

2023

Commissioners

Chair

Matt Gourley
Public Member

Vice Chair

Kimbley Craig
City Member

Mary Adams

County Member, Alternate

Wendy Root Askew

County Member

Mike Bikle

Public Member, Alternate

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

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 Meeting
Monday, December 4, 2023
3:00 P.M.

Board of Supervisors Chambers
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/98854672009>

The meeting ID is: [988 5467 2009](https://montereycty.zoom.us/j/98854672009). 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: [988 5467 2009](https://montereycty.zoom.us/j/98854672009) 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, December 4, 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.

Closed Session

The Commission Recesses for Closed Session Agenda Item

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

Public Comments on Closed Session Item

1. [Pursuant to Government Code Section 54956.9 \(d\)\(1\), the Commission will confer with legal counsel regarding existing litigation: Monterey Peninsula Water Management District v. Local Agency Formation Commission of Monterey County; Commissioners of the Local Agency Formation Commission of Monterey County; and DOES 1 through 20, \(Monterey County Superior Court Case No. 22CV000925\).](#)
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

Reconvene on Public Agenda Items

Roll Call

Read Out from Closed Session by LAFCO General Counsel

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

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 October 23, 2023 Regular LAFCO Commission Meeting.](#)
Recommended Action: Approve minutes.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
3. [Approve Draft Notes from the November 8, 2023 Budget & Finance Committee Meeting.](#)
Recommended Action: Approve notes.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

4. [Adopt the Year-End Financial Statements for Fiscal Year Ending June 30, 2023.](#)
Recommended Action (By Budget & Finance Committee): Adopt the official year-end financial statements for the period ending June 30, 2023.
 (CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
5. [Adopt the Quarterly Financial Statements for Period Ending September 30, 2023.](#)
Recommended Action (By Budget & Finance Committee): Adopt the financial statements for the period that ended on September 30, 2023.
 (CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
6. [Accept the October 31, 2023 Draft Balance Sheet and Income Statement.](#)
Recommended Action (By Budget & Finance Committee): Accept statements for information only.
 (CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
7. [Approve Replenishment of the Litigation Reserve.](#)
Recommended Action (By Budget & Finance Committee): Authorize a balance sheet transfer of approximately \$193,000 from Account No. 3850 (Unreserved Fund) to Account No. 3800 (Reserve for Litigation) to replenish the Litigation Reserve.
 (CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
8. [Accept Report on Anticipated Agenda Items and Progress Report on LAFCO Special Studies.](#)
Recommended Action: Accept report for information only.
 (CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

Old Business

9. [Consideration of the Draft 2023 Municipal Service Review and Sphere of Influence Study for Five Greenfield Area Public Agencies \(Continued from the October 23, 2023 Regular LAFCO Meeting\).](#)
Recommended Actions:
 1. Receive a report from the Executive Officer;
 2. Provide for questions or follow-up discussion by the Commission;
 3. Consider the Public Review Draft *2023 Municipal Service Review and Sphere of Influence Study* for the City of Greenfield, Greenfield Fire Protection District, Greenfield Memorial District, Greenfield Public Recreation District, and Greenfield Cemetery District (“Study,” Attachment 1); and
 4. Consider and adopt a resolution (Attachment 2) to:
 - a. Find the action exempt from provisions of the California Environmental Quality Act; (CEQA) under Sections 15306 and 15061(b)(3) of the CEQA Guidelines)
 - b. Adopt the Study and make the recommended Municipal Service Review and Sphere of Influence determinations in accordance with Government Code sections 56430(a) and 562425(e);
 - c. Affirm the currently adopted spheres of influence of the City of Greenfield and four special districts, with no changes; and
 - d. Authorize the Executive Officer to proceed with identified corrective measures to address the Greenfield Memorial, Public Recreation, and Cemetery Districts’ non-compliance with state legal requirements and best practices.

(CEQA: Categorical Exemption, California Environmental Quality Act Guidelines Sections 15306 and 15061(b)(3)).

New Business

10. [Consider the Final Annual Audit Report for Fiscal Year Ending June 30, 2023.](#)
Recommended Actions (By Budget and Finance Committee):
 - 1.) Receive the Executive Officer's Report;
 - 2.) Receive a presentation from Ms. Karen Campbell, CPA and Senior Audit Manager, Bianchi, Kasavan and Pope, LLP;
 - 3.) Receive any public comments;
 - 4.) Provide for any questions for follow-up discussion by the Commission; and
 - 5.) Adopt the final audit for the fiscal year ending June 30, 2023.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

11. [Consider Proposed Amendments to the LAFCO Rules and Regulations "Bylaws" to Change the Commission's Parliamentary Procedures from Robert's Rules of Order to Rosenberg's Rules of Order, and to Add a Code of Conduct and Rules of Decorum.](#)
Recommended Actions:
 1. Receive a report from the Executive Officer;
 2. Receive any public comments;
 3. Provide for questions or follow-up discussion by the Commission;
 4. Consider adoption of a resolution (Attachment 1) updating the LAFCO Rules and Regulations ("Bylaws") for the Orderly and Fair Conduct of Hearings; and
 5. Consider receiving a training from LAFCO General Counsel on the use of Rosenberg's Rules of Order at the January 24, 2024 Regular Commission meeting.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

Public Hearing

12. [Consider a Proposed Castroville Community Services District Minor Sphere of Influence Amendment and Out-of-Agency Wastewater Service Extension for Existing Buildings on the West Side of Struve Road in the Moss Landing Area of Unincorporated Monterey County \(Approximately 5.5-Acre Portion of APN: 413-012-014\), LAFCO File 23-02.](#)

Recommended Actions:

- 1.) Receive a report from the Executive Officer;
- 2.) Open the public hearing and public comment period, receive any public comments and close the public hearing;
- 3.) Provide for questions or follow-up discussion by the Commission; and
- 4.) Consider a resolution approving Castroville Community Service District's proposed minor sphere of influence amendment and out-of-agency wastewater service extension to the subject site.
(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.

