	38617 FOOTHILL RD	SOLEDAD CA 93960		6/27/2023	7021-1970-0001-7554-2991	6/28/2023	Staff left voicemail. No response.
165-021-011	LUCHESSA CO	44150 VIA CANADA	KING CITY CA 93930		6/27/2023	7021-1970-0001-7554-2984	6/30/2023	Mr. Roger Borzini emailed City Manager Megan Hunter on 6/20/23. Mr. Borzini discussed further with developer, but not located in area likely to be developed.
165-011-005	COLANCO LP	36817 FOOTHILL RD	SOLEDAD CA 93960		6/27/2023	7021-1970-0001-7554-3011	6/28/2023	Moncrief contacted Mr. Borzini on the matter.
165-032-018	MISSION FARMS LLC	23799 MONTEREY-SALINAS HWY #60	SALINAS CA 93908		6/27/2023	7021-1970-0001-7554-7514	6/30/2023	Staff was not able to leave a voicemail.

	Not Interested.
	Initially Interested and provided more information.
	Not Responsive.



Gateway
to the
Pinnacles

SOLEDAD

CALIFORNIA

June 27, 2023

Re: Agricultural Conservation Easement and Miramonte Specific Plan

Dear,

I am sending this letter to determine your interest in providing a conservation easement to satisfy the agricultural mitigation requirement for the annexation of land to the City of Soledad to provide much needed housing in South Monterey County.

In December 2022, the Local Agency Formation Commission of Monterey County (LAFCO) conditionally approved the City of Soledad's application for a sphere of influence amendment and annexation of lands totaling approximately 654 acres for a project known as Miramonte consisting of single and multi-family housing, affordable housing and neighborhood retail. One of the conditions of annexation was fulfillment of agricultural mitigation to the satisfaction of the LAFCO's Executive Officer to include either conservation easements or payment of in-lieu fees. LAFCO's mitigation requirement is meant to offset the conversion of agricultural land for residential/retail use by either preserving agricultural land via easement in perpetuity or providing funding for the acquisition of such easements.

Paul Moncrief, the Miramonte Developer's legal counsel has reached out to several owners of prime farmland surrounding the City limits of Soledad and was only able to identify one owner, who was interested in providing a conservation easement that had not already entered into an easement contract through another process. Although the City believes that the proposed conservation easement on this property would meet the requirement for agricultural mitigation, LAFCO staff recommended that the City directly reach out to the surrounding properties to determine interest in a conservation easement.

As the City Manager, I am directly reaching out to see if you are interested in a possible conservation easement on your property for this annexation. I would appreciate a response indicating your interest by July 31, 2023, as we need to meet LAFCO's agricultural mitigation requirement by December 2023. I can be reached at (831) 223-5014 or mhunter@cityofsoledad.com. Thanks for your consideration!

Sincerely,

Megan Hunter, City Manager

AGRICULTURE APPRAISAL OF:

**HMBY'S - SOLEDAD RANCH AND
RCT'S GABILAN MOUNTAIN VINEYARD RANCH,
RAYMOND VINEYARD AND SHARPE RANCH
MONTEREY COUNTY, CALIFORNIA**

REQUESTED BY:

**Paul Moncrief
Moncrief & Hart
16 W. Gabilan Street
Salinas, CA 93901**

APPRAISAL AS OF:

May 18, 2023

APPRAISED BY:

**John W. Piini, MAI
Piini Realty Inc.
263 Lincoln Avenue
Salinas, CA 93901**



May 19, 2023

Paul Moncrief
Moncrief & Hart
16 W. Gabilan Street
Salinas, CA 93901

Re: Agriculture Appraisal – HMBY Soledad Ranch and
RCT's Gabilan Vineyard Ranch, Raymond and Sharpe Ranches

Dear Mr. Moncrief:

Upon your authorization, I conducted the investigations and analyses necessary to form an opinion as to the agricultural market land value of the four agricultural properties located near Soledad and briefly identified as follows:

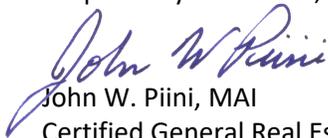
<i>Property Name</i>	<i>Assessor's Parcel Number (APN)</i>
Soledad Ranch	417-151-082, -084, -089 & -091
Gabilan Mountain Vineyard	257-021-013; 417-151-023, -024, 025 & -027
Raymond Vineyard	257-021-029
Sharpe Ranch	257-021-004

Based on the inspection of the properties, and the investigations and analyses undertaken, I have formed the opinion that as of May 18, 2023, and subject to the assumptions and limiting conditions, the market value of the four properties was the following:

<i>Property Name</i>	<i>Usable acres</i>	<i>Market value per acre</i>	<i>Market Value (rounded)</i>
Soledad Ranch	463.2	\$41,000	\$18,990,000
Gabilan Mountain Vineyard	367	\$41,000	\$15,047,000
Raymond Vineyard	332	\$43,000	\$14,276,000
Sharpe Ranch	206.75	\$49,000	\$10,130,000

The appraisal report that follows consists of 59 pages and sets forth the identification of the properties, the assumptions and limiting conditions, pertinent facts about the area and subject properties, comparable data, the results of the investigations and analyses, and the reasoning leading to the conclusions set forth.

Respectfully submitted,


John W. Piini, MAI

Certified General Real Estate Appraiser, AG005214

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IDENTIFICATION

This appraisal involves the agricultural land valuation of four properties located near the city of Soledad, Salinas Valley, Monterey County California. The properties are identified by the following Assessor’s Parcel Numbers (APNs):

<i>Property Name</i>	<i>Assessor's Parcel Number (APN)</i>
Soledad Ranch	417-151-082, -084, -089 & -091
Gabilan Mountain Vineyard	257-021-013; 417-151-023, -024, 025 & -027
Raymond Vineyard	257-021-029
Sharpe Ranch	257-021-004

TITLE

Soledad Ranch

Title is vested in the names of HMBY, L.P., a California limited partnership; Andalucia LTD, a California limited partnership; and Future Soledad Development LLC, a California limited liability company.

Gabilan Mountain Vineyard, Raymond Vineyard and Sharpe Ranch

Title is vested in the name of RCT Lands, LP.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the agricultural market land value of each property.

Market Value Defined

The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.¹

CLIENT & INTENDED USERS OF THE APPRAISAL

The client of the appraisal is the law firm of Moncrief and Hart. The intended users are the client, the fee owners, LAFCO and the Ag Land Trust of Monterey County.

¹ Dictionary of Real Estate Appraisal – 6th Edition. Appraisal Institute, 2015. p.141.

INTENDED USE OF THE APPRAISAL

The intended use of the appraisal report is to assist the intended users in the development conditions imposed on the Soledad Ranch as part of the annexation into the city limits of Soledad. If the Soledad Ranch was annexed into the city limits of Soledad and developed, the existing agricultural use would cease. To mitigate the loss of agricultural land, an agricultural conservation easement is being proposed for the Gabilan Mountain Vineyard, Raymond Vineyard, and Shape Ranch. This appraisal is intended to assist in determining whether the proposed easement property represents a similar agricultural property to the Soledad Ranch.

This appraisal is not a Conservation Easement appraisal.

PROPERTY RIGHTS APPRAISED

The property rights appraised for each property is the fee simple estate.

Fee Simple Estate Defined

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.²

APPRAISAL EXCLUSIONS

Being that the sole objective of this appraisal is to estimate the agricultural market land value of each property, the building improvements and any vineyard improvements are excluded from this appraisal, and there is no consideration given to the development potential and development value of either property.

Included as part of the land value are the land improvements for irrigation groundwater wells, underground pipelines, and reservoirs. These improvements are commonly included as part of the land value, and such is the case for this appraisal.

SALE HISTORY

Soledad Ranch

The Soledad Ranch has not sold within the past three years. It is unknown if the property is offered for sale or under contract.

Gabilan Mountain Vineyard

The Gabilan Mountain Vineyard was purchased by RCT Lands, LP on April 10, 2020 from Constellation Brand for \$13,238,000. At the same time, RCT Lands, LP also purchased from Constellation Brand an

² *Dictionary of Real Estate Appraisal – 6th Edition.* (Chicago: Appraisal Institute, 2015) p. 90.

adjoining 40-acre parcel (APN 257-081-030) that is improved with a single-family home and approximately 30.7 net acres of vines for \$1,762,500. This 40-acre parcel is currently offered for sale at \$2,450,000 and is not part of this appraisal.

Raymond Vineyard and Sharpe Ranch

These two properties have not sold within the past three years.

EFFECTIVE DATE OF THE APPRAISAL

This appraisal valuation conclusion applies as of May 18, 2023.

DATE OF THE REPORT

This appraisal report was prepared in April and May of 2023. An inspection of the Soledad Ranch and Gabilan Mountain Vineyard was conducted on April 19, 2023. An inspection of the Raymond Vineyard and Sharpe Ranch was conducted on May 18, 2023.

REPORT FORMAT

The report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of USPAP for an Appraisal Report. As such, it presents only summary discussion of the data, reasoning and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained on file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated above.

EXPOSURE TIME

The term "exposure time" is defined as

The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value of the effective date of the appraisal.³

For the past several years, a strong demand has existed for irrigated farmland located within California's coastal valleys. Properties that are priced near their ultimate sale price are generally under contract within three months and close escrow within two to three months thereafter.

An exposure time of 6 months is considered reasonable for each property and assumes the properties are being sold for an agricultural use.

³ Ibid, p 73

ENVIRONMENTAL HAZARDS

An environmental assessment report was not provided, and the appraiser is not qualified to make such a report and/or environmental assessment. *Without the benefit of an environmental assessment or hazardous material assessment report, this appraisal is an “unimpaired valuation,” which assumes there are no environmental conditions that adversely affect property value. The value conclusion could change if it is determined that there are hazardous materials on this property.*

LAND ACREAGE DEFINITIONS

Several acreage classifications are used within this appraisal report and are defined as follows:

Gross Acreage

The gross area is the total land area of the property as legally described, or as indicated by the parcel maps. *The gross acreage for this assignment is derived from the Monterey County Assessor Parcel Maps, which are included in this report.*

Non-Usable Farm Acreage

The non-usable farm acreage is the land that does not provide a utility to the property.

Usable Farm Acreage

The usable farming acreage is the total acreage that provides a utility to the property and includes the net crop acreage, internal roads and yard areas that service the farmable acreage.

Net Crop Acreage

The net crop acreage is the net planted acreage, excluding the service acreage of roads, reservoirs, yard areas and any non-usable areas. Also referred as the *farmable acreage* or *green-to-green area*, the net crop acreage is the area growers utilize for measuring crop production and growing costs.

SCOPE OF WORK

John Piini appraised the southerly portion of the Soledad Ranch in 2019 and in 2020. He also appraised the Gabilan Mountain Vineyard, Raymond Vineyard, and Sharpe Ranch in 2020. The prior reports and files were reviewed. A reinspection of each ranch was conducted on April 19, 2023 and May 18, 2023. The inspection was conducted by vehicle from the county road frontages as well as the internal ranch roads. The building improvements were not reinspected because they are excluded in this appraisal.

The valuation and analysis methods utilized in this appraisal include the sales comparison and income approaches. These methods and their applicability to the valuation of the subject properties are described in the valuation sections of each property. These methods rely on current and comparable market data

and the data applied in this report is predicated on market research that is continually updated by Piini Realty.

Several of the farmland sales were brokered by Piini Realty, who in most cases represented the seller and buyer. For those sales not handled by Piini Realty, the buyer and or seller were interviewed. The results of the investigation and the analysis conducted were prepared by John Piini, MAI.

GENERAL

MONTEREY COUNTY



The subject properties are in southern Monterey County. Monterey County is oriented in a north-to-south direction parallel to the Pacific Ocean. It is bounded on the north by Santa Cruz County, on the south by San Luis Obispo County, on the east by San Benito, Kings, and Fresno Counties and on the west is the Pacific Ocean.

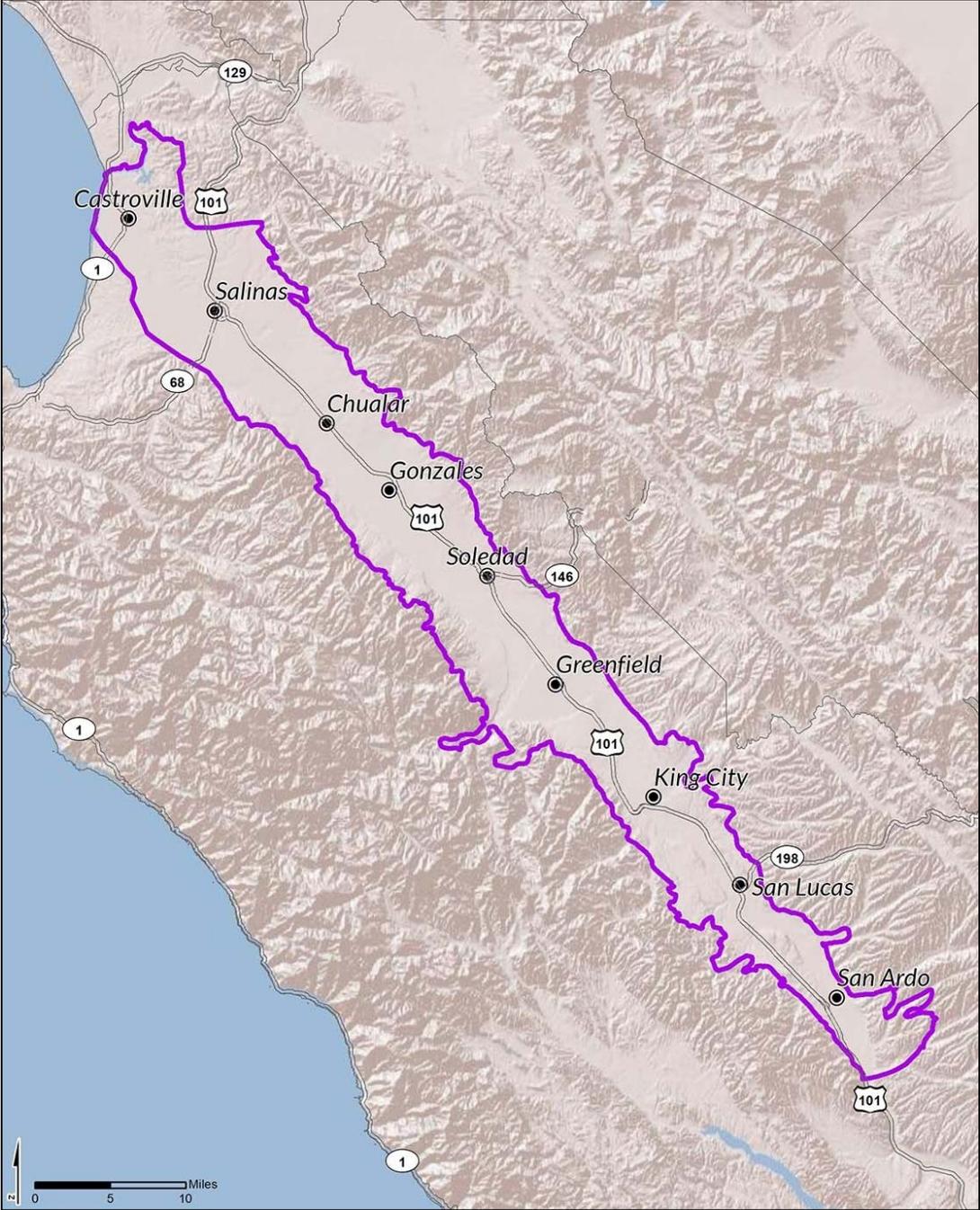
Monterey County has approximately 100 miles of coastline along the Pacific Ocean and averages 30 miles in width. The county contains 3,324± square miles (2,127,360± acres) and is the largest of the central coast counties.

The current population of Monterey County is approximately 434,061⁴, which is an 8.0% increase from the 2000 Census estimate of approximately 402,000. The majority of the county's population is located at the north end of the county on the Monterey Peninsula and in the greater Salinas area.

⁴ U.S. Census Bureau. Population Estimates Program (PEP), Updated July 1, 2019.

The physical and economic characteristics of the county are divided primarily between the Monterey Peninsula, a world-renowned tourist destination, and the Salinas Valley, one of the chief vegetable-producing regions in the United States.

SALINAS VALLEY



The Salinas Valley is a fertile agricultural region bounded to the east by the Gabilan Mountain Range and to the west by the Santa Lucia Mountain Range. The valley begins at San Ardo in southern Monterey

County and widens and stretches approximately 100 miles to the north to the Monterey Bay near the community of Castroville.

This valley is one of the premier fresh vegetable growing regions in the country and a large majority of the salad greens consumed in the United States are grown here. Strawberries, head lettuce, leaf lettuce, broccoli, celery, artichokes, and a variety of other vegetable crops provide Monterey County with approximately \$4 Billion in gross sales. Due to the intensity and the variety of crops grown, the Salinas Valley is nicknamed “America’s Salad Bowl.”

Within the 100-mile stretch of the Salinas Valley are individual farming districts that are distinguished not only by location, but by farming characteristics associated with soil, climate and/or water. East-to-west, soil quality provides the distinction, as the soils on the valley floor are mostly fertile clay and loamy soils that are well suited for growing a variety of fresh vegetable crops. Along the foothills of the Gabilan Range (east side of the valley) and the Sierra de Salinas Range (west side) the soils are generally characterized by decomposed granite (DG) soils that formed in alluvium from granitic and schistose rocks on alluvial fans and terraces. These soils are typically well-drained and suitable for growing a variety of crops; however, they generally require a higher degree of farm management as compared to the soils on the valley floor.

North-to-south, climate plays a significant role, as the north end of the valley has a cool coastal climate, whereas the south end of the valley has a warmer climate with windier conditions during the growing months. Due primarily to climate, agricultural rents are higher at the north end of the Salinas Valley as compared to the farmland in the central and southern portion of the valley. In recent years, though, the gap in rents between these regions has tightened due in part to an expansion of seed varieties, enhancement in irrigation practices and the growth in the food service segment of the produce industry, which has increased the demand for leafy green vegetables such as spinach and leaf lettuces that have shorter growing periods.

The effective demand for leasing or buying of Salinas Valley farmland is strong. Throughout these areas, growers of vegetables, strawberries and wine grapes are competing for farmland and the available supply is limited. The increase in demand from the local agricultural community, coupled with an increase in the number of institutional investors who seek to invest in California farmland, is driving rental and land values upward.

While the demand to purchase and lease Salinas Valley farmland is strong, the past three years were unusually challenging for the local industry. The COVID-19 pandemic, a relatively new increase in lettuce losses from Impatiens Necrotic Spot Virus (INSV) and Pythium wilt, continued labor shortages, increasing food safety regulations, the uncertainty of future water regulations under California's Sustainable Groundwater Management Act (SGMA), and rising inflation and interest rates have made for challenging times for the produce industry.

For the vineyard industry, the 2020 River fire and an oversupply of grapes resulted in a drop in grape prices in 2020, which have been improving since then, but remain below the 2015-2019 period. Similar to the vegetable industry, labor shortages and inflation are major factors affecting the industry.

LAND USE POLICIES

The Soledad Ranch borders the City of Soledad and is within Soledad's Sphere of Influence. The property is planned for future development as part of the *Miramonte Specific Plan*. This plan proposes a mixed land use development consisting of 2,392 residential units, 75,000 to 125,000 square feet of commercial uses and about 225 acres of schools and parks.

The Gabilan Mountain Vineyard is approximately 2.25 miles northeast of Soledad and is not within the city's sphere of influence.

At the instructions of the client, this appraisal focuses on the agricultural land value of each property, and it does not include a valuation analysis of the proposed Miramonte development. Hence, the Soledad Ranch is appraised as currently being within the unincorporated area of Monterey County and currently designated as "Agricultural" by the Monterey County General Plan.

Agricultural lands fall within three land use categories, of which the subject properties are categorized as Farmlands. The General Plan defines Farmlands as follows:

Farmlands (F): Farmlands are typically 40 acre minimum sites, and allow a range of uses to conserve and enhance the use of the important farmlands in the County of Monterey while also providing opportunity to establish necessary support and ancillary facilities for those agricultural uses.

Consistent with the General Plan, the subject properties are zoned Farmlands (F-40). The minimum parcel size requirement for creating a new parcel is 40 acres.

CALIFORNIA PROPOSITION 13 PROPERTY TAXES

In 1978 California voters approved Proposition 13, which limits the maximum amount of any ad valorem tax on real property to one percent (1%) of the assessed value plus approved bonds and assessments; and it placed a maximum of 2% per year that the assessed value could increase, unless the property has a change of ownership.

The objective of this appraisal is to estimate market value, which implies a sale. Upon a sale, the County Assessor would likely assess the property based on the sale price. This will result in an increase in the assessed valuation and hence an increase in property taxes. In the income approach valuation of the property, the potential change in taxes is accounted for by adding the average tax rate to the capitalization rate.

LAND CONSERVATION CONTRACTS

California Land Conservation Contracts (LCCs) provide property tax relief to owners of farmland and open-space land in exchange for not allowing the land to be developed or otherwise converted to another use during a 10 or 20-year period depending upon the type of contract. The property tax relief under a Land Conservation Contract is accomplished by the County Assessor appraising the property based on a capitalization of the agricultural income rather than comparable sales. Each county can elect to participate in Land Conservation Contracts, and because of the loss of tax revenue associated with LCCs, many counties do not participate in this program. Monterey County does participate and allows Land Conservation Contracts.

There are two types of LCCs—a Williamson Act Contract and a Farmland Security Zone Contract. Williamson Act Contracts are for a minimum of 10 years⁵ under which the assessed valuation is the lesser of the Williamson valuation or Proposition 13 valuation. Farmland Security Zone Contracts (FSZ), also known as Super Williamson Contracts, have a 20-year term and are available to qualifying properties that are a minimum of 100 acres and have prime soils as classified by the USDA Soil Survey. The assessed land value of properties with an FSZ contract is 65% of the lesser of the Williamson valuation or Proposition 13 valuation.

Note: Neither the Soledad Ranch Gabilan Mountain Vineyard nor Sharpe Ranch are under a Land Conservation Contract. The Raymond Ranch is subject to a Williamson Act Contract, but not a Farmland Security Zone Contract. Because these properties are being appraised based solely on their agricultural value, it is assumed that in order to minimize property taxes resulting from a sale, a buyer would enter the properties into a Farmland Security Zone Land Conservation Contract, which would result in a 35% reduction of the assessed land value.

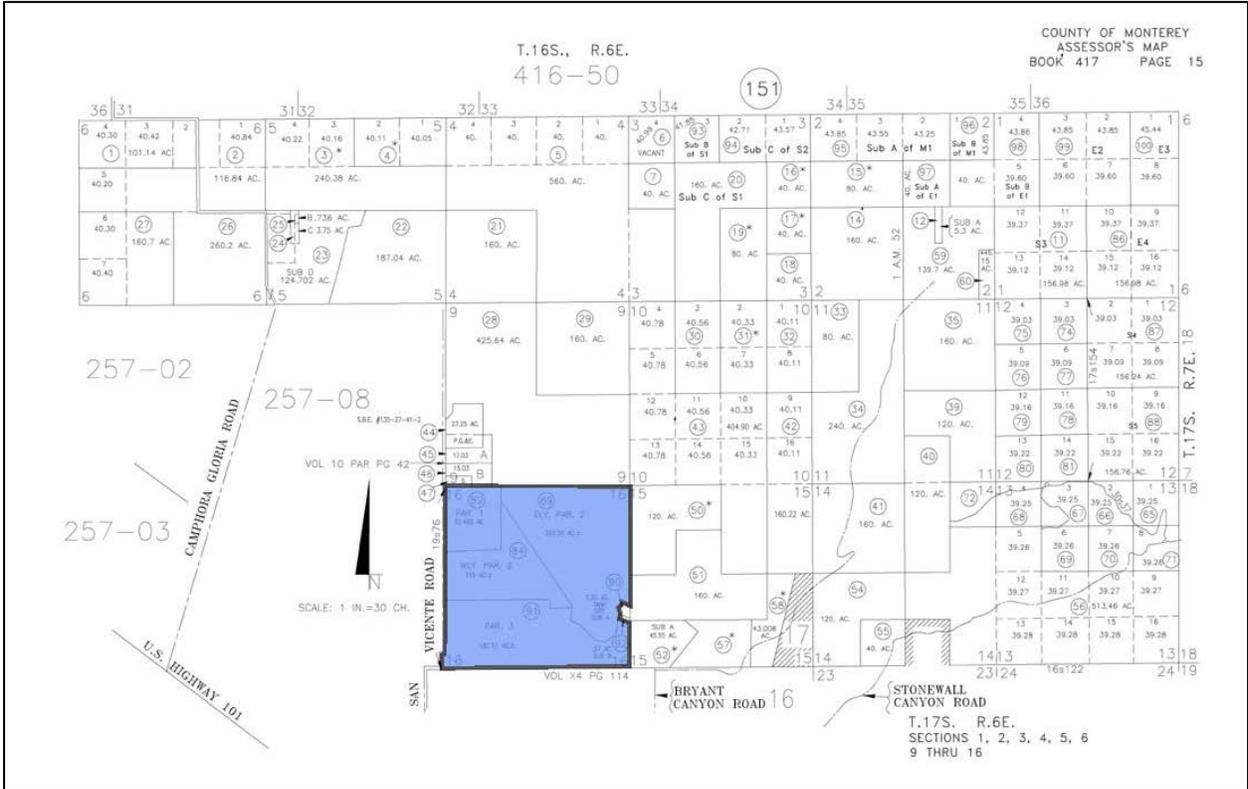
⁵ In Monterey County most Williamson Act contracts that were entered into after 1970 have a 20-year term.