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.

Continued from November 27, 2023: Commission Workshop on LAFCo's Policies and Implementation Practices for Agricultural Preservation and Mitigation

13. [Conduct Workshop Regarding LAFCO's Policies and Implementation Practices for Agricultural Preservation and Mitigation.](#)

Recommended Actions:

1. Receive any updated or new information from LAFCO staff and legal counsel;
2. Receive public comments;
3. Resume the discussion from the November 27, 2023 Commission workshop on LAFCO's policies and implementation practices for agricultural preservation and mitigation;
4. At the conclusion of the discussion, consider
 - a. Affirming the Commission's adopted (2010) Policy for Preservation of Open-Space and Agricultural Lands; **and**
 - b. Providing direction on a draft Policy Implementation Guidelines document to guide how the existing Policy should be applied to future City annexations of farmland;
5. Direct staff to bring back a refined Policy Implementation Guidelines document, reflecting outcomes of today's workshop discussion, to the January 22, 2024 regular meeting for consideration and adoption; or
6. Provide other direction to staff.

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

Adjournment to the Next Meeting

The next regular LAFCO Meeting is scheduled for **Monday, January 22, 2024 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.

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

CLOSED SESSION

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

2023

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Regular Meeting DRAFT MINUTES
LOCAL AGENCY FORMATION COMMISSION
OF MONTEREY COUNTY

Scheduled for Adoption December 4, 2023

Monday, October 23, 2023
Board of Supervisors Chambers
Monterey County Government Center
168 West Alisal Street
Salinas, California

All Commissioners and public participated in the meeting on Monday, October 23, 2023 in person. The public participated in person or by Zoom video conference.

Call to Order

The Local Agency Formation Commission was called to order by Chair Gourley at 2:59 p.m.

Roll Call

Commissioner Root Askew Arrived at 3:03 p.m.
Commissioner Bikle
Commissioner Church
Commissioner Kong
Commissioner Leffel
Commissioner Oglesby
Commissioner Poitras
Commissioner Velazquez
Vice Chair Craig
Chair Gourley

Members Absent (Excused Absence)

Commissioner Adams

Staff Present

Kate McKenna, AICP, Executive Officer
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 was public comment from Megan Hunter, City Manager – City of Soledad.

General Counsel Comments on Closed Session Item

General Counsel Reed Gallogly advised, as a correction to the agenda, the Commission would not be recessing to closed session as there were no updates on the closed session matter.

Closed Session

1. Pursuant to Government Code Section 54956.9 (d)(1), the Commission will confer with legal counsel regarding existing litigation: Monterey Peninsula Water Management District v. Local Agency Formation Commission of Monterey County; Commissioners of the Local Agency Formation Commission of Monterey County; and DOES 1 through 20, (Monterey County Superior Court Case No. 22CV000925). (CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

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 September 25, 2023 Regular LAFCO Commission Meeting.
Recommended Action: Approve minutes.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378)
3. Accept the September 2023 Draft Balance Sheet and Income Statement.
Recommended Action: Accept statements for information only.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378)
4. Approve Draft Schedule of Regular LAFCO Meetings for 2024.
Recommended Actions: Approve 2024 Meeting Schedule
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).

Commissioner Leffel pulled item #3 for discussion. Chair Gourley pulled item #5 for separate discussion.

Commissioner Action:

Upon motion by Commissioner Leffel, seconded by Commissioner Craig the Commission approved Consent Agenda Items #2 & #4.

Motion Carried:

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

Pulled Item #3: Commissioner Leffel advised that the September Balance sheet is incomplete and as Chair of Budget & Finance Committee is awaiting the requested information on long-term obligations on unfunded liabilities from our accounting firm.

Executive Officer McKenna advised the Commission of the intent to discuss information provided to staff by the CalPERS Actuarial at the next Budget & Finance Committee Meeting on November 8, 2023.

Commissioner Action:

Upon motion by Commissioner Leffel and seconded for the purpose of discussion, by Commissioner Craig, the Commission approved the motion to pull Consent Agenda Item #3 (September 2023 Financials) and continue it to the next regular Commission Meeting on December 4.

Pulled Item #5: Executive Officer McKenna provided a report for information only. Senior Analyst Brinkmann provided the Commission with a current update and concerns on the City of Soledad - Hacienda Apartments project.

Commissioner Action:

Upon motion by Commissioner Leffel, seconded by Commissioner Root Askew, the Commission approved Consent Agenda Items #5 with a voice vote.

Motion Carried:

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

Old Business

6. Review of LAFCO's Policies and Implementation 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 January 22, 2024 regular meeting, or provide other direction.

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

Executive Officer McKenna presented the report.

General Counsel Gallogly provided the Commission with a review of the legal foundations of LAFCO's policy, statutory law and acceptable timing.

Executive Officer McKenna then reviewed key elements of LAFCO's practices and recommended that any action from the discussion be continued to the January 2024 Regular Commission Meeting, to allow the City working group to continue to develop its own set of recommendations before moving forward with the implementation practices.

There were public comments from:-

Taven Kinison Brown, Director of Community Development (City of Gonzales)

Megan Hunter, City Manager (City of Soledad)

Gabriel Sanders, Director, Housing & Community Development Policy (Monterey Bay Economic Partnership)

There were Commissioner comments and questions.

Chair Gourley proposed Monday, November 27 for Special Workshop from 2:00 p.m. to 5:00 p.m.

Commissioner Actions:

Commissioner Leffel made the motion to hold a full workshop on Monday, November 27th from 2:00 p.m. until 5:00 p.m. to discuss the agricultural mitigation and overall policies of LAFCO Monterey County. Motion was seconded by Commissioner Craig. Motion passed unanimously by voice vote.

Motion Carried: (Voice Vote)

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

NOES: Commissioners: None

ALTERNATES: Commissioners: Bikle, Kong, Velazquez (Non-Voting)

ABSENT: Commissioners: Adams

ABSTAIN: Commissioners: None

New Business

7. Consideration of the 2023 Municipal Service Review and Sphere of Influence Study for Five Greenfield Area Public Agencies.

Recommended Actions:

- (1) Receive the Executive Officer's Report;
- (2) Provide for questions or follow-up discussion by the Commission;
- (3) Consider the Public Review Draft *2023 Municipal Service Review and Sphere of Influence Study* for the City of Greenfield, Greenfield Fire Protection District, Greenfield Memorial District, Greenfield Public Recreation District, and Greenfield Cemetery District ("Study," Attachment 1); and
- (4) Consider adopt a resolution (Attachment 2) to:
 - a. Find the action exempt from provisions of the California Environmental Quality Act; (CEQA) under Sections 15306 and 15061(b)(3) of the CEQA Guidelines)
 - b. Adopt the Study and make the recommended Municipal Service Review and Sphere of Influence determinations in accordance with Government Code sections 56430(a) and 562425(e);
 - c. Affirm the currently adopted spheres of influence of the City of Greenfield and four special districts, with no changes; and
 - d. Authorize the Executive Officer to proceed with identified corrective measures to address the Greenfield Memorial, Public Recreation, and Cemetery Districts' non-compliance with state legal requirements and best practices.

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

Executive Officer McKenna and Senior Analyst Brinkmann presented the report.

There were public comments from:-

Saul Cardona

Haley Shingler – Community Water Center

Tony & Lydia Amezcua

Janaki Anagha – Director of Community Advocacy, Community Water Center (by Zoom)

Raul Rodriguez – Board Member, Greenfield Public Recreation District & Greenfield Cemetery District

There were questions and comments from the Commissioners, answered by Staff.

Commissioner Actions:

Upon motion from Commissioner Root Askew, seconded by Commissioner Leffel, the Commission unanimously voted to continue Item #7 to the next regular meeting (December 4) to give LAFCO staff the opportunity to consult with Community Water Center and the individuals identified as disadvantaged unincorporated community members, to make sure that we are sufficiently including language in the MSR report to allow for structural solutions to ensure that all people have clean drinking water.

Motion Carried: (Roll Call Vote):

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

Executive Officer’s Communications

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

- 8. Communications
 - a) CALAFCO Conference Wrap-Up
 - b) Community Project Funding in the Salinas Valley
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

Executive Officer McKenna provided the report to the Commission.

The Commissioners provided comments about the CALAFCO Annual Conference.

Commissioner Comments

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

There were no Commissioner comments.

Adjournment to the Next Meeting

Chair Gourley adjourned the meeting at 5:35 p.m.

A Special Meeting is scheduled for Monday, November 27, 2023 at 2:00 p.m. at the **Monterey County Government Center (168 W. Alisal Street)**.

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

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DRAFT

DRAFT MEETING NOTES
BUDGET AND FINANCE COMMITTEE MEETING
132 W. Gabilan Street, Suite #102
Salinas, California
Scheduled for Approval on December 4, 2023

Wednesday, November 8, 2023
2:00 p.m.

The Commissioners participated in the meeting on Wednesday, November 8, 2023 in person.

Call to Order

The Budget and Finance Committee of the Local Agency Formation Commission of Monterey County was called to order by Chair Leffel at 2:04 p.m.

Roll Call

Members Present

Commissioner Glenn Church

*Arrived at 2:09 p.m.

Commissioner Ian Oglesby

Commissioner Mary Ann Leffel, Chair

Members Absent (Excused Absence)

None

Staff and Contractors Present

Reed Gallogly, LAFCO General Counsel

Mike Briley, CPA, CGMA, Managing Principal, CliftonLarsonAllen, LLP

Karen Campbell, CPA, Senior Audit Manager, Bianchi, Kasavan & Pope, LLP

Darren McBain, Principal Analyst

Jonathan Brinkmann, Senior Analyst

Safarina Maluki, Clerk to the Commission/Office Administrator

Public Comments

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

Old Business

1. Consider Report on Litigation Reserve Fund (Account #7290) (Continued from September 18, 2023 Budget & Finance Committee Meeting).

Recommended Action: Discuss report and provide direction.

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

This is a continued discussion item from the B&F Committee meeting of September 18, 2023. Darren McBain, Principal Analyst presented the report.

General Counsel Reed answered questions from the Committee and recommended replenishment of the Litigation Reserve Fund.

There were no comments from the public.

Committee Action:

Upon motion by Commissioner Oglesby, seconded by Commissioner Church, the Committee unanimously recommended Commission approval to replenish the Litigation Reserve Fund (#7290) to the established policy level of \$300,000.00.

Motion Carried. (Voice Vote)

AYES: Commissioners Church, Oglesby, Leffel

NOES: None.

ALTERNATES: None.

ABSENT: None.

ABSTAIN: None.

2. Consider Report on Pension & OPEB Liability Information (Continued from September 18, 2023 Budget & Finance Committee Meeting).

Recommended Action: Discuss report and provide direction.

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

This is a continued discussion item from the B&F Committee meeting of September 18, 2023. Principal Analyst McBain, Senior Analyst Brinkmann and Mike Briley, CPA, CMGA, Managing Principal, CliftonLarsonAllen, LLP presented the report.

There were no comments from the public.

The Committee discussed the report with Mike Briley and Karen Campbell, CPA, Senior Audit Manager, Bianchi, Kasavan & Pope, LLP.

Committee Chair Leffel requested that the draft audit report include a supplemental footnote regarding the Unfunded Termination Liability.

Committee Action:

Upon motion by Commissioner Oglesby, seconded by Commissioner Church, the Committee unanimously recommended the addition of a supplemental footnote regarding the Unfunded Termination Liability to be included in the Final Annual Audit Report for Fiscal Year Ending June 30, 2023, which will be consider with precise language for the statement. for approval by the full Commission at the next Regular LAFCO meeting on December 4.