SOLEDAD RANCH

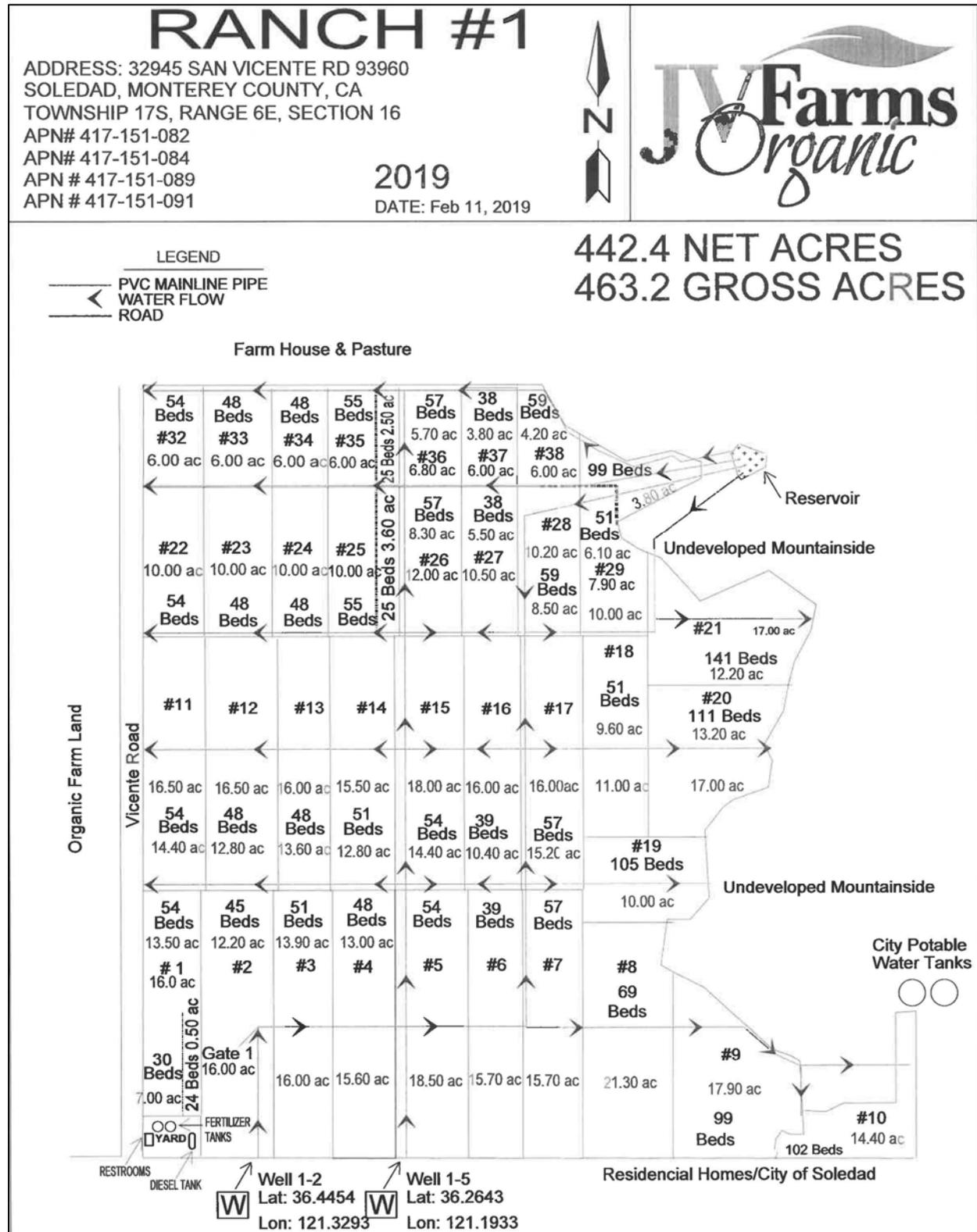
LOCATION MAP



ASSESSOR'S PARCEL MAP



RANCH MAP



RANCH PHOTOS



Soledad Ranch as seen from the South end looking north.



Southeast end of the ranch looking north with hilly section In background.



View from the north-east area by reservoir looking Southwest.



Easterly view across the north end of the farmland



Irrigated fields in center ranch



Row crop fields as seen near center of ranch looking south.

LOCATION

The Soledad Ranch is located on the east side of San Vicente Road, immediately north of the city of Soledad. The neighboring land uses, which are outside the city limits, include irrigated row crop farming and livestock grazing. To the south of the subject is the city of Soledad and the adjoining land use is single family residential.

ACCESS

Access is provided from San Vicente Road. San Vicente Road is a County maintained, 40-foot wide right of way, of which 20-feet is paved.

LAND AREA

The Soledad Ranch contains a gross land area of 631.47 acres. The land area includes 463.2 acres developed for irrigated row crop farming and 168.27± of strongly sloping hills that are not utilized for agricultural purposes. The hill lands could be used for grazing but because of food safety concerns on the farmland, the hills are not used for livestock grazing.

The 463.2 acres of farmland has 38 farming blocks that vary in size from about 4 net acres to 18.5 net acres with a total net farming area of 442.4 acres. The difference between the usable farming area and net farm acres consists of 20.8 acres of internal roads, a reservoir and building yard.

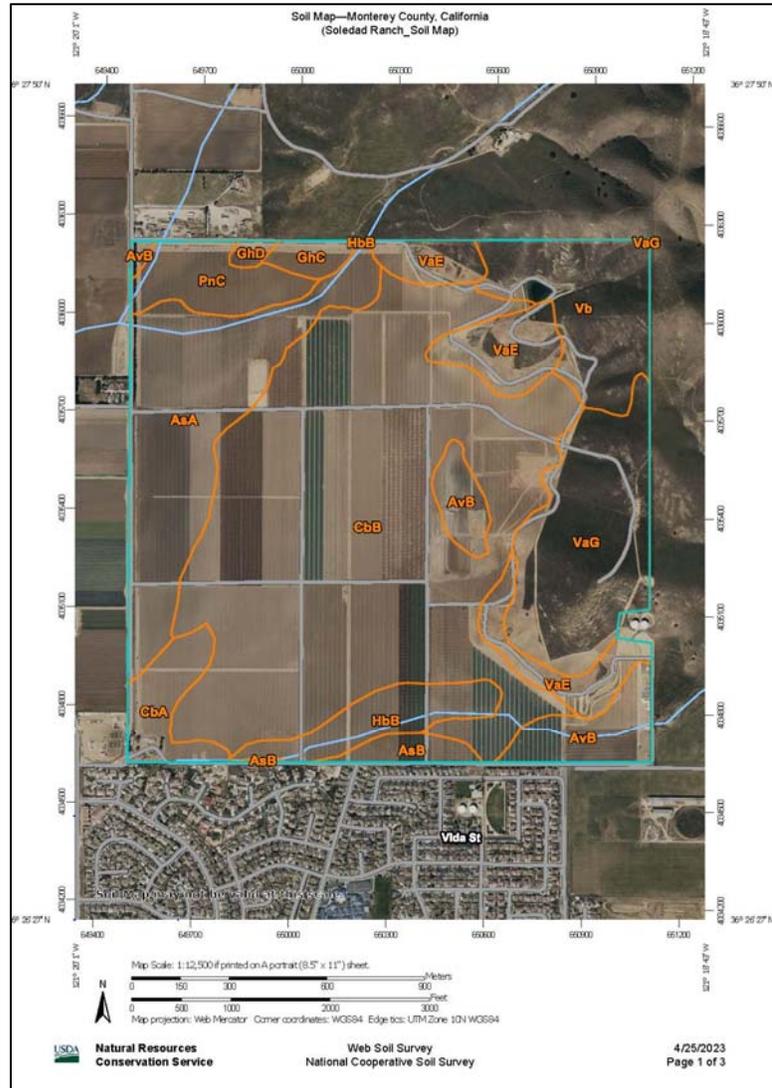
The table below summarizes the acreage breakdown of the Soledad Ranch.

Gross acres	631.47
Less: Hills	<u>-168.27</u>
Usable farm acres	463.2
Net crop acres	442.4
% of net to usable acres	95.5%

SOILS

The soils on the farmland portion of the Soledad Ranch are well drained soils that formed on alluvial fans and are derived mainly from granitic and schistose rock. Commonly referred to as DG (decomposed granite) these soils are typical of upland properties located on the east side of the Salinas Valley. In the general area of the subject, this type of farmland is used for growing a variety of fresh vegetable crops and wine grapes.

As indicated on the soil map, Chualar loam (CbB), which has a slope of 2 to 5% occupies approximately 57% of the farmland soil. Chualar loam is a well-drained soil that formed in alluvium derived from granitic and schistose rocks. This soil is common to the east side of the Salinas Valley, near the Gabilan Range. The soil is gently sloping and has a Class 2 capability rating.



To the west of the CbB soil are Arroyo Seco gravelly sandy loam (AsA) and Chualar loam (CbA), both of which have a slope of 0 to 2%. These soils have relatively similar soil characteristics to the CbB soil though less sloping, and the Arroyo Seco soil is sandier.

The remaining soils are found along the perimeter of the farmland and are mostly more strongly sloping soils of 2 to 15%.

Overall, the soil character of the Soledad Ranch is decomposed granite, which requires a high degree of farm management, and has a limited vegetable crop versatility. Generally, the soil is suitable for leafy green vegetables, peas, beans and other shallow rooted crops. Head lettuce and romaine are typically grown in the spring or fall, but not as a summer crop. For wine grapes, the soil is considered very good as the gravel provides for good drainage that is critical for healthy vine roots.

The particular soils on the farmland portion of the subject and their capability rating are summarized below.

Irrigated farmland soils						
<i>Soil Symbol</i>	<i>Soil Name</i>	<i>Slope</i>	<i>Landform</i>	<i>Farmland Classification (if irrigated)</i>	<i>Land Capability</i>	<i>Percent of Ranch</i>
AsA	Arroyo Seco gravelly sandy loam	0 to 2%	Alluvial Fans	Prime	3s	17%
AsB	Arroyo Seco gravelly sandy loam	2 to 5%	Alluvial Fans	Prime	3e	2%
AvB	Arroyo Seco gravelly loam	2 to 5%	Granitic alluvium	Prime	2e	6%
CbA	Chualar loam	0 to 2%	Granitic alluvium	Prime	1	3%
CbB	Chualar loam	2 to 5%	Granitic alluvium	Prime	2e	57%
GhC	Gloria sandy loam	2 to 9%	Terraces	Not prime farmland	3e	4%
GhD	Gloria sandy loam	9 to 15%	Terraces	Not prime farmland	4e	4%
HbB	Hanford gravelly sandy loam	0 to 5%	Alluvial fans, flood plains	Prime	2s	4%
PnC	Placentia sandy loam	2 to 9%	Granitic alluvium	Of statewide importance	4e	4%
Totals						100%

Source: USDA, National Cooperative Soil Survey

WATER

Irrigation water is provided from two groundwater wells, both of which are located at the south end of the ranch. Both wells are designed to pump directly into the fields or into a reservoir located at the northeast end of the Soledad Ranch. Water from the reservoir is pumped and/or gravity flows to the fields.

The water quantity and water quality from the wells is reportedly good and suitable for the crops grown.

ASSESSED VALUATION

The 2022-2023 assessed valuation and property taxes are the following:

2022-2023 Tax Year		Assessed Valuation			Property taxes			
APN	Acres	Land	Impr.	Total AV	Tax based on % of AV	Direct taxes	Total taxes	
417-151-082	62.46	\$2,789,793	\$0	\$2,789,793	\$35,793	\$1,752	\$37,545	
417-051-084	119.00	\$1,068,529	\$0	\$0	\$13,840	\$3,286	\$17,126	
417-051-089	262.50	\$2,310,816	\$0	\$2,310,816	\$28,167	\$6,810	\$34,977	
417-051-091	<u>187.51</u>	<u>\$7,562,572</u>	<u>\$173,270</u>	<u>\$7,735,842</u>	<u>\$94,292</u>	<u>\$5,004</u>	<u>\$99,296</u>	
Totals	631.47	\$13,731,710	\$173,270	\$13,904,980	\$172,092	\$16,852	\$188,944	
Usable farm acres	463.2	Assessed value per acre		\$30,019	% rate	1.238%		
					Per acre	\$371.53	\$36.38	\$407.91

HIGHEST & BEST USE

Highest and best use is defined as follows:

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.⁶

As if vacant

The Soledad Ranch is adjacent to the city limits of Soledad and is within Soledad’s Sphere of Influence and is planned for future development as part of the *Miramonte Specific Plan*. Development of this property will change the historical use from agriculture to urban development. However, at the request of the client, this appraisal excludes consideration of the development potential but rather the agricultural value.

As an agricultural property, the soil on this ranch is suitable for vineyard use or irrigated row crop use. Both uses are physically suited for this property.

As improved

The building improvements provide added utility to the agricultural use for equipment and general storage. For the purpose of this appraisal, the contributory value, if any, of the building improvements is not pertinent to this assignment.

⁶ *Dictionary of Real Estate Appraisal – 6th Edition*. (Chicago: Appraisal Institute, 2015) p. 109

VALUATION COMMENTS

At the request of the client, the valuation is confined to the fee simple land value. In the Salinas Valley, the two primary valuation methods applied are the sales comparison approach and income approach.

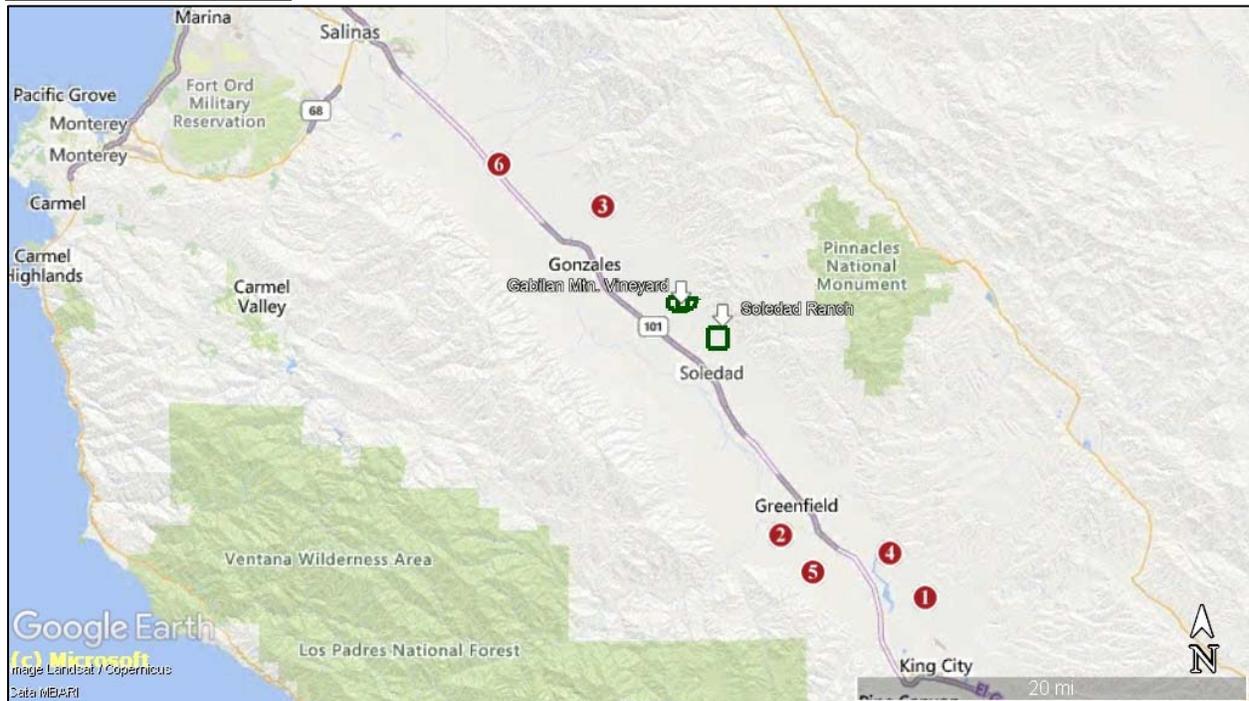
In the sales comparison approach, an opinion of value is derived by analyzing and comparing similar properties that have recently sold, are listed for sale, or are under contact. A major premise of the sales comparison approach is that the market value of a property is related to the prices of comparable, competitive properties.

The income approach is applicable for this appraisal assignment because Salinas Valley farmland is commonly rented on an annual per-acre rental basis, and this is a very active market of investment-oriented buyers. Even buyers who intend to farm the property consider value based on the relationship between a property’s economic rental value and the price to be paid.

SALES COMPARISON APPROACH

In applying the sales comparison approach, the following sales are judged to be the most comparable and indicative of value:

<i>Selected Sales</i>						
Sale No.	1	2	3	4	5	6
Ranch name	San Lorenzo	Silveira	Rincon	Foletta	Frew	Wing
Sale date	12/1/2021	4/1/2022	10/30/2020	9/30/2021	8/24/2020	11/2/2020
Location	Bitterwater Rd	Elm Ave.	Iverson Road	Metz Rd	Central Ave	Chualar Cyn Rd
Nearest city	King City	Greenfield	Gonzales	King City	Greenfield	Chualar
Grantor	WEC Vineyards	Silveira	Jackson FF	Foletta	Anthony	Massa
Grantee	Whitney Frms.	ManuLife	Nbinv	Pura	Bassetti & T&A	Yellow Juliet
Deeded acreage	382.0	109.3	240.0	274.6	172.6	305.7
Non usable acreage	26.0	1.7	3	24.6	3.20	0.0
Other land use acreage	<u>0.0</u>	<u>0.0</u>	<u>0</u>	<u>0</u>	<u>0.00</u>	<u>0.0</u>
Usable and irrigated farm acreage	356.0	107.6	237.0	250.0	169.4	305.7
Sale price	\$13,375,000	\$4,300,000	\$10,000,000	\$11,700,000	\$7,939,600	\$18,500,000

Sale Location Map**Sale 1: San Lorenzo Vineyard, Bitterwater Road, Monterey AVA, King City**

The San Lorenzo Vineyard is located on the east side of the Salinas Valley on an upper bench between King City and Greenfield. The property fronts the east side of Metz Road, but the primary access is from Bitterwater Road, at King City.



This property contains a gross land area of 382 acres with 356± usable acres. The soils are of the Garey and Rincon series, with slopes of 0 to 15% and Capability Class ratings of 2 and 3. Approximately 60% of the usable acreage is moderately sloping and suitable for row crops and vineyards. The northerly 40% is more strongly sloping and suitable primarily for vineyards. Building improvements included one older storage building that did not contribute an added value. Irrigation water is provided from a private mutual water company that serves several vineyards and row crop ranches on this upper bench above King City. The mutual water company was developed in the 1990's and recently upgraded. There are 9 groundwater wells located on the valley floor that pump water up to several reservoirs and then distributed to the vineyards and farmland.

The property is developed with a 304.6-net acre vineyard consisting of 262.1 net acres of Chardonnay and 42.5 net acres of Merlot. This vineyard was developed by Mondavi in 2000 under a long-term vineyard lease that expired on December 1, 2021.

This property was offered on the open market by Piini Realty in March 2021 at an asking price of \$13,750,000 and was under contract in July of 2021 and closed escrow on December 1, 2021, at \$13,375,000. There were no grape contracts in place and the lease expired on the closing date. The buyer intends to remove and replant the Merlot and about 50% of the Chardonnay. The remaining Chardonnay (approximately 132.05 acres) will remain as these vines are healthy and still producing yields of 5+ tons per acre.

While this sale closed after the valuation date, it is included due to the lack of sales in southern Monterey County, and it was on the market one month after the valuation date.

The sale allocation applied to this sale is the following:

Sale price		\$13,375,000
Vineyard improvement allocation	(132.05 net acres @ \$15,000 per net acre)	-\$1,980,750
Land improvement cost post sale	(173.1 net acres @ \$2,250 per net acre rnd)	<u>\$389,500</u>
Allocated farmland sale price		\$11,783,750
Usable acres		356.00
Land allocation per usable acre (rounded to nearest \$100)		\$33,100

Sale 2: Silveira Ranch, Elm Avenue, Greenfield

The Silveira Ranch is located on the west side of Elm Avenue, bordering Greenfield. The property has a gross land area of 109.3 acres, with 107 usable acres and 99 net farm acres. Approximately 10 acres of the property is within the Greenfield *Sphere-of-Influence* and identified for medium density residential. The development potential of the property was viewed as a long-term opportunity, and the highest and best use being agriculture for the foreseeable future.



The soil is suitable for both vineyards and row crops. Irrigation water is provided from one older well and the underground distribution consists of older concrete lines. Building improvements include three older,

single-family dwellings and several equipment sheds. Two of the dwellings were in good condition and the third dwelling in very poor condition. The contributory value of the buildings was \$200,000.

This property was historically utilized for row crop farming; however, the property was adversely affected by a neighboring property that had a high concentration of livestock, which limited leafy green vegetables due to food safety concerns. The property was not farmed for the 2021 season.

This property was offered on the open market by Piini Realty in January of 2021 at an original asking price of \$5,400,000 that was reduced in April 2021 to \$4,750,000. The sale occurred in April 2022 for \$4,300,000 to an agricultural investment company that intends to develop the property with a vineyard. As part of the vineyard development, they intend to remove the older concrete lines and install high-pressure PVC lines, similar to the land improvements on the subject.

The sale allocation and unit of comparisons are the following:

Sale price		\$4,300,000
Building improvement allocation		-\$200,000
Land improvement cost post sale	(99 acres @ \$750 per net acre)	<u>\$74,300</u>
Allocated farmland sale price		\$4,174,300
Usable acres		107.00
Land allocation per usable acre (rounded to nearest \$100)		\$39,000

Sale 3 – Rincon Vineyard, Iverson Road, Gonzales

Rincon Vineyard is located on both sides of Iverson Road, approximately 1.5 miles northeast of Gonzales and the northeast end of the property abuts the Gabilan Mountain Range. The property has a rectangular shape and a gross land area of 240 acres, 237 usable acres and 223.6 net farm acres. The terrain is sloping and the soil is Placentia sandy loam with a 2 to 9% slope. Neighboring properties



to the south, east and west are used for irrigated row crop farming and vineyards. Cattle grazing occurs to the north and poses a food safety concern for vegetable crops. Irrigation water is provided from two groundwater wells located at the south end of the property. The water resource in this area is limited and most developed wells are situated west of Iverson Road.

This property was improved with a 27-year-old vineyard of Chardonnay and Pinot Noir that were in a declining state. The property was not offered on the open market and sold in October 2020 to an agricultural investment company for \$10,000,000. The vineyard has since been removed and replanted with Chardonnay. Cost to remove the vines and upgrade the irrigation system was about \$2,250 per net acre. As part of the sale agreement, a grape development contract was entered into with Jackson Family Farms.

The sale allocation applied to this sale is the following:

Sale price		\$10,000,000
Land improvement cost post sale (rnd)	(223.6 net acres @ \$2,250 per net acre)	<u>\$503,100</u>
Allocated farmland sale price		\$10,503,100
Usable acres		237.00
Land allocation per usable acre (rounded to nearest \$100)		\$44,300

Sale 4: Foletta Ranch, Metz Road, King City

The Foletta Ranch is located at the southeasterly end of the Salinas Valley, approximately 4 miles south of Greenfield and 5 miles north of King City. This area, along the valley floor is an intensive farming area for irrigated row crop farming and the southerly location provides opportunities for early season crops. Agricultural rents vary from about \$1,200 to \$1,750 per acre, including property taxes.



The Foletta Ranch is bounded by Metz Road and the SPRR line which runs along the base of the Gabilan Mountain Range. The SPRR line borders the entire east side of the property, and the Salinas River runs along the west end. The property contains a gross land area of 274.6 acres with two farming benches that provide approximately 250 acres of usable farmland. The upper bench, which has a level terrain and Class 1 loamy soils, occupies about 202 acres or 81% of the usable acreage. The lower bench, which is adjacent to the Salinas River and subject to flooding, is about 48 acres. The soils on the lower bench are silty-sandy soils that require a higher degree of farm management and have a lower crop versatility compared to the upper bench.

There are three groundwater irrigation wells, two of which are older wells but have very good quality water. The third well is a new well with a VFD motor and a yield potential of about 3,000 gpm but the water quality is high is salts.

Building improvements include an older farmhouse, and a 10,000 square foot barn. Both buildings were in good condition. The barn had a new asphalt shingle roof. According to the buyer, the improvements contributed an added value of at least \$200,000.

This property was privately offered on the open market and directed at the local farming community.

The sale allocation and units of comparison are the following:

Sale price	\$11,700,000
Building improvement allocation	<u>-\$200,000</u>
Allocated farmland sale price	\$11,500,000
Usable acres	250.00
Land allocation per usable acre (rounded to nearest \$100)	\$46,000

Sale 5 – Frew Ranch, Central Avenue, Greenfield

The Frew Ranch is located on the west side of Central Avenue, approximately 2 miles southwest of Greenfield and 17 miles south of the Matt Williams Ranch. The ranch has a rectangular shape and a gross land area of 172.6 acres, 169.4 usable acres and 155 net farm acres. The usable area has a level-to-gently sloping topography with consistent soils that are mostly from the Lockwood



series. The soil is suitable for both vineyards and row crops. Irrigation water is provided from one well that produces about 1,200 gpm. Building improvements include one older single-family dwelling, two older equipment sheds and a small office. The building improvements are older low-cost structures in fair condition, with a contributory value of about \$100,000.

This property was utilized for row crop farming and suitable for growing a variety of crops. The property was leased through the 2020 season at \$850 per acre plus taxes of about \$200 per acre. The contract rent was low as the market rent was estimated closer to \$1,500 per acre, including taxes.

This property was offered on the open market by Piini Realty in June of 2020. The asking price was \$7,555,000 and was under contract above asking within thirty days.

The sale allocation and units of comparison are the following:

Sale price	\$7,939,600
Building improvement allocation	<u>-\$100,000</u>
Allocated farmland sale price	\$7,839,600
Usable acres	169.40
Land allocation per usable acre (rounded to nearest \$100)	\$46,300

Sale 6: Wing Ranch, Chualar Canyon Road, Chualar

The Wing Ranch is located on the east side of Highway 101, just north of Chualar and approximately 14 miles northwest of the Soledad Ranch. This area is within an intensively agricultural use area with most of the farmland dedicated to row crop farming. The property has a level topography, and the soils are composed of Placentia sandy loam and Chualar loam. These are decomposed



granite (DG) soils which require a relatively high degree of farm management similar to the subject. The entire property is usable and there were several wells on the property that are interconnected with underground high pressure irrigation lines. According to the seller, the wells were in good condition and provided adequate water and the water quality was good.