Motion Carried. (Voice Vote)

AYES: Commissioners Church, Oglesby, Leffel

NOES: None.

ALTERNATES: None.

ABSENT: None.

ABSTAIN: None.

New Business

3. Consider Draft Annual Audit Report for Fiscal Year Ending June 30, 2023.

Recommended Actions: Discuss draft annual audit report and recommend Commission approval. (CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

Karen Campbell, CPA, Senior Audit Manager (Bianchi, Kasavan & Pope, LLP) presented the audit findings and answered questions from the Committee.

The Committee discussed the report.

There were no comments from the public.

Committee Action:

Upon motion by Commissioner Oglesby, seconded by Commissioner Church, the Committee unanimously recommended Commission approval of the Draft Annual Audit Report for Fiscal Year Ending June 30, 2023 with updated edit to the footnote on pension plan unfunded termination liability and Pending Litigation.

Motion Carried. (Voice Vote)

AYES: Commissioners Church, Oglesby, Leffel

NOES: None.

ALTERNATES: None.

ABSENT: None.

ABSTAIN: None.

4. Consider Draft Year-End Financial Statements for Fiscal Year Ending June 30, 2023.

Recommended Action: Discuss draft financial statements and recommend Commission approval. (CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

Mike Briley, CPA, CGMA, Managing Principal, CliftonLarsonAllen, LLP summarized the report.

The Committee discussed the report.

There were no comments from the public.

Committee Actions:

Upon motion by Commissioner Church, seconded by Commissioner Oglesby, the Committee unanimously recommended Commission approval of the Draft Year-End Statements for Fiscal Year Ending June 30, 2023.

Motion Carried. (Voice Vote)

AYES: Commissioners Church, Oglesby, Leffel

NOES: None.

ALTERNATES: None.

ABSENT: None.

ABSTAIN: None.

5. Consider Draft Financial Statements for Quarter One Period Ending September 30, 2023.
Recommended Action: Discuss draft quarterly financial statements and recommend Commission approval.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

Darren McBain and Mike Briley, CPA, CGMA, Managing Principal, CliftonLarsonAllen, LLP presented the report.

The Committee discussed the report.

There were no comments from the public.

Committee Actions:

Upon motion by Commissioner Church, seconded by Commissioner Oglesby, the Committee unanimously recommended Commission approval of the draft quarterly financial Statements for the period ending September 30, 2023.

Motion Carried. (Voice Vote)

AYES: Commissioners Church, Oglesby, Leffel

NOES: None.

ALTERNATES: None.

ABSENT: None.

ABSTAIN: None.

6. Consider Draft Balance Sheet as of October 31, 2023 and Draft Income Statement through October 31, 2023.
Recommended Action: Discuss draft balance sheet and income statement and recommend Commission approval.
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

Darren McBain, Principal Analyst and Mike Briley, CPA, CGMA, CliftonLarsonAllen, LLP presented the report.

The Committee discussed the report.

There were no public comments.

Committee Action:

Upon motion by Commissioner Church, seconded by Commissioner Oglesby, the Committee unanimously recommended Commission approval of the draft balance sheet and income statement for the period ending October 31, 2023.

Motion Carried. (Voice Vote)

AYES: Commissioners Church, Oglesby, Leffel

NOES: None.

ALTERNATES: None.

ABSENT: None.

ABSTAIN: None.

Executive Officer Announcements

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

None.

Adjournment

Commissioner Leffel adjourned the meeting at 3:05 p.m. The next Budget and Finance Committee Meeting will be announced at a later date.

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 shall be made with LAFCO of Monterey County staff at (831) 754-5838 at least three business days prior to the respective meeting.

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: December 4, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: Draft Financial Statements for Fiscal Year Ending June 30, 2023
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378.

SUMMARY OF RECOMMENDATION:

The Budget and Finance Committee recommends that the Commission adopt the compiled year-end financial statements for the period ending June 30, 2023.

EXECUTIVE OFFICER'S REPORT:

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

Attached are draft year-end financial statements dated June 30, 2023. Compiled by CliftonLarsonAllen, LLP, these statements have been adjusted to reflect the audit activities to date.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachment: Draft Financial Statements for Fiscal Year Ending June 30, 2023 CliftonLarsonAllen, LLP.

Attachment 4.1

LAFCO
Financial Statements
For FY Ending
June 30, 2023

**Local Agency Formation Commission
of Monterey County
Financial Statements
June 30, 2023**

Draft

**LOCAL AGENCY FORMATION COMMISSION
OF MONTEREY COUNTY**

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CliftonLarsonAllen LLP
CLAconnect.com

Accountant's Compilation Report

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

Management is responsible for the financial statements of the Local Agency Formation Commission of Monterey County (LAFCO), as of and for the twelve months ended 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