The property was purchased by an agricultural investment company, who was able to secure a new agricultural Lease with Tanimura and Antle. Agricultural rents for similar properties in this area range from about \$1,900 to \$2,500 per acre.

Sale Adjustments

Property Rights

All sales occurred with the lease nearing its termination date or with less than two years remaining, which was regarded as inconsequential and did not affect the sales price. A property rights adjustment is not necessary.

Sale Terms

The sales were cash sales with no special sale terms or seller financing involved.

Market Conditions – Time Adjustment

The sales occurred between August 2020 and April 2022. During this period the local agricultural industry had significant challenges associated with the COVID-19 pandemic, a relatively new increase in lettuce losses from Impatiens Necrotic Spot Virus (INSV) and Pythium wilt, the River Fire, which caused smoke damage to the 2020 vine crop, continued labor shortages, increasing food safety regulations, the uncertainty of future water regulations under California's Sustainable Groundwater Management Act (SGMA), and more recently rising inflation and interest rates.

Despite these obstacles, Salinas Valley rents continued to appreciate between 2 to 3% per year, which has helped stabilize agricultural land values and in the final analysis the selected sales are considered indicative of current values. A time adjustment is not applied to the sales.

Agricultural Adjustment

The selected sales are relatively comparable as most of these sales are upland properties with similar decomposed granite soils. However, there are some differences due to terrain and location which requires adjustment. The agricultural adjustment pertains to the difference in location and terrain and these factors are commonly reflected in the marketplace by a comparison of rental values which provide some of the basis for adjustment.

Size

Generally, there is an inverse relationship in unit prices based on size; however, in the Salinas Valley there is not a significant per-acre difference for farm properties that vary in size from 100 to 500 acres, which the subject and sales fall under. A size adjustment is not applied to the sales.

Sale Adjustment Summary

The following tables summarize the adjustments applied to the sales.

Selected Sales						
Sale No.	1	2	3	4	5	6
Ranch name	San Lorenzo	Silveira	Rincon	Foletta	Frew	Wing
Sale date	12/1/2021	4/1/2022	10/30/2020	9/30/2021	8/24/2020	11/2/2020
Nearest city	King City	Greenfield	Gonzales	King City	Greenfield	Chualar
Usable and irrigated farm acreage	356.0	107.6	237.0	250.0	169.4	305.7
Sale price	\$13,375,000	\$4,300,000	\$10,000,000	\$11,700,000	\$7,939,600	\$18,500,000
Sale allocations						
Improvement allocation	-\$1,980,750	-\$200,000	\$0	-\$200,000	-\$100,000	\$0
Other land adjustment	\$0	\$0	\$0	\$0	\$0	\$0
Land expenditures after sale	<u>\$389,500</u>	<u>\$74,300</u>	<u>\$503,100</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Farmland allocation	\$11,783,750	\$4,174,300	\$10,503,100	\$11,500,000	\$7,839,600	\$18,500,000
Farmland allocation per usable acre (rnd)	\$33,100	\$38,800	\$44,300	\$46,000	\$46,300	\$60,500
Agricultural adjustment	15.0%	10.0%	-7.5%	-5.0%	-5.0%	-35.0%
Adjusted price per acre (rnd)	\$38,050	\$42,700	\$41,000	\$43,700	\$44,000	\$39,350

The adjusted sale prices range from \$38,050 to \$44,000 per acre, which is considered a reasonable indication of value from which the agricultural land value for the usable farmland acreage on the Soledad Ranch is concluded at \$41,000 per acre.

INCOME APPROACH

Gross Market Rent

The first step in applying the income approach requires estimating the market rental value. Market rental value is defined as:

The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).⁷

In the Salinas Valley, most leases are written on a net basis with the tenant responsible for property taxes. If property taxes were relatively similar amongst agricultural properties, the economic rent would be derived strictly from comparing net rents. However, because of California's Proposition 13 tax code and CSIP fees, the assessed valuation amongst properties can vary considerably depending upon when the last transfer occurred or whether it is within CSIP. Hence, property taxes are not consistent from one property to the next, and to accurately compare the rental value of properties the appropriate unit of measuring is the "gross rent" paid by the tenant, which consists of the net rent and property taxes.

⁷ Ibid, p. 140.

In estimating the present-day gross market rental value, an investigation of row crop rents between Gonzales and Greenfield was conducted. Within this area, rents vary from about \$1,000 per acre to \$2,300 per acre. The upper end of the range (\$1,700 to \$2,300 per acre) is mostly found on the level farming benches along the Salinas River and consisting of loamy to clay loam soils that have a wide crop versatility. The lower end of the range (\$1,000 to \$1,650 per acre) involves those properties with decomposed granite soils or very sandy and gravelly soils located along the Salinas and Arroyo Seco River.

The Soledad Ranch has a decomposed granite soil with a level to undulating terrain and the gross market rent is estimated at \$1,500 per acre.

Expenses

Property taxes represent the primary expense item in this valuation. Because this property is being appraised based on its agricultural value and excludes consideration for the development potential, it is assumed that in order to minimize property taxes resulting from a sale, a buyer would enter the property into a Farmland Security Zone (FSZ) Land Conservation Contract. With an FSZ contract the assessed land value is 65% of the lesser of the property's Proposition 13 value or Williamson value.

In the income approach, the property taxes under an FSZ contract are accounted for by adding direct property taxes as a line item and adding 65% of the property tax rate to the capitalization rate.

Capitalization Rate

In estimating an appropriate capitalization rate, consideration is given to the sales included in the sales comparison approach. The market data is summarized as follows:

Summary of Farmland Capitalization Rates						
Sale No	1	2	3	4	5	6
Ranch Name	San Lorenzo	Silveira	Rincon	Foletta	Frew	Wing
Nearest city	King City	Greenfield	Gonzales	King City	Greenfield	Chualar
Farmland allocation per acre	\$33,100	\$38,800	\$44,300	\$46,000	\$46,300	\$60,500
Gross income per acre	\$1,300	\$1,300	\$1,850	\$1,600	\$1,450	\$2,465
Property tax estimate upon sale	<u>\$355</u>	<u>\$516</u>	<u>\$420</u>	<u>\$365</u>	<u>\$400</u>	<u>\$465</u>
Net income per acre	\$945	\$784	\$1,430	\$1,235	\$1,050	\$2,000
Capitalization Rate	2.9%	2.0%	3.2%	2.7%	2.3%	3.3%

The sales reflect a range of 2.0 to 3.3% from which a rate of 2.75% is selected as a market rate for estimating the fee simple value of the subject.

Based on the above, the income approach is summarized as follows:

Gross economic rent per usable acre		\$1,500
Less: Direct property taxes per acre		\$36
Net annual income		\$1,464
Capitalization rate	2.75%	
FSZ Tax rate	Current rate 1.2376% x 65.00%	<u>0.804%</u>
Overall capitalization rate		3.55%
Capitalized value		\$41,177
Rounded to		\$41,200

RECONCILIATION OF LAND VALUE

Value per acre indicated by the sales comparison approach	\$41,000
Value per acre indicated by the income approach	\$41,200

Both approaches are market supported; however, in the final analysis greater weight is given to the sales comparison approach and the fee simple market land value is concluded at \$41,000 per acre which results in the following total land value:

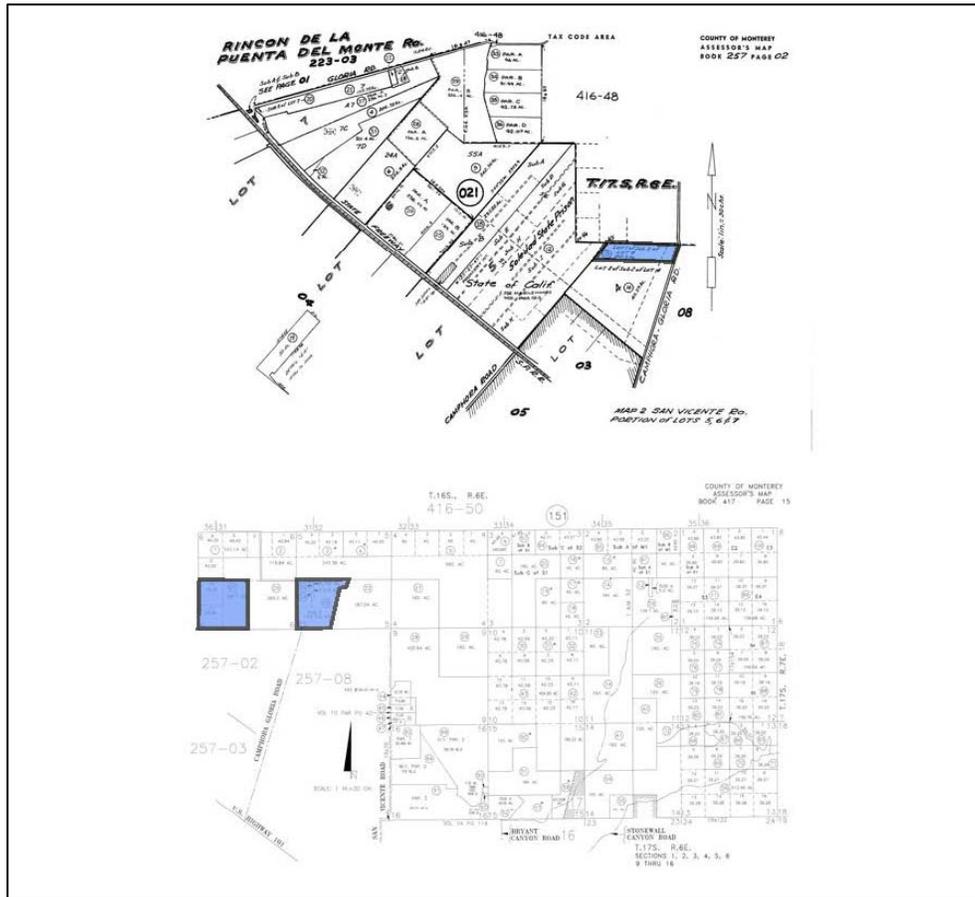
Usable acres	463.2
Market land value per usable acre	\$41,000
Market land value	\$18,991,200
Rounded to	\$18,990,000

GABILAN MOUNTAIN VINEYARD

LOCATION MAP



ASSESSOR'S PARCEL MAPS



AERIAL PHOTOGRAPH



RANCH PHOTOS



Camphora Gloria Rd frontage



Southeast end of the ranch looking west from Camphora Rd



Westerly block as seen from south looking north.



Northeast end with sloping terrain



Southeast end of the ranch



Irrigation well

LOCATION

The Gabilan Mountain Vineyard is located at the base of the Gabilan Mountain Range and is situated on both sides of Camphora-Gloria Road, approximately 1.8 miles east of the Highway 101/Camphora overpass and 3.7 miles northeast of Soledad.

The western end of subject property borders the Soledad State Prison and other surrounding land uses include vineyards and irrigated row crop farm.

ACCESS

Access is provided by Camphora- Gloria Road, a county road that runs east from Highway 101 and provides access to farmlands along the Gabilan Mountain Range.

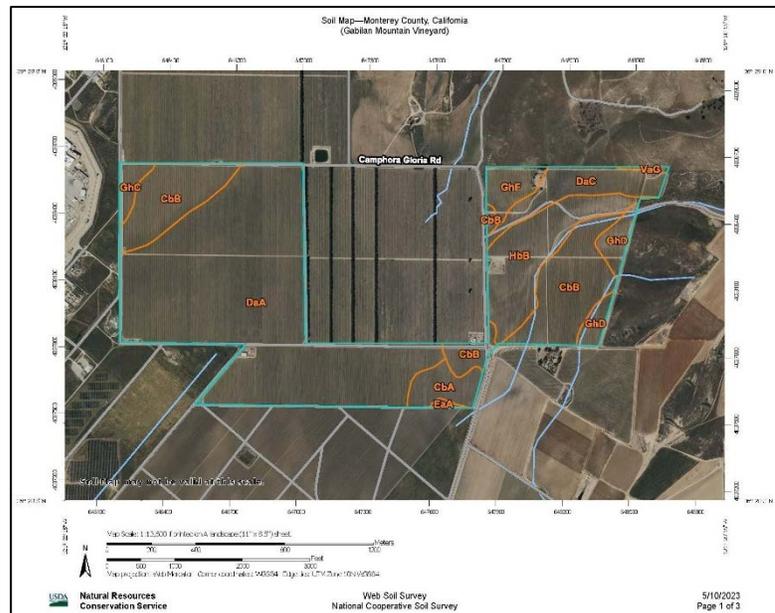
LAND AREA

The Gabilan Mountain Vineyard has an irregular U shape and contains a total land area of 370.39 acres, of which there are 367± usable acres for agricultural purposes and approximately 3.4 acres of public roads and steep hills at the northeast end.

SOILS

The Gabilan Mountain Vineyard is composed of DG type soils. West of Camphora-Gloria Road, which takes in approximately 243 acres (60%) of the usable farmland, the soils are Class 1 and 2 Chualar loam (CbA & CbB) and Danville sandy clay loam (DaA). These soils have a slope of 0 to 5% and are suitable for both row crops and vineyards.

On the east side of Camphora-Gloria Road, the northeasterly end of the property abuts the foothills of the



Gabilan Range and is more strongly sloping with slopes of 9 to 50%. These strongly sloping soils are Gloria sandy loam (GhD and GhF) and occupy approximately 6% of the usable farmland. These strongly sloping soils are mostly suited for vineyards as they are too sloping for row crops. The west and central portion

GABILAN MOUNTAIN VINEYARD

of the farmland on the east side of Camphora Road are the Chualar loam (CbB) and Hanford gravely sandy loam (HbB), which have a 0 to 5% slope and suitable for both row crops and vineyards.

The soils are summarized as follows:

Irrigated farmland soils						
<i>Soil Symbol</i>	<i>Soil Name</i>	<i>Slope</i>	<i>Landform</i>	<i>Farmland Classification (if irrigated)</i>	<i>Irrigated Land Capability</i>	<i>Percent of Ranch</i>
CbA	Chualar loam	0 to 2%	Granitic alluvium	Prime	1	3%
CbB	Chualar loam	2 to 5%	Granitic alluvium	Prime	2e	20%
DaA	Danville sandy clay loam	0 to 2%	Alluvial fans	Prime	2s	53%
DaC	Danville sandy clay loam	2 to 9%	Alluvial fans	Prime	2e	6%
EaA	Elder sandy loam	0 to 2%	Alluvial fans, flood plains	Prime	1	0%
GhC	Gloria sandy loam	2 to 9%	Terraces	Not prime farmland	3e	1%
GhD	Gloria sandy loam	9 to 15%	Terraces	Not prime farmland	4e	3%
GhF	Gloria sandy loam	15 to 50%	Terraces	Not prime farmland		3%
HbB	Hanford gravely sandy loam	0 to 5%	Alluvial fans, flood plains	Prime	2s	<u>11%</u>
Totals						100%

Source: USDA, National Cooperative Soil Survey

WATER

The Gabilan Mountain Vineyard is improved with two wells, one of which was developed in 2020. The water quantity and water quality from the wells is reportedly good and suitable for vineyard use and is designed for drip irrigation.

ASSESSED VALUATION

The 2022-2023 assessed valuation and property taxes are the following:

2022-2023 Tax Year		Assessed Valuation			Property taxes			
APN	Acres	Land	Impr. & PP	Total AV	Tax based on % of AV	Direct taxes	Total taxes	
257-021-013	80.50	\$1,540,542	\$1,433,437	\$2,973,979	\$38,180	\$2,352	\$40,532	
417-151-023	124.70	\$2,299,529	\$1,851,717	\$4,151,246	\$52,694	\$3,245	\$55,939	
417-151-024	3.75	\$180,349	\$185,501	\$365,850	\$4,636	\$123	\$4,759	
417-151-025	0.74	\$103,056	\$66,986	\$170,042	\$2,153	\$32	\$2,185	
417-151-027	<u>160.70</u>	<u>\$3,239,618</u>	<u>\$2,700,345</u>	<u>\$5,939,963</u>	\$73,137	\$4,323	\$77,460	
Totals	370.39	\$7,363,094	\$6,237,986	\$13,601,080	\$170,800	\$10,074	\$180,874	
Usable farm acres	367.0	Assessed value per acre		\$37,060	% rate	1.256%		
					Per acre	\$465.39	\$27.45	\$492.85

HIGHEST & BEST USE

As if vacant

The historical use of the property is agriculture, a use that is consistent with the surrounding area and land use policies. Agriculture is the highest and best use of the land.

As improved

The property is improved with a commercial vineyard, two dwellings, barn and shed. Similar to the valuation of the Soledad Ranch, the improvements are excluded from this appraisal as the objective of this report is to estimate the market land value of the property

VALUATION COMMENTS

The Soledad Ranch and the Gabilan Mountain Vineyard Ranch are very similar agricultural properties. Both are located near the foothills of the Gabilan Mountain Range and have a similar climate, soil characteristics and water resources available for irrigated farming.

The soil is decomposed granite and suitable for both irrigated row crops and vineyards. The Gabilan Mountain Vineyard has a greater percentage of level lands (0 to 2% slope) compared to the Soledad Ranch, but also approximately 3% of the usable land on the Gabilan Mountain Vineyard has slopes of 15 to 50%, which the Soledad Ranch is all less than 15%.

In estimating the market land value of the Gabilan Mountain Vineyard, the sales comparison and income approaches, which were utilized in the valuation of the Soledad Ranch, are applied and the application of each approach is similar to the Soledad Ranch.

SALES COMPARISON APPROACH

The same sales described and analyzed for the Soledad Ranch are indicative of value for the Gabilan Mountain Vineyard and the adjustments applied in comparing those sales to the Gabilan Mountain Vineyard are the following:

GABILAN MOUNTAIN VINEYARD

Selected Sales						
Sale No.	1	2	3	4	5	6
Ranch name	San Lorenzo	Silveira	Rincon	Foletta	Frew	Wing
Sale date	12/1/2021	4/1/2022	10/30/2020	9/30/2021	8/24/2020	11/2/2020
Location	Bitterwater Rd	Elm Ave.	Iverson Road	Metz Rd	Central Ave	Chualar Cyn Rd
Nearest city	King City	Greenfield	Gonzales	King City	Greenfield	Chualar
Grantor	WEC Vineyards	Silveira	Jackson FF	Foletta	Anthony	Massa
Grantee	Whitney Frms.	ManuLife	Nbinv	Pura	Bassetti & T&A	Yellow Juliet
Deeded acreage	382.0	109.3	240.0	274.6	172.6	305.7
Non usable acreage	26.0	1.7	3	24.6	3.20	0.0
Other land use acreage	<u>0.0</u>	<u>0.0</u>	<u>0</u>	<u>0</u>	<u>0.00</u>	<u>0.0</u>
Usable and irrigated farm acreage	356.0	107.6	237.0	250.0	169.4	305.7
Sale price	\$13,375,000	\$4,300,000	\$10,000,000	\$11,700,000	\$7,939,600	\$18,500,000
Sale allocations						
Improvement allocation	-\$1,980,750	-\$200,000	\$0	-\$200,000	-\$100,000	\$0
Other land adjustment	\$0	\$0	\$0	\$0	\$0	\$0
Land expenditures after sale	<u>\$389,500</u>	<u>\$74,300</u>	<u>\$503,100</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Farmland allocation	\$11,783,750	\$4,174,300	\$10,503,100	\$11,500,000	\$7,839,600	\$18,500,000
Farmland allocation per usable acre (\$33,100	\$38,800	\$44,300	\$46,000	\$46,300	\$60,500
Agricultural adjustment						
Percentage adjustment	<u>15.0%</u>	<u>10.0%</u>	<u>-7.5%</u>	<u>-5.0%</u>	<u>-5.0%</u>	<u>-35.0%</u>
Adjusted price per acre (rnd)	\$38,050	\$42,700	\$41,000	\$43,700	\$44,000	\$39,350

The adjusted sale prices range from \$38,050 to \$44,000 per acre, which is considered a reasonable indication of value from which the agricultural land value for the usable farmland acreage on the Gabilan Mountain Vineyard is concluded at \$41,000 per acre.

INCOME APPROACH

The gross market rent, expenses and capitalization rate applied to the Soledad Ranch is applicable to the Gabilan Mountain Vineyard and the income approach is summarized as follows:

Gross economic rent per usable acre		\$1,500
Less: Direct property taxes per acre		\$27
Net annual income		\$1,473
Capitalization rate	2.75%	
FSZ Tax rate	Current rate 1.2558% x 65.00%	<u>0.816%</u>
Overall capitalization rate		3.57%
Capitalized value		\$41,291
Rounded to		\$41,300

RECONCILIATION OF LAND VALUE

Value indicated by the sales comparison approach	\$41,000
Value indicated by the income approach	\$41,300

Both approaches are market supported; however, in the final analysis greater weight is given to the sales comparison approach and the fee simple market land value is concluded at \$41,000 per acre which results in the following total land value:

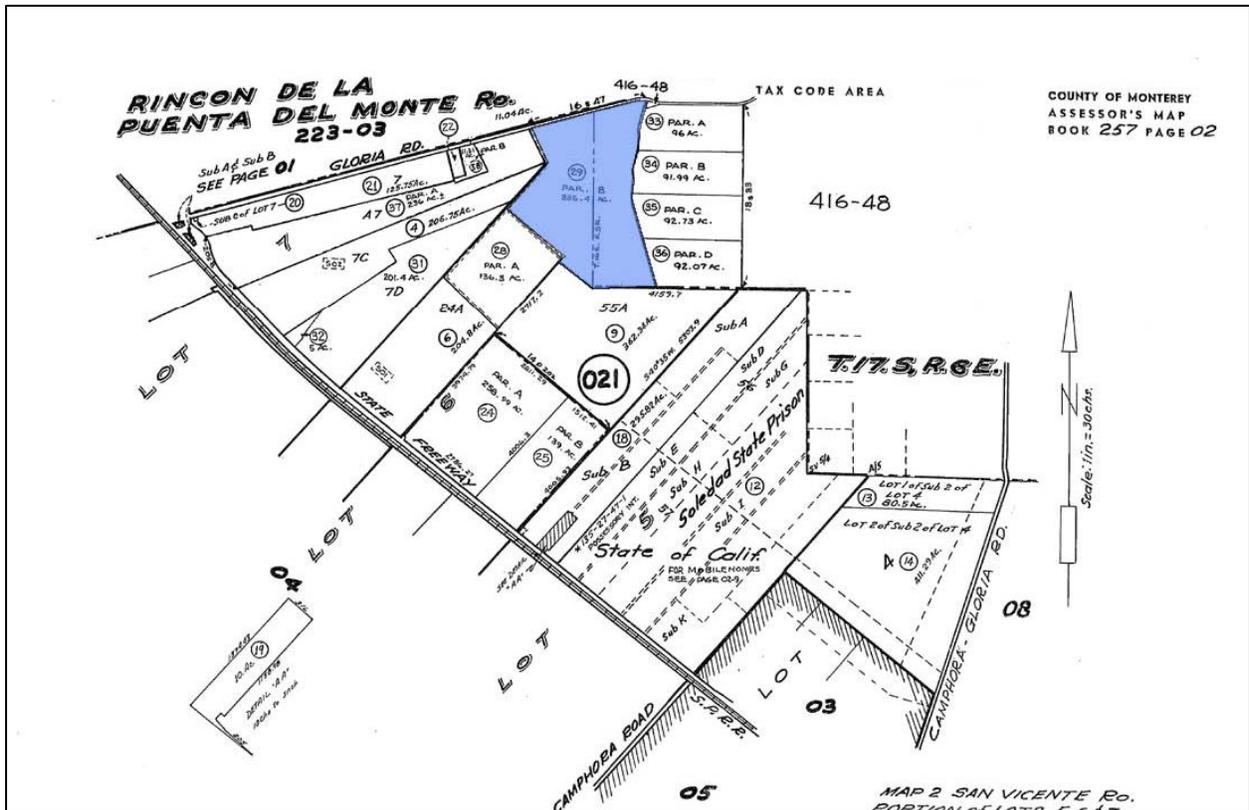
Usable acres	367
Market land value per usable acre	\$41,000
Market land value	\$15,047,000

RAYMOND VINEYARD

LOCATION MAP



ASSESSOR'S PARCEL MAP



AERIAL PHOTOGRAPH



RANCH PHOTOS



Camphora Gloria Rd frontage



Southeast end of the ranch looking west from Camphora Rd



Westerly block as seen from south looking north.



Northeast end with sloping terrain



Southeast end of the ranch



Irrigation well

LOCATION

The Gabilan Mountain Vineyard is located at the base of the Gabilan Mountain Range and is situated on south side of Gloria Road, approximately 2.5 miles southeast of Gonzales and the Highway 101/Camphora overpass and 4.7 miles northeast of Soledad.

Surrounding land uses include vineyards and irrigated row crop farms.

ACCESS

Access is provided by Gloria Road, a county road that runs east from Highway 101 and provides access to farmlands and ranchland along the Gabilan Mountain Range.

LAND AREA

The Raymond Vineyard has a gross land area of 335.4 acres. The majority of the acreage is usable with the exception of 3.5± acres on the eastern boundary of the ranch that is within McCoy Creek, which is a seasonal creek that extends from the Gabilan Mountain Range.

Excluding the area in McCoy Creek, there are 332 usable acres, which includes 2 building yards, 2 non-utilized reservoirs and 307.5 net acres of Chardonnay and Pinot Noir grapes.

WATER

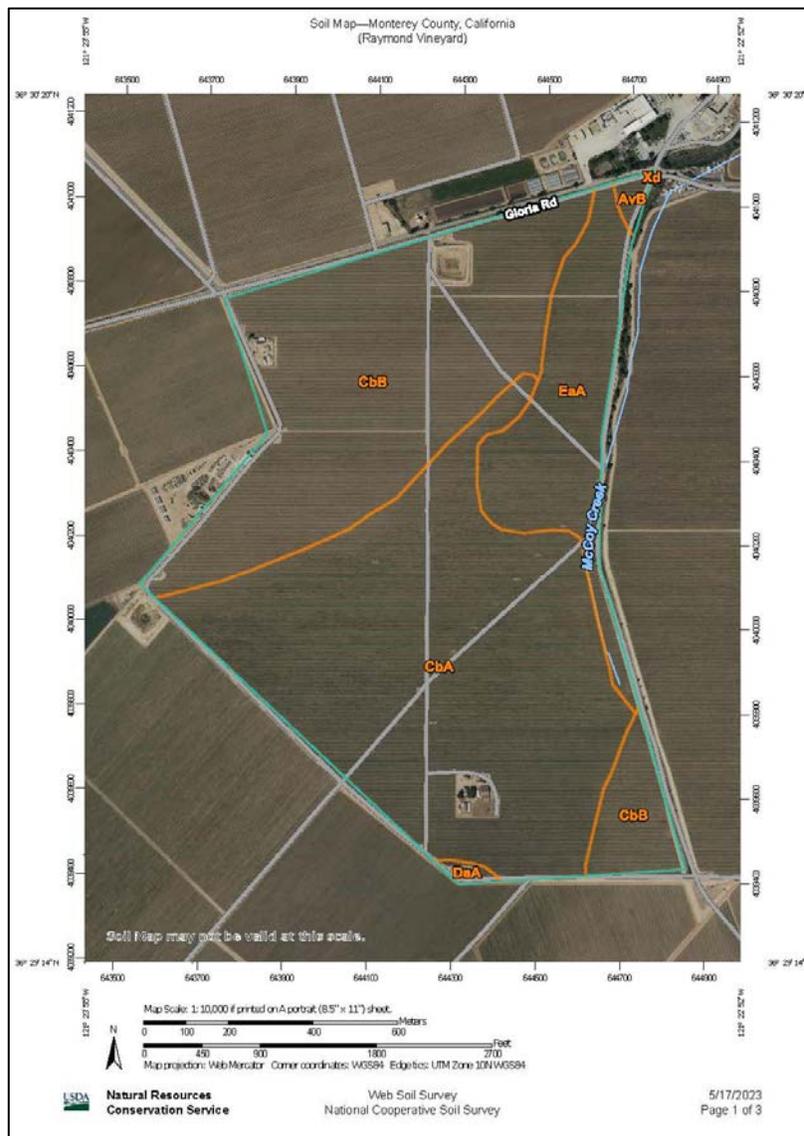
The Gabilan Mountain Vineyard is improved with two wells, one of which was developed in 2020. The water quantity and water quality from the wells is reportedly good and suitable for vineyard use and is designed for drip irrigation.

SOILS

The soils on the Raymond Vineyard are composed of decomposed granite (DG) soils, which are typical of the area. The soil summary is the following:

Irrigated farmland soils						
Soil Symbol	Soil Name	Slope	Landform	Farmland Classification (if irrigated)	Irrigated Land Capability	Percent of Ranch
CbA	Chualar loam	0 to 2%	Granitic alluvium	Prime	1	49%
CbB	Chualar loam	2 to 5%	Granitic alluvium	Prime	2e	38%
DaA	Danville sandy clay loam	0 to 2%	Alluvial fans	Prime	2s	0%
EaA	Elder sandy loam	0 to 2%	Alluvial fans, flood plains	Prime	1	<u>13%</u>
Totals						100%

Source: USDA, National Cooperative Soil Survey



ASSESSED VALUATION

The 2022-2023 assessed valuation and property taxes are the following:

APN		257-021-029
<i>Assessed Value</i>		
Land		\$6,604,756
Structural Improvements		<u>\$1,997,236</u>
Total Assessed Value		\$8,601,992
<i>Property Taxes</i>		
	Average agency tax rate	
State and Agency Taxes	1.27%	\$109,293
Direct Taxes	\$26.07 Per acre	<u>\$8,744</u>
Total Property Taxes		\$118,037

HIGHEST & BEST USE

As if vacant

The historical use of the property is agriculture, a use that is consistent with the surrounding area and land use policies. Agriculture is the highest and best use of the land.

As improved

The property is improved with a commercial vineyard, and several building improvements. Similar to the valuation of the Soledad Ranch, the improvements are excluded from this appraisal as the objective of this report is to estimate the market land value of the property.

VALUATION COMMENTS

In estimating the market land value, the sales comparison and income approaches, which were utilized in the valuation of the Soledad Ranch, are applied and the application of each approach is similar to the Soledad Ranch.

SALES COMPARISON APPROACH

The same sales described and analyzed for the Soledad Ranch are indicative of value for the Raymond Vineyard. The adjustments applied are similar to the Soledad Ranch and Gabilan Mountain Vineyard, other than the agricultural adjustment is slightly different because the Raymond Vineyard is superior to the other two properties because it has a more level terrain. The adjustments applied in comparing those sales to the Raymond Vineyard are the following:

RAYMOND VINEYARD

Selected Sales						
Sale No.	1	2	3	4	5	6
Ranch name	San Lorenzo	Silveira	Rincon	Foletta	Frew	Wing
Sale date	12/1/2021	4/1/2022	10/30/2020	9/30/2021	8/24/2020	11/2/2020
Location	Bitterwater Rd	Elm Ave.	Iverson Road	Metz Rd	Central Ave	Chualar Cyn Rd
Nearest city	King City	Greenfield	Gonzales	King City	Greenfield	Chualar
Grantor	WEC Vineyards	Silveira	Jackson FF	Foletta	Anthony	Massa
Grantee	Whitney Frms.	ManuLife	Nbinv	Pura	Bassetti & T&A	Yellow Juliet
Deeded acreage	382.0	109.3	240.0	274.6	172.6	305.7
Non usable acreage	26.0	1.7	3	24.6	3.20	0.0
Other land use acreage	<u>0.0</u>	<u>0.0</u>	<u>0</u>	<u>0</u>	<u>0.00</u>	<u>0.0</u>
Usable and irrigated farm acreage	356.0	107.6	237.0	250.0	169.4	305.7
Sale price	\$13,375,000	\$4,300,000	\$10,000,000	\$11,700,000	\$7,939,600	\$18,500,000
Sale allocations						
Improvement allocation	-\$1,980,750	-\$200,000	\$0	-\$200,000	-\$100,000	\$0
Other land adjustment	\$0	\$0	\$0	\$0	\$0	\$0
Land expenditures after sale	<u>\$389,500</u>	<u>\$74,300</u>	<u>\$503,100</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Farmland allocation	\$11,783,750	\$4,174,300	\$10,503,100	\$11,500,000	\$7,839,600	\$18,500,000
Farmland allocation per usable acre (\$33,100	\$38,800	\$44,300	\$46,000	\$46,300	\$60,500
Agricultural adjustment						
Percentage adjustment	<u>17.5%</u>	<u>12.5%</u>	<u>-5.0%</u>	<u>-2.5%</u>	<u>-2.5%</u>	<u>-27.5%</u>
Adjusted price per acre (rnd)	\$38,900	\$43,650	\$42,100	\$44,850	\$45,150	\$43,850

The adjusted sale prices range from \$38,900 to \$44,850 per acre, which is considered a reasonable indication of value from which the agricultural land value for the usable farmland acreage on the Raymond Vineyard is concluded at \$43,000 per acre.

INCOME APPROACH

The gross market rent, expenses and capitalization rate applied to the Soledad Ranch is applicable to the Gabilan Mountain Vineyard and the income approach is summarized as follows:

Gross economic rent per usable acre	\$1,600
Less: Direct property taxes per acre	\$26
Net annual income	\$1,574
Capitalization rate	2.75%
FSZ Tax rate	Current rate 1.2706% x 65.00% <u>0.826%</u>
Overall capitalization rate	3.58%
Capitalized value	\$44,015
Rounded to	\$44,000

RECONCILIATION OF LAND VALUE

Value indicated by the sales comparison approach	\$43,000
Value indicated by the income approach	\$44,000

Both approaches are market supported; however, in the final analysis greater weight is given to the sales comparison approach and the fee simple market land value is concluded at \$43,000 per acre which results in the following total land value:

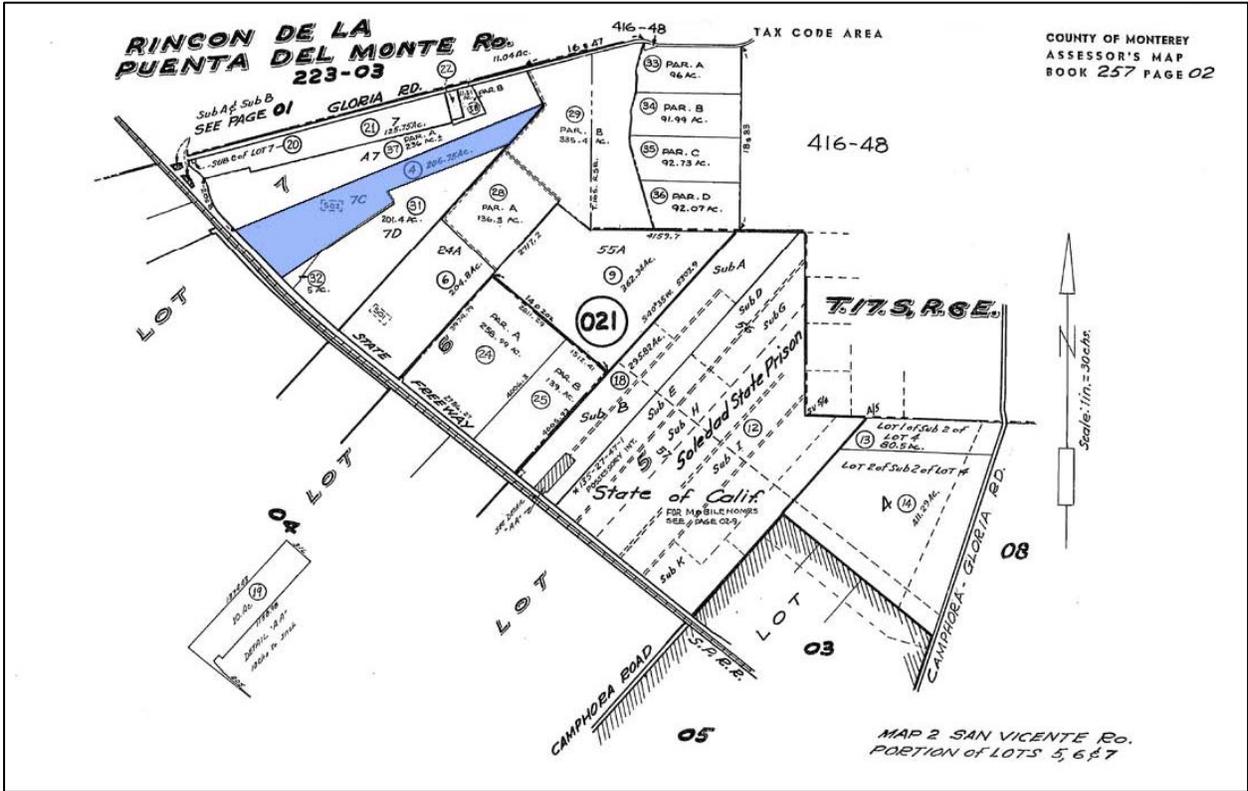
Usable acres	332
Market land value per usable acre	\$43,000
Market land value	\$14,276,000

SHARPE RANCH

LOCATION MAP



ASSESSOR'S PARCEL MAP



AERIAL PHOTOGRAPH



RANCH PHOTOS



East end of the ranch looking south across the irrigated farmland



West end of the ranch looking south.



North end of the ranch and vineyard looking south. Sharpe Ranch with planted vineyard on right side of road and Raymond Vineyard on the left

LOCATION

The Sharpe Ranch is located on the east side of Highway 101, approximately ½ mile southeast of Gonzales and the Highway 101/Gloria Road interchange. Surrounding land uses include irrigated row crop farming and vineyards.

LAND AREA

The Sharpe Ranch has a narrow rectangular shape and contains a total of 206.75 acres, all of which is usable and includes both row crops and vineyards.

WATER

The Sharpe Ranch is improved with two wells. The wells are interconnected, and the farmland and vineyards have high-pressure underground plastic pipelines. The lines are further tied into the Raymond Vineyard and other surrounding properties owned by RCT Land Company.

SOILS

The soils on the Sharpe Ranch are almost entirely Danville sandy clay loam and Chualar loam which are primarily decomposed granite soils. The northwest corner of the Sharpe Ranch has Salinas clay loam which is a prime, Class I soil. The Danville sandy clay loam has a decomposed granite character but is superior for crop versatility and requires less farm management compared to the Chualar loam soils.

The following table further summarizes the soil composition of the Sharpe Ranch:



Irrigated farmland soils						
Soil Symbol	Soil Name	Slope	Landform	Farmland Classification (if irrigated)	Irrigated Land Capability	Percent of Ranch
CbA	Chualar loam	0 to 2%	Granitic alluvium	Prime	1	18%
CbB	Chualar loam	2 to 5%	Granitic alluvium	Prime	2e	17%
DaA	Danville sandy clay loam	0 to 2%	Alluvial fans	Prime	2s	61%
SbA	Salinas clay loam	0 to 2%	Alluvial fans, terraces	Prime	1	<u>4%</u>
Totals						100%

Source: USDA, National Cooperative Soil Survey

ASSESSED VALUATION

The 2022-2023 assessed valuation and property taxes are the following:

APN		257-021-004
<i>Assessed Value</i>		
Land		\$7,439,797
Structural Impr., Growing Impr., and Personal Property		<u>\$836,430</u>
Total Assessed Value		\$8,276,227
<i>Property Taxes</i>		
State and Agency Taxes	Agency tax rate: 1.27%	\$105,001
Direct Taxes	\$25.91 Per acre	<u>\$5,358</u>
Total Property Taxes		\$110,359

HIGHEST & BEST USE

As if vacant

The historical use of the property is agriculture, a use that is consistent with the surrounding area and land use policies. Agriculture is the highest and best use of the land.

As improved

The property is improved with a commercial vineyard, and several building improvements. Similar to the valuation of the other three ranches, the improvements are excluded from this appraisal as the objective of this report is to estimate the market land value of the property.

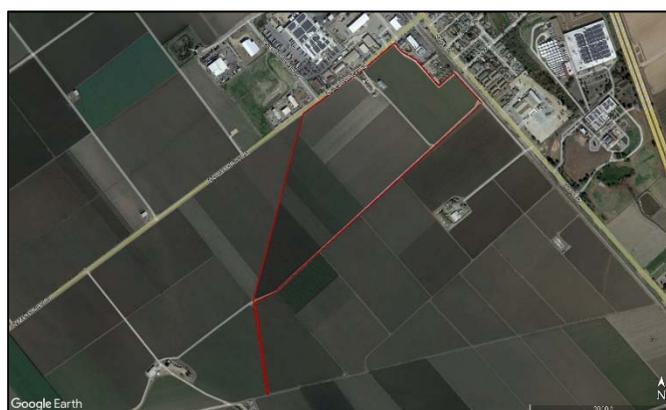
VALUATION COMMENTS

In estimating the market land value, the sales comparison and income approaches, which were utilized in the valuation for the other ranches are applied and the application of each approach is similar to the Soledad Ranch.

Sale 7: Vosti Ranch, Gonzales

Sale No.	7
Ranch name	Vosti
Sale date	10/27/2020
Location	River Rd
Nearest city	Gonzales
Grantor	Vosti
Grantee	D'Arrigo
Deeded acreage	95.4
Non usable acreage	0
Other land use acreage	0
Usable and irrigated farm acreage	95.4
Sale price	\$6,300,000
Sale allocations	
Improvement allocation	\$0
Other land adjustment	\$0
Land expenditures after sale	\$0
Farmland allocation	\$6,300,000
Farmland allocation per usable acre (rnd)	\$66,050

The Vosti Ranch is a 95-acre row crop ranch located on the south side of Gonzales River Road, adjacent to the city limits of Gonzales. The land uses include irrigated row crop farming on the properties outside the city limits and industrial for the adjoining properties within the city limits. The Gonzales General Plan identifies the Vosti Ranch as being within their sphere-of-influence for future industrial use. Developing this property for industrial use, though, is problematic as a condition of development would likely require constructing a new SPRR crossing, which would require SPRR's permission.



This property has level, Class 1 and 2 soils that are considered prime and very similar to the subject property and suitable for a wide variety of fresh vegetable crops. Irrigation water is provided from a 38.23% interest in two wells that are shared between the Vosti Ranch and the neighboring property to

the south, which has a 61.77% interest in each well. Building improvements include one older farmhouse, two old barns and two older farm labor houses. The improvements were in poor condition and did not contribute any added value.

The property was listed for sale with Piini Realty; however, at the request of the sellers, it was only offered to the tenant and the adjoining owner and was purchased by the long-term tenant. The purchase price was reflective primarily of the property’s agricultural use. The buyer and seller considered industrial development as being a long-term speculative use and the buyer was motivated to sell the property in 2020.

Sale adjustments

The adjustments applied in comparing those sales to the Sharpe Ranch are the following:

Selected Sales						
Sale No.	2	3	4	5	6	7
Ranch name	Silveira	Rincon	Foletta	Frew	Wing	Vosti
Sale date	4/1/2022	10/30/2020	9/30/2021	8/24/2020	11/2/2020	10/27/2020
Location	Elm Ave.	Iverson Road	Metz Rd	Central Ave	Chualar Cyn Rd	River Rd
Nearest city	Greenfield	Gonzales	King City	Greenfield	Chualar	Gonzales
Grantor	Silveira	Jackson FF	Foletta	Anthony	Massa	Vosti
Grantee	ManuLife	Nbinv	Pura	Bassetti & T&A	Yellow Juliet	D'Arrigo
Deeded acreage	109.3	240.0	274.6	172.6	305.7	95.4
Non usable acreage	1.7	3	24.6	3.20	0.0	0
Other land use acreage	<u>0.0</u>	<u>0</u>	<u>0</u>	<u>0.00</u>	<u>0.0</u>	<u>0</u>
Usable and irrigated farm acreage	107.6	237.0	250.0	169.4	305.7	95.4
Sale price	\$4,300,000	\$10,000,000	\$11,700,000	\$7,939,600	\$18,500,000	\$6,300,000
Sale allocations						
Improvement allocation	-\$200,000	\$0	-\$200,000	-\$100,000	\$0	\$0
Other land adjustment	\$0	\$0	\$0	\$0	\$0	\$0
Land expenditures after sale	<u>\$74,300</u>	<u>\$503,100</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Farmland allocation	\$4,174,300	\$10,503,100	\$11,500,000	\$7,839,600	\$18,500,000	\$6,300,000
Farmland allocation per usable acre (rnd)	\$38,800	\$44,300	\$46,000	\$46,300	\$60,500	\$66,050
Agricultural adjustment						
Percentage adjustment	<u>17.5%</u>	<u>5.0%</u>	<u>7.5%</u>	<u>7.5%</u>	<u>-15.0%</u>	<u>-25.0%</u>
Adjusted price per acre (rnd)	\$45,600	\$46,500	\$49,450	\$49,750	\$51,450	\$49,550

The adjusted sale prices range from \$45,600 to \$51,450 per acre, which is considered a reasonable indication of value from which the agricultural land value for the usable farmland acreage on the Sharpe Ranch is concluded at \$49,000 per acre.

INCOME APPROACH

The gross market rent for the Sharpe Ranch is estimated at \$1,750 per acre, which includes consideration for the superior soil quality at the west end of the ranch and is supported by market rents in the area.

The income approach is summarized as follows:

Gross economic rent per usable acre				\$1,750
Less: Direct property taxes per acre				\$26
Net annual income				\$1,724
Capitalization rate			2.75%	
FSZ Tax rate	Current rate 1.2687%	x	65.00%	<u>0.825%</u>
Overall capitalization rate				3.57%
Capitalized value				\$48,231
Rounded to				\$48,200

RECONCILIATION OF LAND VALUE

Value indicated by the sales comparison approach	\$49,000
Value indicated by the income approach	\$48,200

Both approaches are market supported; however, in the final analysis greater weight is given to the sales comparison approach and the fee simple market land value is concluded at \$49,000 per acre which results in the following total land value:

Usable acres	206.75
Market land value per usable acre	\$49,000
Market land value	\$10,130,750
Rounded to	\$10,130,000

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have performed no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements with the Uniform Standards of Professional Appraisal Practice and the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, John W. Piini, MAI has completed the requirements of the continuing education program of the Appraisal Institute.



John W. Piini, MAI

Certified General Real Estate Appraiser

State of California, BRE Number AG005214

LIMITING CONDITIONS

Assumptions and Limitations of Appraisal

This appraisal is for no purpose other than property valuation, and the appraiser(s) is neither qualified nor attempting to go beyond that narrow scope. The reader should be aware that there are also inherent limitations to the accuracy of the information and analyses contained in this appraisal. Before making any decision based on the information and analysis contained in this report, it is critically important to read this entire section to understand these limitations.

Appraisal is not a Legal Opinion

No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.

No opinion as to title is rendered. Data on ownership and the legal description were obtained from sources generally considered reliable. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements, and restrictions except those specifically discussed in the report. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.

It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report. A comprehensive examination of laws and regulations affecting the subject property was not performed for this appraisal.

It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the appraisal report. Information and analysis shown in this report concerning these items is based only on a rudimentary investigation. Any significant question should be addressed to local zoning or land use officials and/or an attorney.

It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns on these items since the appraiser(s) has not made a comprehensive examination of laws and regulations affecting the subject property.

Testimony or attendance in court or at any other hearing is not required by reason of rendering this appraisal unless a signed contract has been executed prior to the date of this report.

Appraisal is not a Survey

No engineering survey has been made by the appraiser(s), and no responsibility is assumed in connection with such matters. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.

It is assumed that the utilization of the land and improvements is within the boundaries of the property lines of the property described and that there is no encroachment or trespass unless noted in the report.

All maps, plats and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose, and the reliability of the information contained on such is assumed by the appraiser(s) and cannot be guaranteed. A surveyor should be consulted if there is any concern on boundaries, setbacks, encroachments, or other survey matters.

Appraisal is Not an Engineering or Property Inspection Report and is Made Under Conditions with Limited Data

This appraisal should not be considered a report on the physical items that are a part of this property. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraiser(s) is not a construction, engineering, environmental, or legal expert, and any statement given on these matters in this report should be considered preliminary in nature.

The appraiser(s) has inspected as far as possible, by observation, the land and the improvements; however, it was not possible to personally observe conditions beneath the soil or hidden structural or other components

The appraisal is based on the assumption that there are no hidden, unapparent, or apparent conditions of the property site, sub-soil, or structures or toxic materials which would render it either less or more valuable. The appraiser(s) is not an environmental nor health expert. No responsibility is assumed for any such condition or for any expertise or engineering to discover them.

No opinion is expressed as to the value of subsurface oil, gas or mineral rights and that the property is not subject to surface entry for the exploration or removal of such materials except as is expressly stated.

No chemical or scientific tests were performed by the appraiser(s) on the subject property, and it is assumed that the air, water, ground and general environment associated with the property present no physical or health hazard of any kind unless otherwise noted in the report. It is further assumed that the lot does not contain any type of dump site and that there are no underground tanks (or any underground source) leaking toxic or hazardous chemicals into the groundwater or the environment unless otherwise noted in the report. If any problems of this nature are known to the appraiser(s) which, in the appraiser's opinion would create a significant problem, they are disclosed in this report. Nondisclosure should not be taken as an indication that such a problem does not exist, however. An expert in the field should be consulted if any interested party has questions on environmental factors. If it is found that any of the aforementioned is present, the value of the property may be adversely affected and a re-appraisal at additional cost will be necessary to estimate the effects of such.

Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any observed condition or other comments given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is made as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating system, air conditions system, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition or adequacy of any particular item, we would strongly suggest that a construction expert be hired for a detailed investigation.

Appraisal Report Limitations

Appraisal reports are technical documents addressed to the specific technical needs of clients. Casual readers should understand that this report does not contain all of the information we have concerning the subject property or the real estate market. While no factors we believe to be significant but unknown to the client have been knowingly withheld, it is always possible that we have information of significance which may be important to others but which, with our limited acquaintance of the property and our limited expertise, does not seem to be important. On the other hand, appraisal reports are performed with a limited amount of data. Data limitations result from a lack of certain areas of expertise by the appraiser(s) (that go beyond the scope of the ordinary knowledge of an appraiser(s), the inability of the appraiser to view certain portions of the property, the inherent limitations of relying upon information provided by others, etc.

Before relying on any statement made in this appraisal report, interested parties should contact the Appraiser(s) for the exact extent of the data collection on any point which they believe to be important to their decision making. This will enable such interested parties to determine whether they think the extent of our data gathering process was adequate for their needs or whether they would like to pursue additional data gathering for a higher level of certainty.

Opinions and estimates expressed herein represent the appraiser's best judgment but should not be construed as advice or recommendation to act. Any actions taken by you, the client, or any others should be based on your own judgment, and the decision process should consider many factors other than just the value estimate and information given in this report.

Appraisal reports made for lenders are technical documents specifically made to lender requirements. Casual readers are cautioned about their limitations and cautioned against possible misinterpretation of the information contained in these reports.

Neither all nor any part of the contents of this report, especially any conclusions as to value or the identity of the appraiser(s) or the firm to which appraiser(s) is connected, shall be disseminated to the public for public communication purposes through advertising media, public relations media, news media, sales media or any other public means of communication, without the prior written consent and approval of the author.

The estimated market value, which is defined in the report, is subject to change with market changes over time. Value is highly related to exposure, time, promotional effort, terms, motivation, and conditions. The value estimates consider the productivity and relative attractiveness of the property physically and economically in the marketplace as of the date of value.