October 27, 2023
Salinas, CA

LAFCO of Monterey County
Balance Sheets
June 30, 2023 and 2022

ASSETS			
	ACCT #	2023	2022
CURRENT ASSETS:			
Cash Held in Bank:			
Wells Fargo Operating	1007	\$ 155,787.00	\$ 189,424.79
Total Cash Held in Bank		<u>155,787.00</u>	<u>189,424.79</u>
Cash Held in County Treasury:			
Cash Held for Operating Expenses	1010	613,567.56	334,959.26
Designated Cash for Reserve for Litigation	1012	135,485.74	264,588.01
Designated Cash for Accrued Leave	1013	80,419.32	68,104.13
Designated Cash for Post Retirement (GASB 75)	1014	75,064.00	85,475.00
Designated Cash for Reserve for Contingency	1015	269,914.00	258,357.00
Restricted Cash for FORA Litigation	1020	348,524.28	344,801.42
Total Cash Held in County Treasury		<u>1,522,974.90</u>	<u>1,356,284.82</u>
Petty Cash	1100	300.00	300.00
Total Cash		<u>1,679,061.90</u>	<u>1,546,009.61</u>
Other Current Assets:			
Prepaid Insurance	1400	12,283.26	11,273.41
Prepaid Expenses	1405	13,309.84	11,249.11
Total Other Current Assets		<u>25,593.10</u>	<u>22,522.52</u>
Total Current Assets		<u>1,704,655.00</u>	<u>1,568,532.13</u>
NON-CURRENT ASSETS:			
Equipment	1500	57,801.99	57,801.99
Accumulated Depreciation	1550	(53,350.69)	(49,333.74)
Operating Right-of-Use Assets	1900	153,939.37	-
Total Non-Current Assets		<u>158,390.67</u>	<u>8,468.25</u>
DEFERRED OUTFLOWS OF RESOURCES (GASB 68):			
Deferred Outflows of Resources - PERS Contributions	1800	59,328.29	46,559.54
Deferred Outflows of Resources - Actuarial	1805	243,400.87	262,201.83
Total Deferred Outflows of Resources (GASB 68)		<u>302,729.16</u>	<u>308,761.37</u>
DEFERRED OUTFLOWS OF RESOURCES (GASB 75):			
Deferred Outflows of Resources - OPEB Contributions	1810	1,800.00	1,752.00
Deferred Outflows of Resources - OPEB Actuarial	1815	5,754.00	7,238.00
		<u>7,554.00</u>	<u>8,990.00</u>
		<u>\$ 2,173,328.83</u>	<u>\$ 1,894,751.75</u>
LIABILITIES AND EQUITY			
	ACCT #	2023	2022
CURRENT LIABILITIES:			
Accounts Payable	2000	\$ 54,791.08	\$ 15,826.10
Deferred Fees Revenue	2010	121,282.00	-
Payroll Liabilities	2200	168.00	294.00
Accrued Leave	2220	80,419.32	68,104.13
Dissolution of FORA Legal Liability	2380	348,524.28	344,801.42
Dissolution of FORA Admin Liability	2381	54,348.50	56,022.50
Current Portion of Operating Lease Obligations	2601	26,357.52	-
Total Current Liabilities		<u>685,890.70</u>	<u>485,048.15</u>
NON-CURRENT LIABILITIES:			
Net Pension Liability/(Asset) (GASB 68)	2400	57,558.59	(262,199.19)
Net OPEB Liability/(Asset) (GASB 75)	2410	75,064.00	85,475.00
Operating Lease Obligations-Net of Current Portion	2600	127,581.85	-
Total Non-Current Liabilities		<u>260,204.44</u>	<u>(176,724.19)</u>
DEFERRED INFLOWS OF RESOURCES (GASB 68):	2500	<u>40,784.66</u>	<u>9,278.43</u>
DEFERRED INFLOWS OF RESOURCES (GASB 75):	2505	<u>56,930.00</u>	<u>52,790.00</u>
EQUITY:			
Invested in Capital Assets	3700	4,451.30	8,468.25
Encumbered Funds	3710	70,749.02	70,749.02
Reserve for Litigation	3800	135,485.74	264,588.01
Reserve for Contingency	3810	269,914.00	258,357.00
Restricted for Pension	3825	-	262,199.19
Unreserved Fund	3850	648,918.97	659,997.89
Total Equity		<u>1,129,519.03</u>	<u>1,524,359.36</u>
		<u>\$ 2,173,328.83</u>	<u>\$ 1,894,751.75</u>

LAFCO of Monterey County
Income and Expense Budget Performance - Summary
June 30, 2023