The "Estimate of Market Value" in the appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

Acceptance of Appraisal Report

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

This appraisal is an estimate of value based on an analysis of information known to the Appraiser(s) at the time the appraisal was made. We do not assume any responsibility for incorrect analysis because of incorrect or incomplete information. If new information of significance comes to light, or if any conditions become apparent not previously known to the appraiser(s) which would affect the value of the property, the value given in this report is subject to change without notice and a re-appraisal at additional cost will be necessary.

Acceptance and/or use of this appraisal report by the client or any third party constitutes acceptance of the above conditions. Appraiser(s) liability extends only to the stated client and not to subsequent parties or users, and the liability is limited to the amount of fee received by the appraiser(s).

QUALIFICATIONS OF THE APPRAISER

John Piini has been engaged in the real estate business since 1975. From 1975 to 2008 the majority of real estate activity was in appraising and since 2008 he has been active in both real estate appraisals and brokerage. The majority of appraisal assignments involve acreage and agricultural properties prepared for attorneys, land trusts and property owners throughout Monterey, San Benito, and southern Santa Cruz and southern Santa Clara Counties. He is qualified as an expert witness in the Superior Courts of Monterey, San Benito, Santa Cruz and Santa Clara Counties.

Academic Background

Formal Education

University of California, Los Angeles, BA degree -1974

Appraisal Education

Mr. Piini obtained his MAI designation from the American Institute of Real Estate Appraisers in 1983 after completing the required courses, examinations and experience review requirements. Since 1983, John Piini has completed a number of appraisal courses and seminars and is current with Appraisal Institute's continuing education requirement.

Professional Experience

1975 - 1983	Associate appraiser with Joe Piini, MAI
1983 - 2008	Part owner of Piini Realty, a family owned and operated real estate firm involved in appraising, brokerage, development and management.
2008 - present	Upon the retirement of Jim Piini, John Piini became the sole owner of Piini Realty, which is a full-service real estate firm providing appraisal, brokerage and property management services. In 2008, John Piini obtained his California Brokers license and his real estate activity focuses primarily on appraising and marketing agricultural properties.

Appraisal Assignments

The majority of assignments pertain to the valuation of agricultural and acreage properties for a variety of purposes including estate planning, conservation easements, trust management and financial lending. Valuations of commercial, industrial special-use, residential and development properties are also performed.

Professional affiliation and memberships

MAI – Member of the Appraisal Institute – Certification Number 6708
California Certified General Real Estate Appraiser – OREA # AG005214
California Licensed Real Estate Broker – DRE # 00542238
Monterey County Board of Realtors

INDUSTRIAL PUMP SHOP
(831) 758-6163
Pump Test Report

v.5.4 3/6/2013

Customer and Facility Data

Pump/Location: SHARPE RANCH PUMP 1/TAVERNETTI RD HP: 150 Utility: PG&E
GPS Coord.: Long -121.251 Lat 36.291 Pump Make: American
Motor Make: General Electric Type Turbine Meter Number: 1009542860
Customer Addr: REFCO FARMS LLC Serial Number: JEJ905151
PO BOX 7577 Voltage: 460 Amps: 173
SPRECKLES, CA 93925 Our Test #:
Contact: MIKE FRANCIONI
Phone: (831) 754-1777 Fax: (831) 754-1771 Cell:

Test Results

Test Date: 6/26/2014

Tester: john doris & john w

Run Number ('E' = used for cost anal): E-1

1. Pumping Water Level (ft): 202
2. Standing Water Level (ft): 188
3. Draw Down (ft): 14
4. Recovered Water Level (ft): 188
5. Discharge Pressure at Gauge (psi): 82
6. Total Lift (ft): 394
7. Flow Velocity (ft/sec): 4.7
8. Measured Flow Rate (gpm): 1,145
9. Customer Flow Rate (gpm): 1,200
10. Specific Capacity (gpm/ft draw): 81.8
11. Acre Feet per 24 Hr: 5.1
 Million Gallons per 24 Hr: 1.649
12. Cubic Feet per Second (cfs): 2.6
13. Horsepower Input to Motor: 186
14. Percent of Rated Motor Load (%): 114
15. Kilowatt Input to Motor: 139
16. Kilowatt Hours per acre-foot: 658
17. Cost to Pump an acre-foot: \$72.42
18. Energy Cost (\$/hour) \$15.27
19. Base Cost per Kwh: \$0.110
20. Nameplate rpm: 1,770
21. rpm at Gearhead: 0
22. Overall Pumping Efficiency (%): 61

If a Flow Velocity (line 7) is less than 1 ft/second, the accuracy of the test is suspect.

Note any major difference between the "Measured" flow rate and the "Customer's" (lines 8,9).

Remarks

All results are based on conditions during the time of the test. If these conditions vary from the normal operation of your pump, the results shown may not describe the pump's normal performance.

Overall efficiency of this plant is considered to be good assuming this run represents plant's normal operating condition.

Test results may be impaired due to poor hydraulic test section.

This pump had a propeller type flow meter.

Kilowatt input calculated by volt-amp method, using a certified meter.

COST CALCULATIONS ARE BASED ON 1000 kwh OF USAGE.

Estimated savings of 78 kWh/AF and \$1,799.21 annual energy costs from a retrofit

Current OPE of 61% and estimated potential OPE of 69%

**CONFIDENTIAL AND PROPRIETARY INFORMATION PUMPING COST
ANALYSIS FROM: INDUSTRIAL PUMP SHOP**

MIKE FRANCONI
REFCO FARMS LLC
PO BOX 7577
SPRECKLES, CA 93925

Test Date: 6/26/2014
Pump: SHARPE RANCH PUMP 1
Nameplate HP: 150.0
Our Pump Test Number: 3600559

This is a water well used for Irrigation - Agriculture and assumed to be operated 1000 hours/year.

The following Pumping Cost Analysis is presented as an estimate prepared from data acquired from the pump test performed 6/26/2014 and information provided by you. Please pay careful attention to the assumptions. The estimated savings are only valid for the assumptions made and conditions measured during the pump test. Note that many numbers are rounded during calculations.

<i>NOTE: * denotes a value that was Assumed or Provided by Customer</i>	Measured Pump Condition	Assumed Condition After Retrofit	Notes
1. Overall pumping efficiency:	61 %	69 %	
2. Nameplate Horsepower:	150.0 hp	150.0 hp	
3. Motor Efficiency:	92 %	92 %	
4. Actual Motor Input Horsepower:	186.1 hp	167.2 hp	
5. Motor loaded at:	114 %	103 %	
6. Flow rate (gpm):	1,145 gpm	1,167 gpm	
7. Pumping Level (ft):	202 ft	202 ft	
8. Discharge Pressure (psi):	82 psi	82 psi	
9. Total Dynamic Head (feet):	394 ft	392 ft	<i>Rounded TDH = line 7. + (2.31 x line 8.)</i>
10. Acre-feet Pumped/yr:	210.82 af/yr*	210.82 af/yr*	<i>Same af/yr AFTER</i>
11. Average Cost per kWh:	\$0.110 /kWh*	\$0.110 /kWh*	<i>Same \$/kWh AFTER</i>
			Estimated Savings from Retrofit
12. Estimated Total kWh per Year:	138,800 kWh/yr	122,444 kWh/yr	16,356 kWh/yr
13. Hours of Operation/yr:	1,000 hr/yr*	981 hr/yr	19 hr/yr
14. Kilowatt-hours per acre-foot:	658 kWh/af	581 kWh/af	78 kWh/af
15. Average Cost Per acre-foot:	\$72.42 /af	\$63.89 /af	\$8.53/af = 11.78%
- Estimated savings = \$8.53/af = 11.78% of energy costs - If pumping 210.82 af/year this equals about \$1,799 annual savings			

Analysis
Remarks:

It is sincerely hoped that this information will prove helpful to you, and that your concerns over maintaining optimum pumping efficiency will continue. If you have any questions, please contact JOHN DORIS at 8317586163.

Regards,

JOHN DORIS



Wayne Cooper AG Services, LLC
(805) 235-5218
Pump Test Report

v.6.0 9/2014

Customer and Facility Data

Pump/Location: Soledad Pump #137/JVO-South **HP:** 200 **Utility:** PG & E
GPS Coord.: **Long** -121.3296 **Lat** 36.44537 **Pump Make:** Byron Jackson
Motor Make: General Electric **Type** Turbine **Meter Number:** 1010789454
Customer Addr: JV Farms Organic, LLC **Serial Number:**
PO Box 1251 **Voltage:** 0 **Amps:** 0
Salinas, CA 93902 **Our Test #:** 014-07325
Contact: Kyle Pollock/ Marley Sollecito
Phone: (831) 443-8300 **Fax:** **Cell:** (831) 809-1404

Test Results

Test Date: 11/30/2021 **Tester:** Cooper, Doherty

Run Number ('E' = used for cost anal): E-1

- 1. Pumping Water Level (ft): 0
- 2. Standing Water Level (ft): 0
- 3. Draw Down (ft):
- 4. Recovered Water Level (ft): 0
- 5. Discharge Pressure at Gauge (psi): 95
- 6. Total Lift (ft): 0
- 7. Flow Velocity (ft/sec): 4.7
- 8. Measured Flow Rate (gpm): 1,161
- 9. Customer Flow Rate (gpm): 1,238
- 10. Specific Capacity (gpm/ft draw):
- 11. Acre Feet per 24 Hr: 5.1
 Million Gallons per 24 Hr: 1.672
- 12. Cubic Feet per Second (cfs): 2.6
- 13. Horsepower Input to Motor: 202
- 14. Percent of Rated Motor Load (%): 93
- 15. Kilowatt Input to Motor: 151
- 16. Kilowatt Hours per acre-foot: 706
- 17. Cost to Pump an acre-foot: \$84.72
- 18. Energy Cost (\$/hour) \$18.11
- 19. Base Cost per Kwh: \$0.120
- 20. Nameplate rpm: 0
- 21. rpm at Gearhead: 0
- 22. Overall Pumping Efficiency (%): 0

If a Flow Velocity (line 7) is less than 1 ft/second, the accuracy of the test is suspect.

Note any major difference between the "Measured" flow rate and the "Customer's" (lines 8,9).

Remarks

All results are based on conditions during the time of the test. If these conditions vary from the normal operation of your pump, the results shown may not describe the pump's normal performance.
Overall efficiency unknown due to inability to measure Pumping Water Level.

No entrance in well. Unable to measure water levels.

Pump running to sprinklers without diesel booster

Customer Flowmeter Total: 180.14

OPE cannot be calculated, no estimate of potential savings from a retrofit available

Advanced Pumping Efficiency Program



Dear PG&E Pumping Customer:

Thank you for participating in the Advanced Pumping Efficiency Program (APEP). APEP is funded through PG&E's energy efficiency programs to support energy efficient pumping. APEP offers subsidized pump efficiency tests, education, and technical assistance. Please look at the last page of this report as it shows how you can participate in all facets of the program.

The APEP provides subsidies to pump test companies so that they can provide their services at reduced costs to PG&E customers with eligible pumps. It is important to note that the subsidy may not cover the total cost of the test and you may be charged an additional fee by the test company.

Once you have received your pump test results, please sign the Record of Pump Efficiency Test at the bottom of this page so that the subsidy can be released to the pump tester.

The test report you have just received includes important information concerning your pump's performance. It includes an estimate of the energy and utility bill savings you could achieve by improving your pump's performance through a retrofit or replacement. Your pump tester or pump service company can supply you with an APEP program pamphlet explaining more about the test and what it tells you. They should also be able to help you determine if a pump retrofit would be economical for you at this time.

The APEP offers free educational seminars on pumping efficiency throughout the state. Check the calendar of events on the website listed above that shows when and where our educational seminars are being held.

Sincerely,

Kaomine Vang, Program Manager

California consumers are not obligated to purchase any full fee service or other service not funded by this program. The Advanced Pumping Efficiency Program is funded by California utility ratepayers under the auspices of the California Public Utilities Commission.

Los consumidores en California no estan obligados a comprar servicios completos o adicionales que no esten cubiertos bajo este programa. Este programa esta financiado por los usuarios de servicios públicos en California bajo la jurisdiccion de la Comisión de Servicios Públicos de California.

Record of Pump Efficiency Test

It is the sole responsibility of the pump test company to have this form completed and then submit it to the APEP Program in order to receive the pump test subsidy.

Pump Tester - Please fill out this section of the form

Company: Craig Evans Pump Testing Service

I certify that I performed test # 4306304 on 5/11/2023 on the pump serviced by meter: Other 0

Pump Name: Gabilan Pump Diesel

Tester: Craig Evans

Signed: _____

Pump Owner/Operator - Please fill out this section of the form

I certify that this pump efficiency test was not for the purposes of a real estate transaction or to fulfill requirements of any government or quasi-government agency. I further certify that I have legal authority over the operation of this pump.

I was given a record of the pump test containing all measured data and the calculated Overall Pumping Efficiency and kiloWatt-hours (or therms) required to pump an acre-foot of water. I am aware that the test information and a picture of the test section will be sent to APEP and PG&E. I am also aware that APEP is providing a subsidy to the pump tester for eligible pumps.

Name (print): Taryn Barsotti

Title: _____

Business: SMD Vineyards

Signed: _____

Date: _____

Phone: 8314551096

CONFIDENTIAL AND PROPRIETARY INFORMATION PUMPING COST
ANALYSIS FROM: Craig Evans Pump Testing Service

TARYN BARSOTTI
SMD VINEYARDS
86 MONTEREY SALINAS HIGHWAY
SALINAS, CA 93908

Test Date: 5/11/2023
Pump: GABILAN PUMP DIESEL
Nameplate HP: 350.0
Our Pump Test Number: 4306304

This is a water well used for Irrigation - Agriculture and assumed to be operated 1000 hours/year.

The following Pumping Cost Analysis is presented as an estimate prepared from data acquired from the pump test performed 5/11/2023 and information provided by you. Please pay careful attention to the assumptions. The estimated savings are only valid for the assumptions made and conditions measured during the pump test. Note that many numbers are rounded during calculations.

<i>NOTE: * denotes a value that was Assumed or Provided by Customer</i>	Measured Pump Condition	Assumed Condition After Retrofit	Notes
1. Overall pumping efficiency:	45 %	70 %	
2. Nameplate Horsepower:	350.0 hp	250.0 hp	<i>Note Change!</i>
3. Motor Efficiency:	93 %	95 %	<i>Note Change!</i>
4. Actual Motor Input Horsepower:	293.57 hp	249.0 hp	
5. Motor loaded at:	78 %	92 %	
6. Flow rate (gpm):	1,155 gpm	1,494 gpm	
7. Pumping Level (ft):	302 ft	310.80 ft	
8. Discharge Pressure (psi):	64 psi	64 psi	
9. Total Dynamic Head (feet):	449.84 ft	458.64 ft	<i>Rounded TDH = line 7. + (2.31 x line 8.)</i>
10. Acre-feet Pumped/yr:	212.66 af/yr*	212.66 af/yr*	<i>Same af/yr AFTER</i>
11. Average Cost per kWh:	\$0.250 /kWh*	\$0.250 /kWh*	<i>Same \$/kWh AFTER</i>
			Estimated Savings from Retrofit
12. Estimated Total kWh per Year:	219,000 kWh/yr	143,587 kWh/yr	75,413 kWh/yr
13. Hours of Operation/yr:	1,000 hr/yr*	773 hr/yr	227 hr/yr
14. Kilowatt-hours per acre-foot:	1,030 kWh/af	675 kWh/af	355 kWh/af
15. Average Cost Per acre-foot:	\$257.45 /af	\$168.80 /af	\$88.65/af = 34.43%
<p>- Estimated savings = \$88.65/af = 34.43% of energy costs - If pumping 212.66 af/year this equals about \$18,853 annual savings</p>			

Analysis

Remarks:

It is sincerely hoped that this information will prove helpful to you, and that your concerns over maintaining optimum pumping efficiency will continue. If you have any questions, please contact Craig Evans at 8319150167.

Regards,

Craig Evans



Craig Evans Pump Testing Service

(831) 915-0167

Pump Test Report

v.5.5 02/10/202

Customer and Facility Data

Pump/Location:	Gabilan Pump Diesel/Campora Gloria Road	HP:	350	Utility:	Other
GPS Coord.:	Long -121.368	Lat	36.47831	Pump Make:	Ingersoll - Dresser
Motor Make:	Cummings	Type	Well	Meter Number:	0
Customer Addr:	SMD Vineyards	Serial Number:	NONE	Voltage:	Amps: 0
	86 Monterey Salinas Highway				
	Salinas, CA 93908				
Contact:	Taryn Barsotti	Our Test #:			
Phone:	(831) 455-1096	Fax:		Cell:	(831) 595-0073

Test Results

Test Date: 5/11/2023 **Tester:** Craig Evans

Run Number ('E' = used for cost anal):	E-1
1. Pumping Water Level (ft):	302.00
2. Standing Water Level (ft):	272
3. Draw Down (ft):	30
4. Recovered Water Level (ft):	272
5. Discharge Pressure at Gauge (psi):	64.00
6. Total Lift (ft):	450
7. Flow Velocity (ft/sec):	4.1
8. Measured Flow Rate (gpm):	1,155
9. Customer Flow Rate (gpm):	1,166
10. Specific Capacity (gpm/ft draw):	38.5
11. Acre Feet per 24 Hr:	5.1
Million Gallons per 24 Hr:	1.663
12. Cubic Feet per Second (cfs):	2.6
13. Horsepower Input to Motor:	293.57
14. Percent of Rated Motor Load (%):	78
15. Kilowatt Input to Motor:	219.00
16. Kilowatt Hours per acre-foot:	1,030
17. Cost to Pump an acre-foot:	\$257.45
18. Energy Cost (\$/hour)	\$54.75
19. Base Cost per Kwh:	\$0.250
20. Nameplate rpm:	1,800
21. rpm at Gearhead:	1,512
22. Overall Pumping Efficiency (%):	45

If a Flow Velocity (line 7) is less than 1 ft/second, the accuracy of the test is suspect.

Note any major difference between the "Measured" flow rate and the "Customer's" (lines 8,9).

Some decimal accuracy on this report has been requested by testers in the field.

Remarks

All results are based on conditions during the time of the test. If these conditions vary from the normal operation of your pump, the results shown may not describe the pump's normal performance.

Overall efficiency of this plant is considered to be fair assuming this run represents plant's normal operating condition.

Standing water level based on 5 minutes recovery, well could still be recovering.

This pump had a propeller type flow meter.

This pump has an adequate test section.

The overall pump efficiency is underestimated because computations do not include the pressure loss in the column, screen, foo

Estimated savings of 355 kWh/AF and \$18,853.13 annual energy costs from a retrofit

Current OPE of 45% and estimated potential OPE of 70%

How to Participate in the Advanced Pumping Efficiency Program:



EDUCATIONAL SEMINARS

Seminars are free-of-charge. Our seminar schedule is on the Events Calendar on our web site (www.pumpefficiency.org) or you can call the main office. Also, all of our educational materials are on the web site and can be downloaded free-of-charge. We are always looking for partners for our seminars and if your organization has an event that we might be able to help with, please give us a call - 1 800 845-6038.

TECHNICAL ASSISTANCE

We are always available to help you interpret a pump test report, fill out an incentive application, discuss other PG&E energy efficiency programs, or answer general questions regarding design and management of pumping systems. Please note that we cannot supply site-specific engineering services.

SUBSIDIZED PUMP EFFICIENCY TESTS

If you are reading this then you already know how to obtain a subsidized test from APEP. Please tell your friends and neighbors about our Program. The pump efficiency test is the first step in maintaining an efficient pumping plant. Please note that subsidies depend on available funding and are on a first-come, first-served basis.

PG&E and other utilities and agencies have many energy efficiency programs available. Call your account representative, go to the PG&E web site at www.pge.com, or go to www.californiaenergyefficiency.com for more information.

Again, we appreciate your participation in the Program.

Advanced Pumping Efficiency Program



Dear PG&E Pumping Customer:

Thank you for participating in the Advanced Pumping Efficiency Program (APEP). APEP is funded through PG&E's energy efficiency programs to support energy efficient pumping. APEP offers subsidized pump efficiency tests, education, and technical assistance. Please look at the last page of this report as it shows how you can participate in all facets of the program.

The APEP provides subsidies to pump test companies so that they can provide their services at reduced costs to PG&E customers with eligible pumps. It is important to note that the subsidy may not cover the total cost of the test and you may be charged an additional fee by the test company.

Once you have received your pump test results, please sign the Record of Pump Efficiency Test at the bottom of this page so that the subsidy can be released to the pump tester.

The test report you have just received includes important information concerning your pump's performance. It includes an estimate of the energy and utility bill savings you could achieve by improving your pump's performance through a retrofit or replacement. Your pump tester or pump service company can supply you with an APEP program pamphlet explaining more about the test and what it tells you. They should also be able to help you determine if a pump retrofit would be economical for you at this time.

The APEP offers free educational seminars on pumping efficiency throughout the state. Check the calendar of events on the website listed above that shows when and where our educational seminars are being held.

Sincerely,

Kaomine Vang, Program Manager

California consumers are not obligated to purchase any full fee service or other service not funded by this program. The Advanced Pumping Efficiency Program is funded by California utility ratepayers under the auspices of the California Public Utilities Commission.

Los consumidores en California no estan obligados a comprar servicios completos o adicionales que no esten cubiertos bajo este programa. Este programa esta financiado por los usuarios de servicios públicos en California bajo la jurisdiccion de la Comisión de Servicios Públicos de California.

Record of Pump Efficiency Test

It is the sole responsibility of the pump test company to have this form completed and then submit it to the APEP Program in order to receive the pump test subsidy.

Pump Tester - Please fill out this section of the form

Company: Craig Evans Pump Testing Service

I certify that I performed test # 4301885 on 4/21/2017 on the pump serviced by meter: PG&E R05098

Pump Name: Raymond Well Tester: Craig Evans Signed: _____

Pump Owner/Operator - Please fill out this section of the form

I certify that this pump efficiency test was not for the purposes of a real estate transaction or to fulfill requirements of any government or quasi-government agency. I further certify that I have legal authority over the operation of this pump.

I was given a record of the pump test containing all measured data and the calculated Overall Pumping Efficiency and kiloWatt-hours (or therms) required to pump an acre-foot of water. I am aware that the test information and a picture of the test section will be sent to APEP and PG&E. I am also aware that APEP is providing a subsidy to the pump tester for eligible pumps.

Name (print): Taryn Barsotti

Title: _____

Business: SMD Vineyards

Signed: _____

Date: _____

Phone: 8314551096

CONFIDENTIAL AND PROPRIETARY INFORMATION PUMPING COST
ANALYSIS FROM: Craig Evans Pump Testing Service

TARYN BARSOTTI
SMD VINEYARDS
86 MONTEREY SALINAS HIGHWAY
SALINAS, CA 93908

Test Date: 4/21/2017
Pump: RAYMOND WELL
Nameplate HP: 250.0
Our Pump Test Number: **4301885**

This is a water well used for Irrigation - Agriculture and assumed to be operated 1 hours/year.

The current OPE is high enough that little or no cost savings are estimated from a retrofit/repair.

<i>NOTE: * denotes a value that was Assumed or Provided by Customer</i>	Measured Pump Condition	Assumed Condition After Retrofit	Notes
1. Overall pumping efficiency:	69 %	69 %	
2. Nameplate Horsepower:	250.0 hp	250.0 hp	
3. Motor Efficiency:	95 %	95 %	
4. Actual Motor Input Horsepower:	237.27 hp	236.8 hp	
5. Motor loaded at:	91 %	90 %	
6. Flow rate (gpm):	1,205 gpm	1,205 gpm	
7. Pumping Level (ft):	330 ft	330.00 ft	
8. Discharge Pressure (psi):	90 psi	90 psi	
9. Total Dynamic Head (feet):	538.90 ft	537.90 ft	<i>Rounded TDH = line 7. + (2.31 x line 8.)</i>
10. Acre-feet Pumped/yr:	0.22 af/yr*	0.22 af/yr*	<i>Same af/yr AFTER</i>
11. Average Cost per kWh:	\$0.290 /kWh*	\$0.290 /kWh*	<i>Same \$/kWh AFTER</i>
			Estimated Savings from Retrofit
12. Estimated Total kWh per Year:	177 kWh/yr	177 kWh/yr	0 kWh/yr
13. Hours of Operation/yr:	1 hr/yr*	1 hr/yr	0 hr/yr
14. Kilowatt-hours per acre-foot:	798 kWh/af	796 kWh/af	1 kWh/af
15. Average Cost Per acre-foot:	\$231.36 /af	\$230.93 /af	\$0.43/af = 0.19%
<p>- Estimated savings = \$0.43/af = 0.19% of energy costs - If pumping 0.22 af/year this equals about \$0 annual savings</p>			

Analysis

Remarks:

It is sincerely hoped that this information will prove helpful to you, and that your concerns over maintaining optimum pumping efficiency will continue. If you have any questions, please contact Craig Evans at 8319150167.

Regards,

Craig Evans



Craig Evans Pump Testing Service

(831) 915-0167

Pump Test Report

v.5.5 02/10/202

Customer and Facility Data

Pump/Location:	Raymond Well/Gloria Road	HP:	250	Utility:	PG&E
GPS Coord.:	Long -121.3967	Lat	36.49561	Pump Make:	Layne & Bowler
Motor Make:	U.S.	Type	Well	Meter Number:	R05098
Customer Addr:	SMD Vineyards	Serial Number:	NONE	Voltage:	460
	86 Monterey Salinas Highway	Amps:	262	Our Test #:	
	Salinas, CA 93908				
Contact:	Taryn Barsotti	Phone:	(831) 455-1096	Fax:	
		Cell:	(831) 595-0073		

Test Results

Test Date: 4/21/2017 **Tester:** Craig Evans

Run Number ('E' = used for cost anal):	E-1
1. Pumping Water Level (ft):	330.00
2. Standing Water Level (ft):	285
3. Draw Down (ft):	38
4. Recovered Water Level (ft):	292
5. Discharge Pressure at Gauge (psi):	90.00
6. Total Lift (ft):	539
7. Flow Velocity (ft/sec):	4.2
8. Measured Flow Rate (gpm):	1,205
9. Customer Flow Rate (gpm):	1,195
10. Specific Capacity (gpm/ft draw):	31.7
11. Acre Feet per 24 Hr:	5.3
Million Gallons per 24 Hr:	1.735
12. Cubic Feet per Second (cfs):	2.7
13. Horsepower Input to Motor:	237.27
14. Percent of Rated Motor Load (%):	91
15. Kilowatt Input to Motor:	177.00
16. Kilowatt Hours per acre-foot:	798
17. Cost to Pump an acre-foot:	\$231.36
18. Energy Cost (\$/hour)	\$51.33
19. Base Cost per Kwh:	\$0.290
20. Nameplate rpm:	1,760
21. rpm at Gearhead:	0
22. Overall Pumping Efficiency (%):	69

If a Flow Velocity (line 7) is less than 1 ft/second, the accuracy of the test is suspect.

Note any major difference between the "Measured" flow rate and the "Customer's" (lines 8,9).

Some decimal accuracy on this report has been requested by testers in the field.

Remarks

All results are based on conditions during the time of the test. If these conditions vary from the normal operation of your pump, the results shown may not describe the pump's normal performance.

Overall efficiency of this plant is considered to be very good assuming this run represents plant's normal operating condition.

Oil on the surface of the water in the well may have affected the accuracy of the water level measurements.

This pump had a propeller type flow meter.

The overall pump efficiency is underestimated because computations do not include the pressure loss in the column, screen, foot valve, etc.

All water pump irrigation in vineyard.

Current OPE is close to optimum - no savings estimated for a retrofit

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Again, we appreciate your participation in the Program.

**MEMORANDUM OF AGREEMENT BETWEEN
THE CITY OF SOLEDAD AND THE COUNTY OF MONTEREY REGARDING
WORKING COOPERATIVELY ON COMMON PLANNING, GROWTH AND
DEVELOPMENT ISSUES IN ORDER TO BE AS EFFECTIVE AS POSSIBLE IN THE
IMPLEMENTATION OF THEIR RESPECTIVE GENERAL PLANS**

This Memorandum of Agreement, hereinafter referred to as (“Agreement”), is entered into on this ____ day of _____ 2016 (the “Effective Date”) by and between the City of Soledad, a Municipal Corporation hereinafter referred to as (“City”), and County of Monterey, a political subdivision of the State of California, hereinafter referred to as (“County”), and together hereinafter referred to as the “Parties”.

RECITALS

WHEREAS, the Parties declare that it is in their mutual interest to work cooperatively on issues of planning, growth, and development in order to provide more certainty regarding the future direction, extent, and conditions of urban development, to reduce unnecessary conflicts and to reduce costs for future development including affordable housing, to provide for the long term protection of valuable agricultural lands, and to be as effective as possible in the implementation of their respective General Plans; and

WHEREAS, as an expression of the intent to work cooperatively on common issues pertaining to planning, growth and development, the Parties have prepared this Memorandum of Agreement (“Agreement”), which serves to fulfill the requirements of California Government Code Section 56425(b), as an Agreement by and between the Parties regarding the expansion of the boundaries of the City’s Sphere of Influence (SOI), and the establishment of planning principles by both Parties to promote logical and orderly development for purposes of the City’s application to the Monterey County Local Agency Formation Commission (LAFCO) to update its Sphere of Influence; and

WHEREAS, the Parties recognize, pursuant to California Government Code Section 56425(c) that this Agreement itself does not commit the Parties to any particular form or pattern of development, but rather, if LAFCO’s final determination is consistent with this Agreement, then the Agreement would need to be considered for approval by both the City and County after noticed public hearing. Once the Agreement has been adopted by the Parties and their respective general plans reflect the Agreement, then any development approved by the County within the adopted sphere shall be consistent with the terms of the Agreement; and

WHEREAS, this Agreement is not subject to environmental review under the California Environmental Quality Act (CEQA) because numerous actions must be taken pursuant to State and local laws and regulations before such policies can be implemented. Such actions include, in some instances, the need to complete financial nexus studies, comply with the California Environmental Quality Act (CEQA), the need to hold public hearings and/or otherwise seek public input before reaching binding decisions, and the need to obtain approvals from other agencies such as the Local Agency Formation Commission of Monterey County (LAFCO). For all such provisions, the MOA shall be understood to constitute tentative policy commitments that can only become fully binding after all such legal prerequisites have been satisfied; and

WHEREAS, the Parties recognize and understand that individually each has its own growth plans, priorities and approaches; however, it is of mutual benefit to enter into this Agreement to acknowledge their cooperation in a variety of key policy areas.

NOW THEREFORE BE IT RESOLVED, that the Parties find that establishment of this Agreement is an effective and beneficial means of reaching basic agreement regarding future planning, growth and development issues in and around the City of Soledad.

BE IT FURTHER RESOLVED that the Parties declare and agree as follows:

Section 1. Logical & Orderly Development.

1.1 The City has adopted the 2005 Soledad General Plan, which establishes a long range development plan for the City that identifies the “ultimate” City area that will enable the City to plan for efficient provision of public facilities and the delivery of services, provide clarity for property owners about the direction of future development and its extent, and direct development away from the best agricultural land.

1.2 The County recognizes that the City’s long-range plan, as interpreted by the policy commitments found in this document, serves the mutual goal of conserving agricultural lands, by limiting urban development and its impacts on agricultural operations to a defined area. The City General Plan provides certainty for farmers and ranchers outside of the growth area that they can invest in and continue farming on a secure basis, without future pressure to convert their lands for urban development.

1.3 The County desires to implement its policies regarding City-Centered Growth (General Plan Policies LU – 2.14 through LU – 2.19) as discussed in the adopted 2010 County General

Plan, and reinforced by City General Plan Policies L-1 – L-9. The County recognizes that a commitment to City-Centered Growth principles implies long-term reliance on the City to accommodate housing and other urban needs, and relies on the City to be able to designate adequate land for its needs while developing in a logical, compact and orderly manner.

Section 2. Direction of Future Development.

2.1 The City agrees as follows:

a) To limit future long-term development within the area shown on Exhibit ‘A’ and designated as “Urban Growth Boundary” (the “**UGB**”). The purpose of the UGB is to bound and enclose the land intended for development within the 2005 Soledad General Plan.

b) To manage development of land within the UGB utilizing the best available “sustainable” practices. The intent of the City is supported by City’s General Plan Policy L-2, which partially reads as follows:

Further annexations to the City may occur when a) a substantial portion of the development capacity within the existing city limits has been developed, b) a substantial public benefit can be realized through the annexation, such as the provision of public open space, additional parkland, or the protection of scenic vistas, or natural resources...

c) To encourage proposals for infill development on vacant or underutilized sites within the existing City limits east of Highway 101 whenever possible, to avoid urban sprawl and postpone the conversion of agricultural land to urban uses.

d) To require Specific Plans to include residential densities that ensure a compact urban form that helps protect agricultural land from premature conversion.

e) To establish a permanent agricultural edge for the purpose of maintaining a clearly defined northwest and southeast boundary between the urbanized incorporated areas of City and the agricultural areas within the unincorporated County as shown on Exhibit ‘A’ and identified as “Permanent Agricultural Edge”. A “Temporary Agricultural Edge” is hereby established east of Bryant Canyon Road, as specifically shown on Exhibit ‘A’. The Temporary Agricultural Edge may be eliminated through an amendment to this Agreement.

f) To utilize agricultural buffers within the UGB to address the compatibility between the development of urban land uses and existing or planned agricultural uses. The City’s General Plan requires development within or adjacent to designated agricultural areas to minimize conflicts with adjacent agricultural uses. The County requires an agricultural buffer as typically 200 feet in width and includes other vegetation, walls, or other screening deemed necessary to ensure that property owners on both sides of the buffer may enjoy full and unencumbered use of

their property for its designated use without experiencing significant deleterious effect from neighboring use.

g) To actively participate with the County, LAFCO and other cities within the Salinas Valley to develop a Valley-wide Agricultural Land Mitigation Program to address the loss of agricultural land due to development and conversion to urban uses.

h) To utilize permanent agricultural buffers along the UGB to ensure compatibility between the development of urban land uses and agricultural uses in the unincorporated area. The City agrees to actively participate with the County, LAFCO and other cities in the Salinas Valley to develop a Valley-wide Agricultural Buffer Program to ensure compatibility of urban land use with agricultural uses in the unincorporated area.

2.2 The County agrees as follows:

a) Consistent with County General Plan Policy LU – 2.14, mutually work with the City to support the City’s proposals to manage its growth and gradually develop within UGB of the City General Plan in accordance with the approval of future Specific Plans that are prepared to implement a logical, orderly development pattern that matches the City’s ability to provide urban services.

b) To consult with the City on development projects that are proposed within a Referral Area as illustrated on Exhibit ‘B’. This obligation and agreement to consult shall not apply to structures or other improvements on agricultural land located in the Referral Area which are incidental to existing farming operations, including by way of example only, barns, storage sheds, shops, ranch administrative offices, ingress and egress, and irrigation and pumping facilities. The intent of the County is supported by the County’s General Plan Policy LU – 2.19, which County intends to implement by 1) minimizing potentially competing development within the City’s Planning Area Boundary (See Figure II-1, Soledad General Plan), 2) limiting approval of new agricultural-industrial or commercial projects and by directing such development to the City’s agricultural business parks and/or light industrial areas, and 3) referring any discretionary development proposals within the City’s Planning Area Boundary to the City for comment and, for larger projects, potential annexation.

c) To promote long-term conservation of commercial agriculture outside of the Soledad General Plan UGB (Exhibit ‘A’) and the area outside the development area described in section 2.1(e), above, for the purposes of regional economic stability and to maintain physical separation from other communities in the area, including Greenfield, the state prisons, and Gonzales. The intent of the County is expressed in the County’s General Plan Policy LU – 2.17.

d) To not support the inclusion of land into a Williamson Act contract within the City's UGB.

Section 3. Specific Planning Actions.

3.1 During the negotiation of this Agreement, the Parties identified and discussed specific planning actions that the Parties intend to implement if the Sphere of Influence Amendment as proposed by the City is approved by LAFCO and if this Agreement is subsequently adopted following noticed public hearing, subject to all legal prerequisites as set forth in section 9.1 below. Each of those specific planning actions is described below.

a) Dole/Camphora Services. The Parties agree that, prior to any future connections of city infrastructure to unincorporated areas northwest of the current city limits, the Parties will discuss entering into an agreement setting appropriate fees for such service.

b) Adobe Site at Arroyo Seco Interchange (Los Coches Adobe site). The Parties agree to cooperatively identify methods to allow the City to fully utilize the site of the Adobe property at the northwest corner of the Arroyo Seco Road interchange with Highway 101 if the historic structure is able to be reused for a future use and for uses that serve the visiting public, such as a campground, inn, visitor center, use that supports the agricultural industry as an informational or educational use, or supports the winery corridor as outlined in the County General Plan. If the historic adobe cannot be retained, negotiations shall occur between the Parties prior to demolition, and shall include a review by the County's Historic Resources Review Board prior to issuance of any demolition permit. The intent of the discussions and review are to attempt to identify methods that may save the historic structure. The County supports the connection of the City and the Adobe through annexation of appropriate land, including the enlargement of the Adobe property site in order to facilitate the establishment of the public visitor serving uses set forth above.

c) The Parties agree to discuss the potential for future inclusion of the Heavy Industrial area, in the unincorporated area southeast of the Soledad Correctional Facilities, in the Sphere of Influence in the future. The area shall be considered for future annexation to the City of Soledad, if growth of the City occurs to the west into the Northwest Expansion Specific Plan area.

d) Agricultural Processing Facilities. If an agricultural processing facility is proposed for construction in the unincorporated area on a parcel adjacent to the City limits or SOI, the Parties shall discuss annexation of the site to the City as part of the discretionary permit actions. The intent of this Agreement is to have the site become part of the incorporated City.

e) The inclusion of the industrial area along McCoy Road in the City Planning Area Boundary and Sphere of Influence shall be discussed between the Parties as part of any future comprehensive update to the City General Plan.

f) Maintenance of a Positive Housing and Jobs Relationship. The Parties agree that the County shall continue to direct commercial and industrial growth proposed in the vicinity of the City to vacant City parcels providing the zoning and infrastructure to accommodate such uses, with the exception of the Heavy Industrial zoned land located southeast of the Soledad Correctional Facility, where low intensity agricultural support uses may be allowed by the County so long as City infrastructure is not necessary to allow the use.

g) By signing this Agreement, the City expresses its intent to not extend urban land uses to the southeast of the new bypass road described in Section 5.4 and into the Northwest Expansion Specific Plan area. However, if the Permanent Agricultural Edge, as described in this Agreement, should ever be proposed to be eliminated to allow the future extension of urban uses, the City shall discuss the matter with the Board of Supervisors prior to any City action; and the City shall require mitigation for the loss of prime agricultural land with an agricultural conservation easement at a ratio of 3:1, with the conservation easement deeded, at the sole discretion of the City, to a nonprofit public benefit corporation organized under Internal Revenue Code section 501(c)(3), or other appropriate legal entity, operating in Monterey County for the purpose of conserving and protecting land in agricultural production. Furthermore, should the Permanent Agricultural Edge be eliminated, the City agrees that, to the extent allowed by law, all local taxes collected from annexation of the property shall not accrue to the benefit of the City. Under that scenario, to the extent allowed by law, local taxes collected from areas annexed by the City shall be distributed in a manner as if the annexed area was not part of the City.

h) Access Limitations to San Vicente Road. The City agrees to coordinate with the County and plan the arterial roadways along San Vicente Road in a manner that supports the free-flow of both automobile and truck traffic, utilizing method(s) determined by a traffic engineer to be practical, including but not limited to: utilizing the existing City road as a frontage road/by-pass road, roundabouts, directional barriers or medians, trap lanes and right-turn-in and right-turn-out intersections.

The language of this section is to be interpreted in a manner that most facilitates the movement of agricultural vehicles from agricultural fields to the highway, agricultural plants, or rail yards with little to no interference from City traffic.

Section 4. Development Phasing & Annexations.

4.1 The City's adopted 2005 General Plan focuses future urban development to the east of Highway 101 and north/northwest of the current city and provides for the phasing of development through the use of Specific Plans within the area shown on Exhibit 'A' that is

designated as UGB. The timing of annexation applications submitted for consideration by LAFCO will be based upon the approval by the City of a Specific Plan, which includes a phasing plan, a plan for services and public facilities and financing plans that demonstrate compliance with LAFCO Standards.

4.2 The City shall develop Specific Plans that specifically address development phasing and sequence of improvements. The phasing programs shall ensure that adequate supporting public services, retail, parks, schools and other uses are in place to support residential, institutional, and commercial uses.

4.3 The City shall refer proposals for the preparation of Specific Plans within the UGB to the County for informal review and comment regarding the potential impacts of the proposed project upon the adjacent unincorporated area and associated County facilities. Environmental documents associated with the Specific Plan process shall be referred to the County for formal review and comment.

Section 5. Agricultural Land Compatibility.

5.1 The City agrees to maintain agriculture as the core of the local economy by conserving and protecting agricultural lands and operations within its Planning Area Boundary, and where agricultural land is planned for eventual urbanization, to work to keep such land in production up until the time when the land is converted to urban use.

5.2 The City agrees to emphasize agricultural land compatibility by implementing the following actions as described in the City General Plan, including:

Policy C/OS-1 – The City shall discourage “leapfrog” development and development in peninsulas extending into agricultural lands to avoid adverse effects on agricultural operations.

Policy C/OS-2 – The City shall retain the agricultural land use designation on lands within its planning area until the land is needed for urban development.

Policy C/OS-3 – The City shall ensure that new development and public infrastructure projects do not encourage expansion of urban uses outside the general plan area into areas designated Agriculture by the Monterey County General Plan.

Policy C/OS-4 – The City shall support the agricultural economy by encouraging the location of agricultural support industries in the City...

Policy C/OS-5 – The City shall require a right-to-farm condition to all future

subdivision maps adjacent to farmlands.

Policy C/OS-6 – The City shall require development within or adjacent to agricultural areas to minimize conflicts with adjacent agricultural uses.

Policy L-1 – Preserve agriculture on large lots outside the City’s sphere of influence
...

Policy L-2 – Further annexations to the City may occur when...a substantial portion of the development capacity within the existing city limites has been developed...

5.3 The City agrees to implement policies that require the City to be consistent with the County of Monterey’s “Right-to-Farm” Ordinance and the policies with respect to farming rights and agricultural protection/compatibility found in the County General Plan, and consider revision of the City’s Zoning Ordinance to require the recordation of a Right-to-Farm Notice as a condition of discretionary approval for residential development (including lots approved as part of a new residential subdivision) within 200 feet of an established agricultural operation.

5.4 The City agrees to develop and implement a plan, in consultation with the County, to separate and re-route truck traffic, primarily associated with agricultural operations, from local traffic routes. The City and County agree to mutually work to identify and obtain a new access road from State Highway 146 on the southeast end of the City to connect to Highway 101. The City and County will seek funding sources for construction of this new road while maintaining Business Highway 146 through the City’s downtown.

Section 6. Agricultural Land Conservation Program.

6.1 The City agrees to maintain agricultural open space around the City as a means of giving form and definition to the City. The County desires this protection to ensure preservation of the agricultural economy so critical to Monterey County, including its cities. To this end, the City agrees to permit urban development only within the areas designated for urban uses on the City’s General Plan Land Use Diagram and as described in this Memorandum of Agreement. Land immediately beyond this boundary should remain in agricultural use utilizing permanent agricultural easements, other mitigation measures that may arise as a result of project-level CEQA review, or any other feasible methods determined by the City to be feasible to preserve agricultural lands and define the limits of urban expansion for the City.

6.2 The City agrees to establish an Agricultural Land Conservation Program. The Program includes securing the dedication of agricultural land easements, purchase of banked mitigation

credits and/or levying a mitigation fee that could be used to purchase easements on lands outside of the City's General Plan Urban Growth Boundary.

6.3 Notwithstanding participation by the City in any other adopted program, by adopting this Agreement, the City agrees to implement an Agricultural Land Conservation Program as follows until the City establishes a Program pursuant to section 6.2 or section 2.1(g):

6.3.1 To the extent as permitted by law, for the development of land within the City's UGB as shown on Exhibit 'A', which lands have been annexed to the City and are designated by the California Department of Conservation's Farmland Mapping and Monitoring Program as "Prime" or "of Statewide Importance", but excepting all lands within the area denoted as "Existing Sphere of Influence" and the area west of Bryant Canyon Road, the owner/developer/successor-in-interest shall select one or any combination of the following items:

a) provide the in-kind direct purchase/acquisition of an agricultural mitigation easement at a 1:1 ratio and dedicate the easement to an agricultural land trust or other qualifying entity; and/or

b) if available, purchase agricultural banked mitigation credits at a 1:1 ratio from a qualifying entity; and/or

c) pay an in-lieu mitigation fee, which amount shall be determined by the City prior to project approval. The amount of the fee should reasonably be expected to lead to the preservation of agricultural land. Said fee shall be kept by the City in a fund established specifically for agricultural land mitigation purposes; and/or

d) implement other innovative approaches as approved by the City that results in the preservation of agricultural land within areas targeted by the City.

6.3.2 The method for mitigating the loss of agricultural land shall be implemented at the discretion of City to coincide with the time of the recordation of a final subdivision map, except where a final map is clearly labeled as a "Large-lot Subdivision Map" and the map and associated agreement clearly specify that the creation of parcels (a) is for purposes of resale and not intended for development, or (b) does not include any entitlements which would permit development of the subject parcels without recordation of subsequent subdivisions maps or prior to the issuance of a grading permit. The City may consider receiving mitigation fees for individual projects in annual installment payments plus interest on the outstanding balance as long as the full amount is secured by a bond held by the City or other enforceable method of security, in the City's sole discretion prior to filing the final map or commencement of use.

6.3.3 The filing of a parcel map that does not result in the conversion of land zoned for agricultural purposes does not require dedication or payment of in-lieu fees.

6.3.4 It is the intent of the City to oversee, collect and manage any and all fees collected through the implementation of its Agricultural Land Conservation Program to ensure the use of the fees and the selected form of mitigation represents the best interest of the City, and that the form of mitigation is the most effective in addressing the agricultural conservation goals and objectives of the City as expressed in the City General Plan. Such intent is subject to the requirements of the California Environmental Quality Act to provide actual mitigation and to report on utilized mitigation funds.

6.3.5 In establishing its Agricultural Land Conservation Program, it is the further intent of the City to establish a Committee, which is appointed by the City Council, to plan the use of mitigation fees and to make recommendations to the City Council on the use of those funds. The Committee's composition shall be determined by the City Council, and could be structured as follows: two members of the City Council, the City's Community Development Director, a representative for Agriculture, a representative of an Agriculture Conservation/Preservation organization, a representative of the Building Industry/Development Community, a representative of the County of Monterey Agricultural Commissioner's Office, and the 3rd District County Supervisor. This section applies until the County and City have an Agricultural Land Conservation Program agreed to by both parties.

6.3.6 Any agricultural mitigation fees assessed and collected by the City pursuant to its Agricultural Land Conservation Program may, in the City's sole discretion and reasonably acceptable to the County, be applied to activities designed to preserve and promote agriculture and the agricultural industry in the Greater Soledad Area, including but not limited to:

- a) Scientific research for addressing agriculture's needs (e.g. food safety). Entities applying for research funding could include universities, colleges, research think tanks, non-profits, industry/business, government and schools;
- b) Increased agricultural educational programs in the Soledad Unified School District;
- c) Purchase of permanent agricultural buffers to alleviate potential physical conflicts between existing or planned agricultural uses (either within or outside the UGB) and urban land uses planned within the UGB;
- d) Economic programs developed to expand markets for local agricultural products;
- e) Programs promoting careers in agriculture;

f) Contributions to non-profit associations dedicated to agricultural education, promotion or preservation.

g) Funds for the acquisition of agricultural easements outside the City UGB.

6.3.7 Notwithstanding all of the foregoing measures described in Section 6.3.6 above, City and County agree that the first priority use of agricultural mitigation fees is for the acquisition of permanent conservation easements adjacent to the Permanent Agricultural Edge/UGB to the east, south and west, as shown on Exhibit ‘A,’ through the owner/developer/successor-in-interest securing an easement, as described in Section 6.3.1(a) of this Agreement, or through the use of mitigation fee funds collected pursuant to Section 6.3.1(c) of this Agreement.

6.4 The County will consider that the City’s participation in an Agricultural Land Mitigation Program, for the purpose of this agreement, has been satisfied if the City can prove to County that land immediately adjacent to the City’s northwestern, southwestern and eastern boundaries have been permanently secured by the recordation of an agricultural preservation easement or through the sale or dedication of land to a private land trust.

Section 7. Traffic Mitigation Fees.

7.1 The County agrees to prepare and consider a Traffic Impact Fee that would include a Zone that includes the Greater Soledad Area within 18 months of the effective date of the adoption of the Sphere of Influence by LAFCO. Proper notice shall be provided to the City and all affected property owners of the preparation of such a fee study, when and where discussions regarding the fee will occur and when the fee will be considered for adoption. The City agrees to consider adoption of the County’s impact fee program, as may be amended from time to time, to fund improvements to County roads listed in the program. Until the Impact Fee is established, the City agrees to ensure that any new development project in the incorporated area, pursuant to the City’s General Plan, that causes traffic impacts on local roads in the nearby unincorporated area, will pay its pro rata fair share to the County as mitigation for impacts on County roads.

7.2 The County agrees that for any development requiring a discretionary permit that would generate traffic through the City (except, on legal lots that existed as of the date of this agreement, single family dwellings), the County will consult with the City to determine if there are traffic impacts to the City. In the event that there are traffic impacts to the City, the County will require the development to pay its pro rata fair share to the City as mitigation of impacts on

City roads. The pro rata fair share shall be determined through a formula calculation prepared along with a project's traffic impact analysis.

Section 8. Tax Sharing.

8.1 By signing this Agreement, the City and County agree to discuss the provisions of the Master Tax Sharing Agreement prior to the annexation of any territory located in the City's UGB, excepting all lands within the area denoted by LAFCO on this date as "Sphere of Influence"

8.2 Unless mutually agreed to otherwise by both parties and to the extent allowed by law, the City and County agree that all local taxes collected from annexation of property not consistent with this Agreement shall not accrue to the benefit of the City. To the extent allowed by law, local taxes collected from areas annexed by the City not consistent with this Agreement shall be distributed in a manner as if the annexed area was not part of the City.

Section 9. Environmental Review, Public Hearing & Local Decision-making.

9.1 The Parties recognize that, with respect to some of the provisions set forth herein, numerous actions must be taken pursuant to State and local laws and regulations before such policies can be implemented. Such actions include, in some instances, the need to complete financial nexus studies, comply with the California Environmental Quality Act (CEQA), the need to hold public hearings and/or otherwise seek public input before reaching binding decisions, and the need to obtain approvals from other agencies such as the Local Agency Formation Commission of Monterey County (LAFCO). For all such provisions, the MOA shall be understood to constitute tentative policy commitments that can only become fully binding after all such legal prerequisites have been satisfied.

Section 10. Amendment.

10.1 The parties may desire to amend this Agreement from time to time. Any amendment, representing an alteration, or modification of any of the terms or provisions contained herein, or any amendment adding a new term or condition, shall not be binding upon the parties hereto unless made and executed in writing by the parties hereto and approved by both the County's Board of Supervisors and the Soledad City Council.

[Signatures on a separate page]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed on the day and year first written above, and shall take effect following adoption and the placing of signatures by all Parties.