ACCT #	Income:	% of Budget Received/Spent					Adopted 22/23 Budget	Remaining Budget Balance	% of Remaining Budget Balance
		June 23	June 22	June 23	July 22-June 23	July 21-June 22			
4000	Fees: Project	\$ 8,892.00	\$ 7,950.00	88.92%	\$ 38,822.00	\$ 179,371.62	\$ 10,000.00	\$ 28,822.00	288.22%
4205	County Contributions	-	-	0.00%	354,931.00	298,814.00	354,931.00	-	0.00%
4210	City Contributions	-	-	0.00%	354,930.99	298,813.00	354,931.00	(0.01)	0.00%
4220	District Contributions	-	-	0.00%	354,928.00	298,814.00	354,931.00	(3.00)	0.00%
4249	FORA Administrative Revenue	85.50	1,072.50	0.00%	1,674.00	5,362.50	-	1,674.00	0.00%
4300	Interest	7,916.10	1,893.20	162.82%	26,991.63	5,447.50	4,862.00	22,129.63	455.15%
	Total Income	16,893.60	10,915.70	1.56%	1,132,277.62	1,086,622.62	1,079,655.00	52,622.62	4.87%
	Expense:								
VAR	Employee Salaries	45,327.21	38,257.93	8.18%	550,033.90	442,716.22	554,169.00	4,135.10	0.75%
VAR	Employee Benefits	369,200.33	(434,548.67)	155.83%	610,375.01	(261,042.30)	236,928.00	(373,447.01)	-157.62%
7000	Postage and Shipping	974.56	479.06	25.62%	4,890.32	5,929.84	3,804.00	(1,086.32)	-28.56%
7010	Books and Periodical	-	-	0.00%	1,151.40	1,323.36	1,621.00	469.60	28.97%
7030	Copy Machine	359.48	466.09	3.11%	5,913.87	6,506.94	11,576.00	5,662.13	48.91%
7040	Outside Printers	-	-	0.00%	-	667.88	1,300.00	1,300.00	100.00%
7060	Office Supplies	141.65	789.99	2.04%	3,843.40	2,880.79	6,946.00	3,102.60	44.67%
7070	Office Equipment & Furnishings	226.14	-	11.62%	226.14	273.11	1,946.00	1,719.86	88.38%
7080	Computer Hardware/Peripherals	1,770.27	172.62	30.58%	4,581.10	3,709.08	5,789.00	1,207.90	20.87%
7085	Computer Support Svcs Fixed Costs	-	936.88	0.00%	13,613.40	10,726.79	12,155.00	(1,458.40)	-12.00%
7090	Computer Support Svcs Variable Costs	-	3,736.00	0.00%	1,565.00	4,555.00	6,948.00	5,383.00	77.48%
7100	Computer Software	-	-	0.00%	644.84	579.84	1,216.00	571.16	46.97%
7105	Meeting Broadcast Services	900.00	-	18.51%	3,998.75	-	4,863.00	864.25	17.77%
7110	Property and Gen Liability Insurance	640.63	594.16	7.36%	7,686.57	7,129.37	8,700.00	1,013.43	11.65%
7120	Office Maintenance Services	-	-	0.00%	168.00	328.00	463.00	295.00	63.71%
7140	Travel	-	-	0.00%	13,400.36	-	13,450.00	49.64	0.37%
7150	Training, Conferences & Workshops	200.00	360.00	2.43%	8,763.79	540.00	8,238.00	(525.79)	-6.38%
7160	Vehicle Mileage	238.16	-	15.12%	429.10	-	1,575.00	1,145.90	72.76%
7170	Rental of Buildings	2,397.69	2,397.69	8.33%	28,772.28	28,772.28	28,772.00	(0.28)	0.00%
7200	Telephone Communications	218.54	409.22	2.70%	4,533.84	4,045.79	8,104.00	3,570.16	44.05%
7230	Temp Help Services (Clerical)	-	-	0.00%	-	37,440.38	-	-	0.00%
7240	Outside Prof. Services: Other	-	-	0.00%	8,825.00	75,180.00	25,000.00	16,175.00	64.70%
7242	Outside Prof. Services: Accounting	5,000.00	4,800.00	8.33%	59,800.00	60,400.00	60,000.00	200.00	0.33%
7242A	Outside Prof. Services: General Admin and HR	400.00	400.00	2.70%	4,800.00	6,640.00	14,800.00	10,000.00	67.57%
7245	General and Special Legal Services	4,017.40	996.30	20.94%	21,803.40	94,043.40	19,182.00	(2,621.40)	-13.67%
7247	Outside Prof. Services: Human Resources	-	-	0.00%	-	-	5,789.00	5,789.00	100.00%
7248	Outside Prof. Services: Annual Audit	-	-	0.00%	20,000.00	14,500.00	20,000.00	-	0.00%
7250	Miscellaneous Office Expense	28.16	43.74	2.43%	681.26	525.93	1,158.00	476.74	41.17%
7260	Legal Notices	-	-	0.00%	1,663.50	4,028.97	4,863.00	3,199.50	65.79%
7270	Recruitment Advertising	-	-	0.00%	-	675.00	1,000.00	1,000.00	100.00%
7280	LAFCO Memberships	-	-	0.00%	9,137.00	8,839.01	9,300.00	163.00	1.75%
7290	Litigation Reserve	765.90	23,088.63	0.00%	129,102.27	35,448.50	-	(129,102.27)	0.00%
7300	Depreciation	332.00	364.00	0.00%	4,016.95	4,543.37	-	(4,016.95)	0.00%
	Total Expense	433,138.12	(356,256.36)	40.12%	1,524,420.45	601,906.55	1,079,655.00	(444,765.45)	-41.20%
	Net Ordinary Income (Loss)	(416,244.52)	367,172.06		(392,142.83)	484,716.07	-		
	Other Income/(Expense):								
8106	Prior Year Project Fees Returned	-	-		(2,697.50)	(218.25)	-		
8115	Encumbered Funds: Temp Professional Services	-	-		-	(3,437.50)	-		
	Total Other Income/(Expense)	-	-		(2,697.50)	(3,655.75)	-		
	Net Income (Loss)	\$ (416,244.52)	\$ 367,172.06		\$ (394,840.33)	\$ 481,060.32	\$ -		

LAFCO of Monterey County
Income and Expense Budget Performance - Detail
June 30, 2023