City of Soledad, a Municipal Corporation

County of Monterey, a political Subdivision of the State of California

Fred Ledesma
The Honorable Mayor

Jane Parker
Chair, Monterey County Board of Supervisors

APPROVED AS TO FORM:

APPROVED AS TO FORM:
Charles McKee
County Counsel

Michael Rodriguez
City Attorney

By: _____
Wendy Strimling, Senior Deputy County Counsel

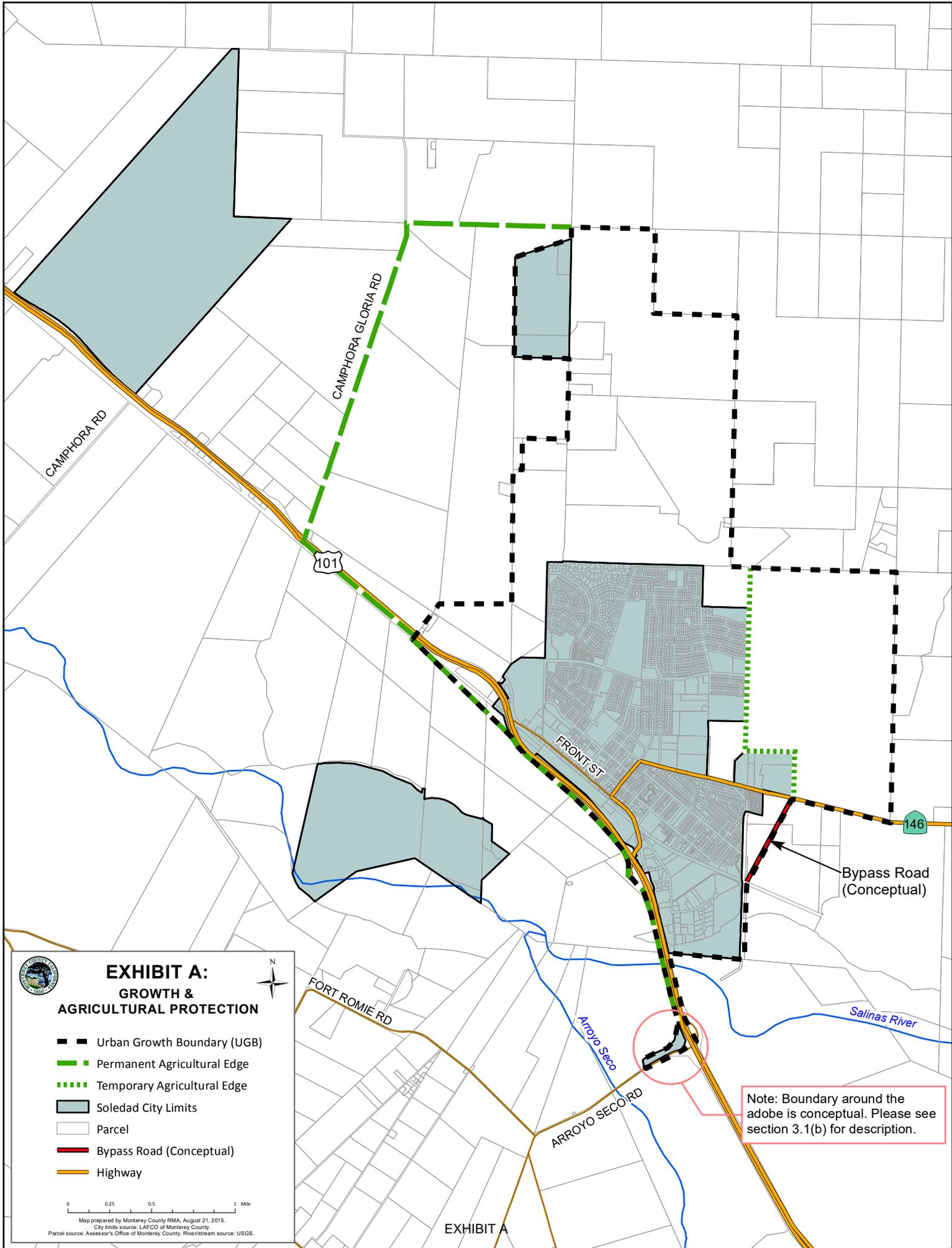
ATTEST:

ATTEST:

Adela P. Gonzalez
City Clerk

Gail T. Borkowski, CCB
Clerk of the Board

By: _____
Deputy



**EXHIBIT A:
GROWTH &
AGRICULTURAL PROTECTION**



- Urban Growth Boundary (UGB)
- Permanent Agricultural Edge
- Temporary Agricultural Edge
- Soledad City Limits
- Parcel
- Bypass Road (Conceptual)
- Highway

0 0.25 0.5 1 Mile

Map prepared by Monterey County RMA, August 21, 2015.
City limits source: LAFCO of Monterey County.
Parcel source: Assessor's Office of Monterey County. River/stream source: USGS.

Note: Boundary around the adobe is conceptual. Please see section 3.1(b) for description.

EXHIBIT A

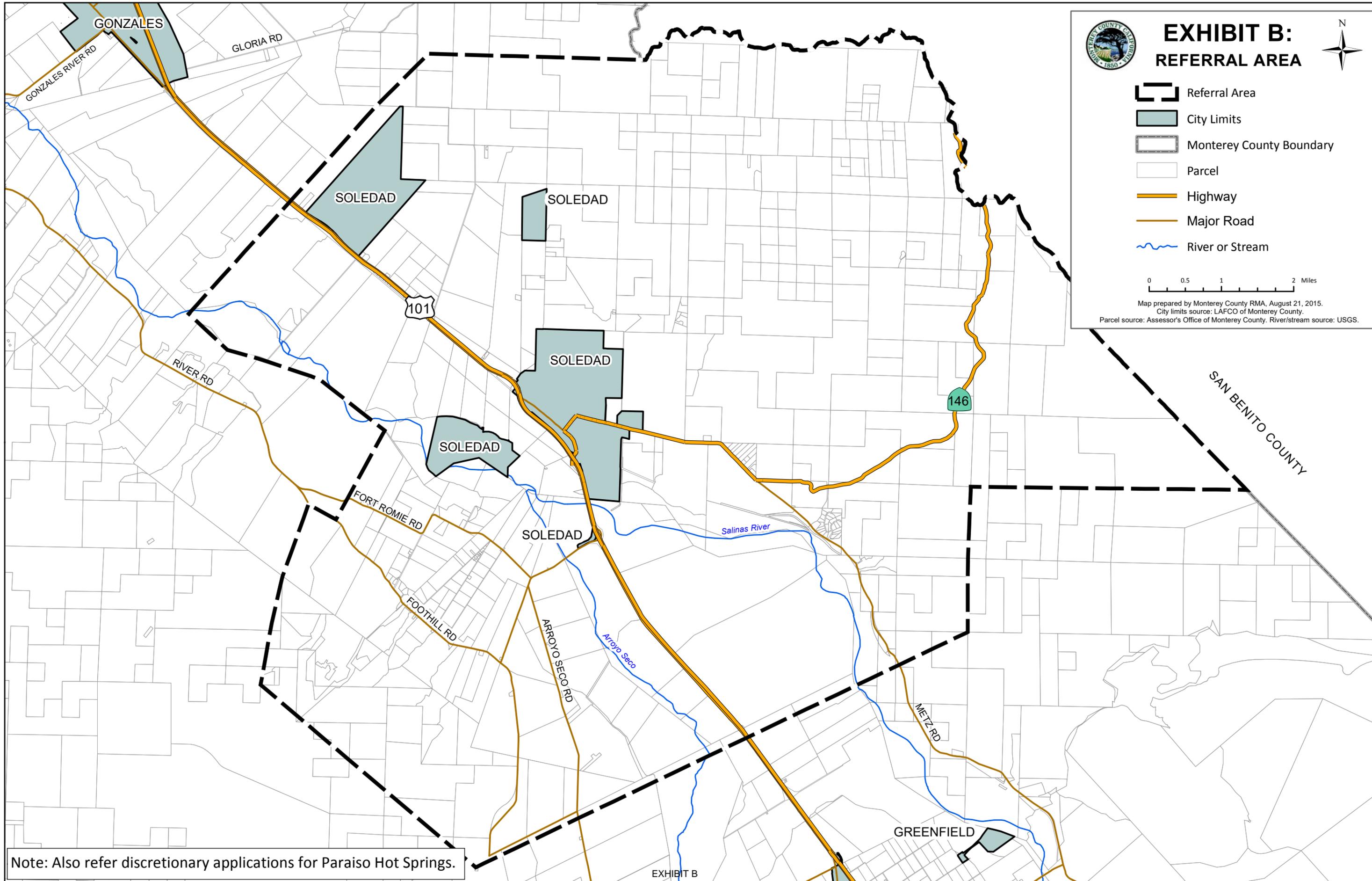



EXHIBIT B: REFERRAL AREA

- Referral Area
- City Limits
- Monterey County Boundary
- Parcel
- Highway
- Major Road
- River or Stream

0 0.5 1 2 Miles

Map prepared by Monterey County RMA, August 21, 2015.
City limits source: LAFCO of Monterey County.
Parcel source: Assessor's Office of Monterey County. River/stream source: USGS.

Note: Also refer discretionary applications for Paraiso Hot Springs.

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: August 28, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
PREPARED BY: Jonathan Brinkmann, Senior Analyst
SUBJECT: **Public Member (Alternate) Appointment**
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378.

SUMMARY OF RECOMMENDATION:

1. Receive the Executive Officer's report;
2. Invite Public Member candidates to make introductory statements;
3. Invite public comments, and
4. Consider and appoint one Alternate Public Member Commissioner to represent the general public on LAFCO for the remainder of a four-year term that expires on May 4, 2026, or continue consideration of appointments to the next regular LAFCO meeting on September 25, 2023.

EXECUTIVE OFFICER'S REPORT:

Following the June 26, 2023 LAFCO Commission meeting, Alternate Public Member Commissioner Steve Snodgrass announced his resignation due to a move out of state. LAFCO is conducting an alternate public member recruitment and appointment process to fill the remainder of the four-year term for this seat that expires on May 4, 2026. Four eligible candidates have submitted applications to serve the remaining four-year term as the alternate LAFCO representative of the general public. The purposes of today's agenda item are to consider candidates and make an appointment.

Candidates and Qualifications

The Alternate Public Member seat is open to Monterey County residents with an interest in the operation and organization of local governments. In accordance with Government Code Section 56325(d), LAFCO prepared and distributed a public notice and press release throughout Monterey County regarding the vacant position and soliciting resumes from interested persons. A notice was also published in the Monterey County Weekly, Pajaronian, and Salinas Valley Tribune. Staff also reached out to various community groups including the League of United Latin American Citizens Salinas and North Monterey County, the National Association for the Advancement of Colored People Monterey County

Branch, the Japanese American Citizens League of Monterey Peninsula, and the Center for Community Advocacy.

Our office received seven applications. Four of the applications are from candidates eligible to move forward in the selection process: Gary Hoffman, Robert Roach, Ronald Roland and Michael Bikle. One candidate submitted a late application and so cannot be considered. Two candidates – Sanford Coplin and Chris Barrera – decided not to continue in the selection process since they are unwilling to resign from their current seats on local government boards to serve on LAFCO as an Alternate Public Member. California Government Code Section 56331 provides direction that no officer or employee of Monterey County, or any City or district within this County, is eligible for appointment to the Alternate Public Member seat unless they resign from their position before taking the Oath of Office.

Appointment Process

The Commission is requested to consider the attached qualifications of four candidates. These candidates have been invited to attend the August 28 meeting to introduce themselves. Appointment to the Alternate Public Member seat requires the affirmative vote of at least one City Member, one Special District Member, and one County Member. Also, each appointment needs at least four votes of those Commissioners qualified to vote on the matter. Pursuant to California Government Code Section 56325(d), the Public Member Commissioner may not vote on this matter. The Commission may make the appointment on August 28 or at the next LAFCO meeting on September 25.

Term of Office

Since the previous Alternate Public Member left the Commission prior to the completion of his four-year term, the appointment of his successor is for the remainder of the unexpired four-year term ending May 4, 2026.

If the Commission makes an appointment at the August 28 Commission meeting, the appointed Public Member will take the Oath of Office and be seated at the September 25 meeting of the Local Agency Formation Commission.

Respectfully Submitted,



Kate McKenna, AICP

Executive Officer

Attachment: Candidate Information

1. Gary D. Hoffman, P.E.
2. Robert A. Roach
3. Ronald J. Roland
4. Michael P. Bikle

Attachment 9.1

Candidate Information

1. Gary D. Hoffmann
2. Robert Roach
3. Ronald J. Roland
4. Michael P. Bikle

LAFCO of Monterey County

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

APPLICATION FORM TO SERVE AS A PUBLIC MEMBER REPRESENTATIVE ON THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

Due Date: July 28, 2023

Applications will be considered for the vacant seat of the Alternate Public Member on the Local Agency Formation Commission of Monterey County to fill the remainder of a four-year term that will expire in May 2026. The vacancy has occurred due to a resignation. The Commission invites interested residents to apply for appointment to the Alternate Public Member seat. Appointment to represent the general public will be made by majority vote of the Commission.

Public Member representatives must be residents within Monterey County, and have an interest in the operation and organization of local governments. No officer or employee of Monterey County, or any City or district within this County, is eligible for appointment to the Alternate Public Member seat.

Application Process and Deadline:

Applications must be received in the LAFCO Office by July 28, 2023 at 5:00 p.m. You may email this completed form to Executive Officer Kate McKenna at mckennak@monterey.lafco.ca.gov, OR mail it to P.O. Box 1369, Salinas, CA 93902 OR hand-deliver it to 132 W. Gabilan Street, Suite 102 in Salinas. LAFCO also requests that resumes be submitted with this application form. The Commission will consider qualified applicants and may make an appointment at the August 28, 2023 Regular Meeting, or may continue consideration of the appointment to the next Regular LAFCO Commission meeting on September 25, 2023. Applicants are encouraged to attend the August 28, 2023 meeting to make introductory statements. The appointed representative will take the oath of office and be seated at the next Regular LAFCO Commission meeting following the Commission's appointment action.

Please visit www.monterey.lafco.ca.gov for general information about LAFCO. Please contact Senior Analyst Jonathan Brinkmann at brinkmannj@monterey.lafco.ca.gov or call (831) 754-5121 for questions or more information about the selection process or qualifications.

Applicant Information:

Name:	Gary D. Hoffmann, P.E.
Address:	11651 Hidden Valley Road, Carmel Valley, CA 93924
Phone and Email:	(831) 659-1045; gqhwd1000@gmail.com
Employer:	Retired
Occupation:	Professional/ Registered Civil Engineer
Work Address:	NA
Work Phone:	NA

JUL 11 2023

Please complete the following questions (attach additional pages if necessary):

- 1. Are you currently a resident within Monterey County? Yes No
- 2. Are you currently an officer or employee of the County of Monterey, or of a City or special district in Monterey County? Yes No
- a) If yes, are you willing to resign that position (if necessary) to assume the LAFCO Public Member appointment? Yes No

3. Please list any relevant education, training and experience:

See Attached Sheet

4. Please list any community activities/interests that are relevant:

See Attached Sheet

5. What is your general availability for meetings? (Regular meetings are generally the fourth Monday of the month at 3:00 pm in Salinas):

I will typically be available to attend all meetings

6. Please summarize your qualifications and interest to serve as a Public Member of the Commission:

See Attached Sheet

Signed: 

Name (Print): GARY D. HOFFMANN

Date: 7/11/23

Thank you for your interest in serving on LAFCO of Monterey County.

LAFCO of Monterey County
Application to Serve as a Public Member Representative
For
Gary D. Hoffmann, P.E.

Supplemental Information**3. Please list any relevant education, training, and experience:**

Resume Attached

4. Please list any community activities/interests that are relevant:

At-Large Member on the Monterey Bay National Marine Sanctuary Advisory Council

Grand Juror – Monterey County Civil Grand Jury (2 terms; 2022 & 2023)

Whale Disentanglement First Responder (Level 2)

Volunteer / Docent for the Elkhorn Slough National Estuarine Research Reserve

6. Please summarize your qualifications and interest to serve as a Public Member of the Commission:

I spent my 30+ years of professional experience working with local governments and special districts providing expert guidance to meet their challenges of providing reliable, long-term, safe drinking water, recycling their municipal wastewater, and preventing pollution of California's rivers, streams, and coastal waters. In the process, I gained a deep understanding of local government operations and administration. My experience later in my career as a General Manager of a water, wastewater, and electric public utility district provides me with additional insights and knowledge of the operational, administrative, and management challenges of special districts. My service on the Sanctuary Advisory Council and the Monterey County Civil Grand Jury demonstrates my dedication to environmental protection and improving the lives of county residents through better government. As a Monterey County resident since 2006, my qualifications and dedication to public service would provide valuable perspectives for the LAFCO Board.

Gary D. Hoffmann, P.E

Professional Profile

Registered Professional Civil Engineer (No. C46665)

Professional Experience

**Georgetown Divide Public Utility District
July 2013 – April 2014
General Manager**

Duties and Responsibilities:

Overall management of a public utility district responsible for providing drinking water, irrigation water, wastewater collection and disposal, and hydroelectric power to a community of approximately 10,000 customers in the Sierra Nevada foothills.

The District's facilities include a dam and 20,000 acre-foot impoundment reservoir, 70 miles of raw water delivery and storage network, 200 miles of treated water distribution pipelines, pump stations, storage facilities, an onsite septic tank effluent collection and disposal system, and a hydroelectric turbine power generating and distribution system.

Managed a staff of approximately thirty (30) people that included engineers, treatment plant operators, maintenance workers, clerical, accounting and billing personnel.

Prepared short- and long-term multi-million dollar District budgets and expense tracking for maintaining fiscal discipline with available resources.

Regularly presented agenda items and reports to the District Board of Directors at meetings in compliance with the Brown Act.

Accomplishments:

Directed the redesign of the proposed new water treatment plant resulting in overall cost savings of approximately \$1.2 million.

Secured sufficient funding for the construction of the new water treatment plant through state and federal grants and loans and local funding from ratepayers through the Proposition 218 process.

Developed and implemented policies and procedures to resolve the District's inadequate strategic planning and short- and long-term budgeting issues, including a multi-million dollar Capital Improvement Plan with budgeted reserve funds established for long term, sequential implementation.

Developed and implemented water conservation measures that enabled the District to maintain potable water supply deliveries during the drought of 2013-14, and to plan for future drought conditions.

**California Department of Public Health, Sacramento and Monterey, CA
June 1994 – April 2013
Senior Sanitary Engineer**

Duties and Responsibilities:

Unit Chief, Drinking Water Program Policy Development and Program Support. Supervised a staff that included engineers, personnel and financial analysts responsible for (1) development of state drinking water regulations, (2) conducting all personnel and budgeting activities for the Division of Drinking Water and Environmental Management, (3) development of the Y2K Business Continuity Plan for the Division, (4) review and evaluation of proposed state legislation for impacts on Division programs.

Division liaison to the U.S. Environmental Protection Agency for negotiating the terms and conditions of the annual federal grant and for tracking compliance.

Department of Public Health representative for the 2001 and 2004 Rough and Ready Multi-National Emergency Response Exercises conducted in Kharkiv and L'viv, Ukraine.

Manager of the Drinking Water Treatment and Research Fund. Supervised a staff that included engineers, financial analysts, and clerical personnel responsible for the development of the policies, procedures, and implementation of a grant program for the construction of water treatment and water supply projects to mitigate contamination from MTBE; conducted research projects to develop methods to protect water supplies from MTBE contamination. (\$30 million in grants managed)

District Engineer, Monterey District Office. Supervising a staff of engineers, environmental scientists, engineering technicians, and clerical personnel responsible for regulating over 200 public water systems in Santa Cruz, San Benito, and Monterey Counties.

Specific duties included:

- (1) review of engineering reports and plans and specifications for water supply and treatment projects for compliance with the requirements of the Safe Drinking Water Act,
- (2) conducting field inspections of newly constructed water supply and treatment projects for issuing operating permits,
- (3) conducting routine field inspections of public water system facilities,
- (4) review of water quality data from public water systems for compliance with drinking water standards,
- (5) review of water supply and treatment project plans and specifications for approval of funding from the Proposition 50, 84, and State Revolving Fund Programs, and
- (6) conducting field inspections during construction for the purposes of approving grant and loan disbursements.

LAFCO of Monterey County

Application to Serve as a Public Member Representative

LAFCO
JUL 24 2023

Applicant Information:

Name: Robert Roach
Address: 1732 Burlington Dr, Salinas CA 93906
PO Box 5852, Salinas CA 93915 (mailing)
Phone & Email: (831) 901-4752, roachb@comcast.net
Employer: County of Monterey Agricultural Commissioner
Occupation: Assistant Agricultural Commissioner (Retired)
Work Address: 1428 Abbott St, Salinas CA 93901
Work Phone: (831) 759-7325

Please complete the following questions:

1. Are you currently a resident within Monterey County? **YES**
2. Are you currently an officer or employee of the County of Monterey, or of a city or of a special district in Monterey County? **NO**
3. Please list any relevant education, training, or experience:

B.S. in Environmental Studies, 1975, Stockton University, Pomona NJ

Executive Masters in Public Administration, Golden Gate University, 2004, San Francisco (Marina)

Assistant Agricultural Commissioner, June 2000 – December 2018. I was the point person for all land use and environmental issues until we created a position for that purpose, which I then supervised. I was a member of the 2010 General Plan Team. I was staff for the Agricultural Advisory Committee. I served on the Williamson Act Ag Preserve Committee of the County. I formulated, recommended and implemented administrative and program policies for the Ag Department and the County. From 1987 to 2000 I served in various positions within the department from Inspector II to Chief Deputy Agricultural Commissioner managing all its regulatory enforcement programs and Monterey County Certified Organics.

Executive Director, Monterey County Cannabis Industry Association, March 2020 to December 2022. As Assistant Ag Commissioner I was involved in the development of its cannabis regulations in MCC 7.90 and in Title 21. I returned to the County Cannabis Program as a retired annuitant shortly after retirement for three months. I was later recruited for this ED position to represent the local cannabis industry in matters of county policy, regulation and taxation and some statewide issues. In June of 2022 the organization became insolvent due to the widespread industry collapse, but I continued to represent them for a time after that. I continue to follow the issues and advocate for better policy at the County and state levels.

LAFCO of Monterey County

LAFCO
JUL 24 2023

Application to Serve as a Public Member Representative

4. Please list any community activities/interests that are relevant:

Board Member of the Ag Land Trust, Salinas CA, from 2019 to the present. I serve on the Finance and Personnel/HR committees.

National Conference on Weights and Measures

Monterey County Board watcher

5. What is your general availability for meetings? (Fourth Monday at 3:00 p.m.)

I am generally available for meetings at that time. I do travel in the summers and would be available remotely during that time.

6. Please summarize your qualifications and interest to serve as a public member of the Commission:

Familiarity with the county, the County of Monterey, and its departments, codes, and policies

18 years' experience as an Executive Manager at the County of Monterey

29 years' experience supervising and managing regulatory enforcement programs

Experience in the interpretation and application of laws and regulations

Experience and interest in land use issues, and I was a member of the 2010 MC GPU Team

Familiarity with legislative processes, laws, and regulations generally

Experience attending and participating in public meetings

Familiarity with agricultural practices in the county

Graduate degree in Public Administration

Signed: 

Name: Robert A Roach

Date: July 21, 2023

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

**APPLICATION FORM
TO SERVE AS A PUBLIC MEMBER REPRESENTATIVE
ON THE
LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

Due Date: July 28, 2023

Applications will be considered for the vacant seat of the Alternate Public Member on the Local Agency Formation Commission of Monterey County to fill the remainder of a four-year term that will expire in May 2026. The vacancy has occurred due to a resignation. The Commission invites interested residents to apply for appointment to the Alternate Public Member seat. Appointment to represent the general public will be made by majority vote of the Commission.

Public Member representatives must be residents within Monterey County, and have an interest in the operation and organization of local governments. No officer or employee of Monterey County, or any City or district within this County, is eligible for appointment to the Alternate Public Member seat.

Application Process and Deadline:

Applications must be received in the LAFCO Office by July 28, 2023 at 5:00 p.m. You may email this completed form to Executive Officer Kate McKenna at mckennak@monterey.lafco.ca.gov, OR mail it to P.O. Box 1369, Salinas, CA 93902 OR hand-deliver it to 132 W. Gabilan Street, Suite 102 in Salinas. LAFCO also requests that resumes be submitted with this application form. The Commission will consider qualified applicants and may make an appointment at the August 28, 2023 Regular Meeting, or may continue consideration of the appointment to the next Regular LAFCO Commission meeting on September 25, 2023. Applicants are encouraged to attend the August 28, 2023 meeting to make introductory statements. The appointed representative will take the oath of office and be seated at the next Regular LAFCO Commission meeting following the Commission's appointment action.

Please visit www.monterey.lafco.ca.gov for general information about LAFCO. Please contact Senior Analyst Jonathan Brinkmann at brinkmannj@monterey.lafco.ca.gov or call (831) 754-5121 for questions or more information about the selection process or qualifications.

Applicant Information:

Name:	Ronald "Jay" Roland
Address:	120 Del Rey Gardens Drive, Del Rey Oaks, CA 93940
Phone and Email:	831.402.8607; RJayRoland@gmail.com
Employer:	Self Employed
Occupation:	Modeling & Simulation Wargaming Prompt Engineering
Work Address:	120 Del Rey Gardens Drive, Del Rey Oaks, CA 93940
Work Phone:	831.402.8607

Please complete the following questions (attach additional pages if necessary): 1

.Are you currently a resident within Monterey County? Yes No

Are you currently an officer or employee of the County of Monterey, or of a City or special district in Monterey County? Yes No

a) If yes, are you willing to resign that position (if necessary) to assume the LAFCO Public Member appointment? Yes No

3. Please list any relevant education, training and experience:

Education:

BS Math, Colorado State U.; MS Information Systems, Univ. of Hawaii; PhD Organizational Development, Univ. of Nebraska.

Management:

I have 25 Years USAF Combat and managerial / command experience. This experience includes Squadron Officer and Sr. Management training. My last 4-years were at the US Naval Postgraduate School, teaching in the Computer Science Department.

My wife and I established a small business in Del Rey Oaks designing software for the US Department of Defense. We had multiple DoD and international clients by the time we sold the business in 2021. My wife is the chief technology officer of the new company and I am semi-retired.

In addition to my experience and training in organizational development, software development and wargaming I have become a ChatGPT Prompt Engineer. The advances in AI and my understanding how to use its ancillary products will be valuable to LAFCO. Using AI to address many nuances of managing the boundaries of cities and special districts, coordinating Spheres of Influences, and conducting studies of municipal services well deserve the attention of new technologies.

4. Please list any community activities/interests that are relevant:

Monterey Co. Sheriff's Aero Squadron past President and board member; Board member and past President of Leadership Monterey Peninsula;

Board member and Past President of the California Association of Leadership Programs;

Member Del Rey Oaks Police Department Advisory Board; Member/volunteer Moose Lodge #876, Del Rey Oaks.

Masonic Lodge, Monterey. Life time member.

My interest areas are varied but they coalesce into serving all of our neighbors in an honest and equitable manner to sustain Monterey County's affordable and managed growth.

5. What is your general availability for meetings? (Regular meetings are generally the fourth Monday of the month at 3:00 pm in Salinas):

I am generally available for the stated meetings as well as for additional meetings as needed. I am comfortable meeting in person, telephonic or via on-line teleconferences.

6. Please summarize your qualifications and interest to serve as a Public Member of the Commission:

I have lived in Monterey County since 1976. This tenure has included my USAF assignment at the US Naval Postgraduate School in their Computer Science Department. I became cognizant of local and county wide organizations and their associated politics during that assignment. The business that my wife and I started in 1983 allowed me to become better acquainted with Monterey county agencies and politics. It also introduced me to city development worldwide through our international clients.

Especially useful were my visits to cities throughout the world that I could relate to Monterey and observe the similarities and differences. One particular city is Stavanger, Norway. Stavanger is a small village whose border includes a magnificent fjord, a la Monterey Bay, on one side and a rolling landscape on the other.

Having this breadth of experience and the encouragement of many local colleagues prompted me to apply for this position of Alternate Public Member on LAFCO. I have closely followed the water issues, the airport development and the dilemma with affordable housing. I am not encumbered by any political endeavor, PAC or affiliate, thus I feel my contribution to LAFCO and the residents of Monterey County as an Alternate Public Member would be valuable.



Ronald J. Roland, Lt. Col. (ret.), USAF,
PhD. 120 Del Rey Gardens Drive
Del Rey Oaks, CA 93940
831.402.8607

RJayRoland@gmail.com

25 July 2023

Thank you for your interest in serving on LAFCO of Monterey County.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

APPLICATION FORM TO SERVE AS A PUBLIC MEMBER REPRESENTATIVE ON THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

Due Date: July 28, 2023

Applications will be considered for the vacant seat of the Alternate Public Member on the Local Agency Formation Commission of Monterey County to fill the remainder of a four-year term that will expire in May 2026. The vacancy has occurred due to a resignation. The Commission invites interested residents to apply for appointment to the Alternate Public Member seat. Appointment to represent the general public will be made by majority vote of the Commission.

Public Member representatives must be residents within Monterey County, and have an interest in the operation and organization of local governments. No officer or employee of Monterey County, or any City or district within this County, is eligible for appointment to the Alternate Public Member seat.

Application Process and Deadline:

Applications must be received in the LAFCO Office by **July 28, 2023 at 5:00 p.m.** You may email this completed form to Executive Officer Kate McKenna at mckennak@monterey.lafco.ca.gov, OR mail it to P.O. Box 1369, Salinas, CA 93902 OR hand-deliver it to 132 W. Gabilan Street, Suite 102 in Salinas. LAFCO also requests that resumes be submitted with this application form. The Commission will consider qualified applicants and may make an appointment at the August 28, 2023 Regular Meeting, or may continue consideration of the appointment to the next Regular LAFCO Commission meeting on September 25, 2023. Applicants are encouraged to attend the August 28, 2023 meeting to make introductory statements. The appointed representative will take the oath of office and be seated at the next Regular LAFCO Commission meeting following the Commission's appointment action.

Please visit www.monterey.lafco.ca.gov for general information about LAFCO. Please contact Senior Analyst Jonathan Brinkmann at brinkmannj@monterey.lafco.ca.gov or call (831) 754-5121 for questions or more information about the selection process or qualifications.

Applicant Information:

Name:	Mike Bikle
Address:	8929 Hidden Canyon Road, Salinas, CA 93907
Phone and Email:	831-809-2921, mike@seatec.us
Employer:	SEATEC Underground Utilities, INC
Occupation:	Contractor, Business Owner
Work Address:	467 Airport Blvd, Salinas, CA 93905
Work Phone:	831-771-1905

Please complete the following questions (attach additional pages if necessary):

1. Are you currently a resident within Monterey County? Yes No
2. Are you currently an officer or employee of the County of Monterey, or of a City or special district in Monterey County? Yes No
 - a) If yes, are you willing to resign that position (if necessary) to assume the LAFCO Public Member appointment? Yes No
3. Please list any relevant education, training and experience:
BA in Business Administration at California State University of Sacramento. Licensed A&B Contractor and Business owner.
4. Please list any community activities/interests that are relevant:
I have raised a family in this county and have grown up in this county. My wife and I are active in the community with many charities and supporting our local law enforcement and government. I sit on the Board of the Sheriff's Advisory Council and am interested in helping renew an active Aero Squadron for the Sheriff's department.
5. What is your general availability for meetings? (Regular meetings are generally the fourth Monday of the month at 3:00 pm in Salinas):
Those regular meeting times work fine. With a week or two of notice I can normally make most other times work.
6. Please summarize your qualifications and interest to serve as a Public Member of the Commission:
As a long a long time member of this county I have grown up here and raised a family here. I have seen the county continue to grow, sometimes in ways that I think are great and other times in ways that I think could have been better, more efficient, or smarter. I am interested in the way that these decisions get made and can, I believe, lend a perspective to the process that is important. As a contractor I am familiar with development and developers. As a local business owner I understand the need for growth in our county. Especially with housing. As a local community member I know the concern that citizens have and the need to grow responsibly and smartly.

Signed: 
Name (Print): Mike Bikle
Date: 07/28/2023

Thank you for your interest in serving on LAFCO of Monterey County.

LAFCO

JUL 28 2023

MICHAEL PAUL BIKLE

8929 Hidden Canyon Road
Salinas, CA 93907
(831)809-2921
mike@seatec.us

About

Business Owner and CEO of a General Engineering Contracting Company based in the Monterey County.

Active community member in local governments and charities.

Education

BA Business Administration, California State University of Sacramento, 2003

Occupation

SEATEC Underground Utilities, INC.

President and CEO

Oversees all business operations and construction operations for dry utility installations by SEATEC in the Monterey, Santa Cruz, Santa Clara, and San Benito Counties.

Board Positions

Board Member of Monterey County Sheriff's Advisory Council

Hidden Canyon Ranch Home Owners Association Vice President

Other

I am Private Pilot based out of the Salinas Municipal Airport. I have raised a family in this area over the last 18 years and have been in the Monterey County almost continually since 1987.

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: August 28, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
PREPARED BY: Jonathan Brinkmann, Senior Analyst
SUBJECT: **Work Program Review and Amendment**
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378.

SUMMARY OF RECOMMENDATIONS:

It is recommended that the Commission:

1. Receive a report from the Executive Officer;
2. Receive public comments; and
3. Consider and adopt a Resolution (Attachment 1) approving an amendment to the previously adopted Fiscal Year 2023-2024 work program.

EXECUTIVE OFFICER'S REPORT:

In March 2023, the Commission adopted an annual work program for Fiscal Year 2023. Now proposed is an amendment to add a new task and adjust priorities. The new task would be a LAFCO study of three Soledad-area special districts to address emerging needs. Staff proposes to begin this new study by December 2023. A planned, routine study of the seven Monterey Peninsula cities would begin by April 2024.

Background

Through Executive Officer communications and Commissioner comments and discussions, the Commission was apprised of three emerging needs at March, April, May and June 2023 LAFCO meetings.

First, there are urgent concerns about the transparency, accountability and lawfulness of operations of the Soledad Cemetery District. LAFCO staff provided the Board of Trustees with training in March and participated in a related City Council meeting discussion in June. Second, the Soledad-Mission Recreation District has governance issues of concern to the City of Soledad and County of Monterey, in addition to longstanding financial and operational issues. Third, Commissioner Leffel and I reported on our April 2023 meeting with Soledad Community Health Care District representatives to learn about that District's excellent quality services and to begin a conversation about how LAFCO may assist the District

in addressing financial challenges to maintain and expand the delivery of vital services to a growing community.

LAFCO's toolkit includes the authority to prepare Municipal Service Reviews and Sphere of Influence studies. These studies are an effective way to shine light on local government issues, promote discussion, identify potential solutions, and recommend actions.

Discussion

Based on emerging issues as outlined above, staff proposes to initiate a LAFCO study focused on three Soledad special districts. This task is not in the current work program. The work program is a guide that is flexible and responsive to needs that arise during the year. If the Commission agrees that a Soledad districts study is a matter of urgency, the work program could be amended to add and prioritize the task. A draft Resolution is attached for this purpose, including the adopted work program with proposed changes shown in track change format.

Staff proposes to begin the Soledad study by December 2023. Advance notice would be given to the three districts, the City of Soledad, the County of Monterey and other affected local agencies to inform them and to request their help and cooperation. We propose to work on the Soledad study before starting on a scheduled, routine study of the seven Monterey Peninsula cities. The Monterey Peninsula study would begin by April 2024, instead of in December 2023.

The proposed amendment does not affect our scheduled work on a Municipal Services Review/Sphere of Influence Study for the City of Gonzales. That work will begin after we receive necessary information as part of a large annexation application that the City is preparing to submit to LAFCO. We expect to receive the Gonzales application sometime in 2024.

Fiscal Impact

There is no fiscal impact. Significant tasks in the work program will be accomplished with in-house staffing resources and within the adopted annual budget.

Alternative Actions

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

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments: Draft Resolution and Exhibit A (Annual Work Program for Fiscal Year 2023-2024) with recommended adjustments shown in tracked changes

THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

RESOLUTION NO. 23-XX

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
AMENDING THE ADOPTED FISCAL YEAR 2023-2024 WORK PROGRAM

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

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

WHEREAS, the Local Agency Formation Commission of Monterey County considered these recommendations and conducted a duly noticed public hearing on March 27, 2023; and

WHEREAS, upon review of the adopted Fiscal Year 2023-2024 work program, the Executive Officer has identified operational and governance concerns with the Soledad Cemetery District and Soledad-Mission Recreation District, and opportunities to assist the Soledad Community Health Care District. The Executive Officer has recommended certain adjustments to the adopted Fiscal Year 2023-2024 work program;

NOW, THEREFORE, the Local Agency Formation Commission of Monterey County does **HEREBY RESOLVE, DETERMINE, AND ORDER** the approval of an amendment to the adopted Fiscal Year 2023-2024 work program as shown in Exhibit A.

UPON MOTION of Commissioner _____, seconded by Commissioner _____, the foregoing resolution is adopted this 28th day of August 2023 by the following vote:

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

By: _____
Matt Gourley, Chair
Local Agency Formation Commission of Monterey County

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

Witness my hand this 28th day of August, 2023.

By: _____
Kate McKenna, AICP, Executive Officer

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
PROPOSED DRAFT WORK PROGRAM AMENDMENT
FISCAL YEAR 2023-2024
 Proposal as of August 28, 2023

1. APPLICATION PROCESSING FUNCTIONS		
TASK	STATUS	COMMENTS
Process applications for boundary changes in a responsive, professional and efficient manner. For a current list, please see the monthly Executive Officer's Reports on Anticipated Agenda Items and Special Studies. Approximately 20 items are under active discussion or action.	ONGOING	Priority fast-tracking is given to applications for economic development, affordable housing, public health and safety, or other urgent needs.
Provide Commission with legally defensible recommendations and alternatives, and alert to litigation risks, liabilities and alternatives associated with potential actions.	ONGOING	Current litigation is with MPWMD related to Jan. 2022 Commission action.

2. MUNICIPAL SERVICE REVIEWS AND SPHERE OF INFLUENCE STUDIES		
TASK	STATUS	COMMENTS
Prepare Municipal Service Reviews and Sphere of Influence Studies for: <ul style="list-style-type: none"> • City of Gonzales <ul style="list-style-type: none"> ○ Major annexation proposals anticipated in 2023. • Soledad-area special districts <ul style="list-style-type: none"> ○ Discussion of operational and governance issues (Soledad Cemetery and Soledad-Mission Recreation District) ○ Identify opportunities to support Soledad Community Health Care District • Monterey Peninsula Cities (seven cities) <ul style="list-style-type: none"> ○ Discussion of various issues 	Current status varies by agency. See monthly Executive Officer's Reports on Anticipated Agenda Items and Special Studies (approx. 20 items).	State law requires periodic LAFCO review of all local agencies. Priorities and schedule are flexible to accommodate unanticipated needs and other work program tasks, including the priority processing of City, County or District applications.
As needed, update and publish LAFCO local agency and resource maps on the LAFCO web site. Also, respond to frequent agency requests for custom mapping of boundary/service information.	ONGOING	
As needed, develop and update local policies, procedures, applications, and flowcharts for Spheres of Influence, annexations, reorganizations, and other boundary changes for cities and districts.	ONGOING	

3. GOVERNMENT AND COMMUNITY RELATIONS

TASK	STATUS	COMMENTS
Plan and co-host the 2023 CALAFCO Annual Conference (October 18-20, 2023 at the Hyatt Regency in Monterey)	IN PROGRESS	The Executive Officer, in coordination with the Commission Chair and our CALAFCO Board Member, is participating in planning the conference program, mobile workshop, and other conference elements.
Continue to coordinate and engage with Santa Cruz and Monterey County stakeholders on issues related to the start-up in 2022 of the new Pajaro Valley Health Care District.	ONGOING	Continued coordination will be needed in coming years to address issues of boundaries, services and operations, particularly as they affect No. Mo. Co residents and the Salinas Valley Memorial Healthcare System.
Post public information on the LAFCO website. Review website layout, graphics, and content for an improved public experience and ADA compliance. Also review and update brochures and fact sheets.	ONGOING	Website redesign is a priority for 2023
Initiate informal meetings to discuss budget and policy issues with Cities, Special Districts and County, as appropriate.	ONGOING	
Attend meetings as requested by individual Special Districts. Attend quarterly Special Districts Association meetings. Attend quarterly Special Districts General Managers' Group meetings. Provide support for the nomination and election of Special District LAFCO Members.	ONGOING	
Attend meetings as requested by Cities, the City Managers Group and City Mayors Association. Provide support for the appointment of City Members to LAFCO.	ONGOING	
Provide support for appointment of Public Members to LAFCO.	ONGOING	
Attend meetings as requested by the County of Monterey. Provide support for appointment of County Members to LAFCO.	ONGOING	
Provide early notice to County, Cities, and Special Districts of issues that may affect them, and opportunities to participate in the LAFCO process.	ONGOING	
Encourage and provide early LAFCO participation in Sphere of Influence updates, General Plan updates, City-County-District dialogues, and environmental review activities that affect government boundaries & services.	ONGOING	For example, LAFCO staff is participating in community meetings about the City of Salinas General Plan update process. Another current example is LAFCO staff's participation (by invitation) in County Ag Adv Committee meetings about a countywide ag preservation and mitigation program.

Participate in regional activities for which LAFCO has indirect or direct responsibilities, as required by State law.	ONGOING	For example, LAFCO staff engages in AMBAG processes for regional housing, growth forecasts and transportation planning issues.
Participate in community educational opportunities to promote understanding and dialogue with various sectors of the Monterey County economy.	ONGOING	For example, the Monterey County Civil Grand Jury requests an annual LAFCO presentation.
Facilitate constructive discussions with small cities & districts that request assistance to identify options for governance and the efficient, effective delivery of services. This supports LAFCO's mission to efficiently provide local government services. LAFCO provides facilitation services and is a clearinghouse for technical, financial and legal resources.	ONGOING	This task is evolving in importance. In recent years, we have assisted local agencies in Greenfield area, Soledad area, Spreckels and north Monterey County with their interests in reviewing options. Current focus is the Greenfield area. We remain ready to help advance any options of interest.

4. COMMISSION AND COMMITTEE FUNCTIONS		
TASK	STATUS	COMMENTS
Provide support to ten regularly scheduled Commission meetings, special meetings to conduct the work of the Commission as needed, and Committee meetings, including the provision of public notices, agenda packets, web meeting broadcasts, and minutes.	ONGOING	Commission meetings are held as hybrid meetings, meaning in-person at the Board of Supervisors Chambers, virtually through Zoom, and livestreamed on the LAFCO YouTube Channel.
Hold monthly agenda review sessions with Chair.	ONGOING	
Conduct new Commissioner election, appointment, and orientation processes, as needed.	ONGOING	
Continue to participate in CALAFCO conferences, workshops, and courses. Continue to support Monterey LAFCO's representative on the CALAFCO Board of Directors (successfully appointed in Feb. 2023). Continue to participate in the CALAFCO legislative process to ensure that local interests are coordinated with policies and activities of the statewide organization. Continue to monitor state legislation. Continue to provide feedback to legislators and CALAFCO as needed. Continue to update local policies and procedures for consistency with approved legislation.	ONGOING	The Commission receives a monthly CALAFCO activities report, and participates in policy, legislative and other issues.
Provide Commission with regular updates of laws, policies, and procedures.	ONGOING	
Support all required Commissioner needs for bi-annual ethics/harassment training and annual economic interests reporting.	ONGOING	Primary responsibility is for Public Members.

5. ADMINISTRATIVE AND HUMAN RESOURCES MANAGEMENT		
TASK	STATUS	COMMENTS
Maintain the LAFCO project tracking system.	ONGOING	
Maintain the staff time keeping, cost tracking, and invoicing systems for applications.	ONGOING	
Conduct annual review of Policies and Procedures for all LAFCO administrative and human resources functions.	ONGOING	
Identify and support staff training needs and opportunities, including professional certification, technical training, and ethics/harassment compliance.	ONGOING	
Conduct a periodic review of job classifications and salary ranges.	ONGOING	Updated in 2022
Conduct a periodic review and continue implementation of LAFCO's Records Management Policy, including conversion of paper records to searchable electronic format. This multi-year task is carried out by in-house staff.	ONGOING	A policy update is underway. All project files (60 years) have been converted to electronic format.

6. FINANCIAL MANAGEMENT		
TASK	STATUS	COMMENTS
Review and update the project fee schedule and hourly staffing rates, as needed.	ONGOING	Updated in 2022.
Compile existing financial policies into a chapter of the LAFCO administrative policies and procedures.	A review and update is underway.	
Continue to coordinate with the County Auditor, to obtain annual local agency contributions to LAFCO.	ONGOING	
Complete annual audit for Fiscal Year 2022-2023.	Start Aug. 2023, complete by Dec. 2023	Have received highest possible audit rating each year since 2005.
Conduct annual review of Benefits, Services and Supplies with the goal of continuing to control costs.	ONGOING	
Continue use of a three-year financial forecast to project upcoming needs and to provide the resources to meet these needs.	ONGOING	This tool is for informal use by the Budget & Finance Committee.

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: August 28, 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:

For the Commission's information, we are reporting on four items.

In Memoriam: Thomas Perkins

We are saddened to report the passing of retired LAFCO Commissioner Thomas J. Perkins on June 23, 2023 in Pacific Grove.

A native of Monterey and a veteran of WWII and the Korean War, Mr. Perkins worked for the California Department of Forestry for 40+ years. Upon his retirement he served on the City of King Council (1987-1990) and Monterey County Board of Supervisors (1990-1999) – serving as Chairman of the Board in 1995. He served on the LAFCO Commission as the County Alternate (1990-1992) and Regular County Member from 1992 – 1998. He was elected as Special District Member representing King City Cemetery District Board of Directors in 2002 and continued to serve on LAFCO until 2010. Mr. Perkins also served on other local and regional boards. He is survived by his wife and family.

California Chapter, American Planning Association: Speaker Panel

I am an invited speaker at the 2023 conference of the California Chapter of the American Planning Association, to be held in September in Fresno. My colleagues on the session panel are Lisa Brinton (Director, City of Salinas Community Development Department), Sarah Hardgrave (Deputy General Manager, Salinas Valley Basin Groundwater Sustainability Agency), and moderator and speaker Melanie Beretti (Principal Planner, County of Monterey). Our panel will discuss tools and collaborative approaches to protect agriculture, sustain groundwater, and build housing in the Salinas Valley.

Correspondence to the City of Salinas: Ferrasci Business Center Specific Plan

Enclosed is recent correspondence to the City of Salinas regarding a Notice of Preparation of a Draft Environmental Impact Report for the proposed Ferrasci Business Center Specific Plan. The project area is approximately 140 acres north of Salinas, in the vicinity of Harrison Road and Russell Road.

As is staff's practice, we are providing this letter to keep you informed about an important proposal that will likely come before the Commission in 2024.

Presentation to the Soledad City Council: Soledad Cemetery District

On June 7, Senior Analyst Jonathan Brinkmann provided a presentation to the Soledad City Council pertaining to the Soledad Cemetery District Board policies, protocols and oversight. He responded to questions from the City Council and the public.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Kate McKenna". The signature is written in dark ink and is positioned above the printed name.

Kate McKenna, AICP
Executive Officer

Attachment: Correspondence to City of Salinas, June 6, 2023

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

June 6, 2023, via email

Jill Miller, Senior Planner
City of Salinas
65 West Alisal Street, Second Floor
Salinas, CA 93901

Subject: Notice of Preparation of a Draft Program Environmental Impact Report (EIR) for the proposed Ferrasci Business Center Specific Plan

Dear Ms. Miller,

Thank you for this opportunity to comment on the Notice of Preparation of a draft EIR for the planned Ferrasci Business Center Specific Plan. LAFCO appreciates the City's early outreach and consultation with us on this project during our meeting in early May. As additional background, LAFCO previously reviewed and commented on the City's Economic Development Element (EDE) Draft Program EIR in October 2017, which included Target Area K. The planned Ferrasci Business Center Specific Plan Area would comprise approximately 140 acres, 22 acres less than Target Area K evaluated in the EDE Draft Program EIR and in largely the same location. LAFCO, as California Environmental Quality Act (CEQA) responsible agency for this proposal, will have regulatory authority for future boundary changes related to this project. It is in this role that LAFCO will be commenting on the projects' draft EIR, when available.

Potential impacts to agricultural resources

Development of the project would include conversion of approximately one hundred acres of designated Prime Farmland to urban uses. The City's NOP states that the EIR will evaluate potential environmental effects on agricultural resources based on updated information since the EDE EIR, including changes in location and acreage of impacted farmland as well as locations of planned future agricultural buffers. The City's EDE EIR previously evaluated impacts to ag resources, including loss of Prime Farmland resulting from future development within Target Area K and other future development areas. In its EDE EIR, the City identified a mitigation measure, AG-1., requiring payment of an ag land conservation in-lieu fee or dedication of a permanent conservation easement at a ratio of 1:1, to partially mitigate the significant impact to ag resources, and adopted a statement of overriding consideration for these impacts. We encourage the City to develop a project-specific ag preservation/mitigation strategy as part of the project to be evaluated in the draft EIR.

State LAFCO law provides that "Among the purposes of a [LAFCO] are discouraging urban sprawl [and] preserving open-space and prime agricultural lands." Accordingly, LAFCO of Monterey County has adopted local policies that address impacts to, and preservation of, agricultural lands. LAFCO's consistent practice, in accordance with the adopted policies, has been to require that a city annexation application include a specific agricultural mitigation proposal, at the time of submitting the annexation application to LAFCO, to offset the project's impacts to agricultural lands. Such a proposal would most commonly consist of working with a land trust and the County of Monterey to place permanent conservation easements on other agricultural lands in the vicinity.

In summary, in order to comply with LAFCO's adopted policies, the project evaluated in the draft EIR should include a specific preservation/mitigation proposal, whether or not the agricultural mitigation is also required as a CEQA matter. We strongly encourage the City to consult with the County, as the other party to the Greater Salinas Area Memorandum of Understanding, to develop a project-specific ag

mitigation strategy, as well as a plan for addressing the projects' needs for ag buffers, prior to completing the draft EIR.

Other matters relevant to LAFCO's statutory mandates and policy conformance

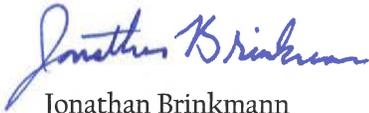
Public services: LAFCO has a statutory role in serving to ensure that new development can feasibly provide the necessary public services.¹ Major investments in infrastructure improvements and expansions will likely be necessary to implement the proposed project to be evaluated in the draft EIR. We suggest that the City include a robust discussion of anticipated facility impacts and needs in the draft EIR Public Services sections, accompanied by supporting financial analysis in the annexation application, to provide support for LAFCO staff's evaluation of the proposal and recommendations to our Commission.

Water demand: LAFCO has a statutory and policy interest in minimizing overdraft in the Salinas Valley groundwater basin. This proposal's compatibility with the plans prepared by the Salinas Valley Basin Groundwater Sustainability Agency pursuant to the Sustainable Groundwater Management Act will be an important consideration for future discussions prior to the Commission's consideration of this proposal.

LAFCO locally adopted policy conformance: We request that the draft EIR include an analysis of the proposal's conformance to the full set of LAFCO's adopted policies, to the extent such analysis is possible with the information currently available about anticipated future development of the specific plan area. LAFCO's adopted policies and procedures are available on LAFCO's website: <https://www.co.monterey.ca.us/home/showpublisheddocument/118535/638083554390330000>

Thank you for your attention to the matters identified in this letter. Please continue to keep us informed throughout your process. We look forward to continuing to work with the City on this future sphere of influence and annexation proposal. As always, please feel free to contact me at brinkmannj@monterey.lafco.ca.gov or 755-5121 if you have any questions, or for further discussions.

Sincerely,



Jonathan Brinkmann
Senior Analyst

¹ Among other considerations, State Law specifies that LAFCO must consider “the ability of the newly formed or receiving entity to provide the services that are the subject of the application to the area, *including the sufficiency of revenues for those services following the proposed boundary change.*” (Government Code section 56668, emphasis added).