ACCT #	Income:	June 23	June 22	% of Budget		July 21-June 22	Adopted 22/23 Budget	Remaining Budget Balance	% of Remaining Budget Balance
				June 23	Spent				
4000	Fees: Project	\$ 8,892.00	\$ 7,950.00	88.92%	\$ 38,822.00	\$ 179,371.62	\$ 10,000.00	\$ 28,822.00	288.22%
4205	County Contributions	-	-	0.00%	354,931.00	298,814.00	354,931.00	-	0.00%
4210	City Contributions	-	-	0.00%	354,930.99	298,813.00	354,931.00	(0.01)	0.00%
4220	District Contributions	-	-	0.00%	354,928.00	298,814.00	354,931.00	(3.00)	0.00%
4249	FORA Administrative Revenue	85.50	1,072.50	0.00%	1,674.00	5,362.50	-	1,674.00	0.00%
4300	Interest	7,916.10	1,893.20	162.82%	26,991.63	5,447.50	4,862.00	22,129.63	455.15%
	Total Income	16,893.60	10,915.70	1.56%	1,132,277.62	1,086,622.62	1,079,655.00	52,622.62	4.87%
	Expense:								
6002	Regular Earnings	45,245.98	38,057.65		549,356.98	441,164.03			
6004	FORA Administrative Wages	81.23	200.28		676.92	1,552.19			
	Employee Salaries	45,327.21	38,257.93	8.18%	550,033.90	442,716.22	554,169.00	4,135.10	0.75%
6007	Management Expense Allowance	50.00	50.00		600.00	600.00			
6010	Accrued Leave	(3,688.40)	2,391.05		12,315.19	(15,365.07)			
6011	Car Allowance	400.00	400.00		4,800.00	4,800.00			
6013	Post Retirement Healthcare Reserve	(4,684.00)	(871.00)		(3,035.00)	732.00			
6100	Employee Benefits - Other	1,275.00	-		1,975.00	4,525.00			
6101	Payroll Expenses	685.52	581.27		9,310.54	7,920.40			
6102	Worker's Compensation Insurance	179.40	253.46		1,708.53	2,813.22			
6103	Employee Memberships	-	-		96.75	848.00			
6104	Deferred Comp Plan Contribution	2,659.54	2,372.00		33,951.24	26,898.55			
6106	PERS Retirement - GASB 68	416,624.51	(405,550.99)		416,624.51	(405,550.99)			
6110	PERS Health - Other	35.01	20.83		368.39	230.43			
6111	PERS Health - Med ER Non-Elective	604.00	596.00		7,200.00	6,418.00			
6112	PERS Health - Med ER Pre Tax	8,365.69	6,173.28		87,233.82	67,636.90			
6131	LIFE	125.20	125.20		1,502.40	1,354.90			
6132	ADD	8.21	8.21		98.52	88.85			
6133	Dental	798.30	767.90		9,245.20	8,821.11			
6134	Vision	108.60	108.60		1,303.20	1,219.58			
6135	LTD	332.40	316.26		3,988.80	3,482.19			
6139	STD	92.06	92.06		1,104.72	1,004.23			
7294	Accrued Leave Reserve	-	-		19,983.20	20,480.40			
	Employee Benefits	369,200.33	(434,548.67)	155.83%	610,375.01	(261,042.30)	236,928.00	(373,447.01)	-157.62%
7000	Postage and Shipping	974.56	479.06	25.62%	4,890.32	5,929.84	3,804.00	(1,086.32)	-28.56%
7010	Books and Periodical	-	-	0.00%	1,151.40	1,323.36	1,621.00	469.60	28.97%
7030	Copy Machine	359.48	466.09	3.11%	5,913.87	6,506.94	11,576.00	5,662.13	48.91%
7040	Outside Printers	-	-	0.00%	-	667.88	1,300.00	1,300.00	100.00%
7060	Office Supplies	141.65	789.99	2.04%	3,843.40	2,880.79	6,946.00	3,102.60	44.67%
7070	Office Equipment & Furnishings	226.14	-	11.62%	226.14	273.11	1,946.00	1,719.86	88.38%
7080	Computer Hardware/Peripherals	1,770.27	172.62	30.58%	4,581.10	3,709.08	5,789.00	1,207.90	20.87%
7085	Computer Support Svcs Fixed Costs	-	936.88	0.00%	13,613.40	10,726.79	12,155.00	(1,458.40)	-12.00%
7090	Computer Support Svcs Variable Costs	-	3,736.00	0.00%	1,565.00	4,555.00	6,948.00	5,383.00	77.48%
7100	Computer Software	-	-	0.00%	644.84	579.84	1,216.00	571.16	46.97%
7105	Meeting Broadcast Services	900.00	-	18.51%	3,998.75	-	4,863.00	864.25	17.77%
7110	Property and Gen Liability Insurance	640.63	594.16	7.36%	7,686.57	7,129.37	8,700.00	1,013.43	11.65%
7120	Office Maintenance Services	-	-	0.00%	168.00	328.00	463.00	295.00	63.71%
7140	Travel	-	-	0.00%	13,400.36	-	13,450.00	49.64	0.37%
7150	Training, Conferences & Workshops	200.00	360.00	2.43%	8,763.79	540.00	8,238.00	(525.79)	-6.38%
7160	Vehicle Mileage	238.16	-	15.12%	429.10	-	1,575.00	1,145.90	72.76%
7170	Rental of Buildings	2,397.69	2,397.69	8.33%	28,772.28	28,772.28	28,772.00	(0.28)	0.00%
7200	Telephone Communications	218.54	409.22	2.70%	4,533.84	4,045.79	8,104.00	3,570.16	44.05%
7230	Temp Help Services (Clerical)	-	-	0.00%	-	37,440.38	-	-	0.00%
7240	Outside Prof. Services: Other	-	-	0.00%	8,825.00	75,180.00	25,000.00	16,175.00	64.70%
7242	Outside Prof. Services: Accounting	5,000.00	4,800.00	8.33%	59,800.00	60,400.00	60,000.00	200.00	0.33%
7242A	Outside Prof. Services: General Admin and HR	400.00	400.00	2.70%	4,800.00	6,640.00	14,800.00	10,000.00	67.57%
7245	General and Special Legal Services	4,017.40	996.30	20.94%	21,803.40	94,043.40	19,182.00	(2,621.40)	-13.67%
7247	Outside Prof. Services: Human Resources	-	-	0.00%	-	-	5,789.00	5,789.00	100.00%
7248	Outside Prof. Services: Annual Audit	-	-	0.00%	20,000.00	14,500.00	20,000.00	-	0.00%
7250	Miscellaneous Office Expense	28.16	43.74	2.43%	681.26	525.93	1,158.00	476.74	41.17%
7260	Legal Notices	-	-	0.00%	1,663.50	4,028.97	4,863.00	3,199.50	65.79%
7270	Recruitment Advertising	-	-	0.00%	-	675.00	1,000.00	1,000.00	100.00%
7280	LAFCO Memberships	-	-	0.00%	9,137.00	8,839.01	9,300.00	163.00	1.75%
7290	Litigation Reserve	765.90	23,088.63	0.00%	129,102.27	35,448.50	-	(129,102.27)	0.00%
7300	Depreciation	332.00	364.00	0.00%	4,016.95	4,543.37	-	(4,016.95)	0.00%
	Total Expense	433,138.12	(356,256.36)	40.12%	1,524,420.45	601,906.55	1,079,655.00	(444,765.45)	-41.20%
	Net Ordinary Income (Loss)	(416,244.52)	367,172.06		(392,142.83)	484,716.07	-	-	
	Other Income/(Expense):								
8106	Prior Year Project Fees Returned	-	-		(2,697.50)	(218.25)	-	-	
8115	Encumbered Funds: Temp Professional Services	-	-		-	(3,437.50)	-	-	
	Total Other Income/(Expense)	-	-		(2,697.50)	(3,655.75)	-	-	
	Net Income (Loss)	\$ (416,244.52)	\$ 367,172.06		\$ (394,840.33)	\$ 481,060.32	\$ -	\$ -	

LAFCO of Monterey County
Income and Expense by Month
June 30, 2023

	July 22	Aug 22	Sept 22	Oct 22	Nov 22	Dec 22
Ordinary Income/Expense						
Income:						
4000 · Fees: Project	-	-	-	-	-	5,000.00
4205 · County Contributions	354,931.00	-	10,330.00	-	-	-
4210 · City Contributions	354,930.99	-	-	-	-	-
4220 · District Contributions	354,928.00	-	-	-	-	-
4249 · FORA Administrative Revenue	660.00	-	165.00	82.50	82.50	85.50
4300 · Interest	1.30	1.68	1.03	3,807.56	4.26	11.09
Total Income	1,065,451.29	1.68	10,496.03	3,890.06	86.76	5,096.59
Expense:						
6000 · Employee Salaries	40,780.28	41,937.61	62,962.63	41,937.62	41,937.61	42,331.07
6100 · Employee Benefits	21,442.51	18,863.46	25,507.53	17,839.82	18,627.19	20,461.82
7000 · Postage and Shipping	79.62	101.40	306.83	773.00	410.46	286.87
7010 · Books and Periodical	238.00	-	-	49.70	-	799.70
7030 · Copy Machine	231.12	494.78	400.68	343.75	543.43	343.75
7060 · Office Supplies	-	289.25	8.74	495.43	1,087.39	225.18
7070 · Office Equipment and Furnishings	-	-	-	-	-	-
7080 · Computer Hardware/Peripherals	-	311.26	-	-	386.79	-
7085 · Computer Support Svcs Fixed Costs	-	-	-	1,361.34	5,445.36	1,361.34
7090 · Computer Support Svcs Variable Costs	-	-	-	-	469.50	626.00
7100 · Computer Software	214.98	-	-	95.99	-	-
7105 · Meeting Broadcast Services	-	-	-	-	-	-
7110 · Property and Gen Liability Insurance	640.54	640.54	640.54	640.54	640.54	640.54
7120 · Office Maintenance Services	-	-	-	-	-	-
7140 · Travel	-	-	-	-	-	-
7150 · Training, Conferences & Workshops	-	-	-	8,182.86	168.00	47.07
7160 · Vehicle Mileage	-	-	-	6,795.72	550.00	(273.79)
7170 · Rental of Buildings	-	-	112.56	-	-	78.38
7200 · Telephone Communications	2,397.69	2,397.69	2,397.69	4,795.38	-	2,397.69
7240 · Outside Prof. Services: Other	452.38	328.68	328.68	329.54	329.54	329.54
7242 · Outside Prof. Services: Accounting	3,225.00	2,475.00	500.00	-	-	2,625.00
7242A · Outside Prof. Services: Gen Admin & HR Assistance	4,800.00	5,000.00	5,000.00	5,000.00	10,000.00	5,000.00
7245 · General and Special Legal Services	400.00	400.00	400.00	400.00	800.00	400.00
7248 · Outside Prof. Services: Annual Audit	-	405.90	3,136.50	-	1,291.50	6,494.60
7250 · Miscellaneous Office Expense	-	2,000.00	-	12,000.00	-	6,000.00
7260 · Legal Notices	28.16	96.24	53.50	36.74	36.74	74.08
7280 · LAFCC Memberships	551.25	-	-	-	-	-
7290 · Litigation Reserve	7,503.00	9,421.90	28,926.50	-	18,546.30	5,224.28
7300 · Depreciation	338.00	335.00	331.95	336.00	338.00	331.00
8106 · Prior Year Project Fees Returned	-	12.50	-	-	2,685.00	-
Total Expense	83,322.53	85,511.21	130,814.73	101,417.43	106,334.66	96,712.75
Net Income/(Loss)	\$ 982,128.76	\$ (85,509.53)	\$ (120,318.70)	\$ (97,527.37)	\$ (106,247.90)	\$ (91,616.16)

LAFCO of Monterey County
Income and Expense by Month
June 30, 2023

	Jan 23	Feb 23	Mar 23	Apr 23	May 23	June 23	Total
Ordinary Income/Expense							
Income:							
4000 · Fees: Project	-	-	-	10,000.00	4,600.00	8,892.00	38,822.00
4205 · County Contributions	-	-	-	-	-	-	354,930.99
4210 · City Contributions	-	-	-	-	-	-	354,930.99
4220 · District Contributions	-	-	-	-	-	-	354,928.00
4249 · FORA Administrative Revenue	85.50	-	85.50	171.00	171.00	85.50	1,674.00
4300 · Interest	6,977.66	11.17	12.09	8,235.13	12.56	7,916.10	26,991.63
Total Income	7,063.16	11.17	97.59	18,406.13	4,783.56	16,893.60	1,132,277.62
Expense:							
6000 · Employee Salaries	41,937.62	42,162.44	62,906.40	41,937.61	43,875.80	45,327.21	550,033.90
6100 · Employee Benefits	23,133.85	23,064.08	26,604.41	21,410.87	24,419.14	369,200.33	610,375.01
7000 · Postage and Shipping	600.61	300.08	261.47	364.59	430.83	974.56	4,890.32
7010 · Books and Periodical	-	64.00	-	-	-	-	1,151.40
7030 · Copy Machine	343.74	737.99	355.16	355.16	1,404.83	359.48	5,913.87
7060 · Office Supplies	15.24	1,434.47	97.44	-	48.61	-	3,843.40
7070 · Office Equipment and Furnishings	-	-	-	-	-	-	226.14
7080 · Computer Hardware/Peripherals	-	644.65	-	257.86	-	-	4,581.10
7085 · Computer Support Svcs Fixed Costs	-	-	-	2,722.68	-	-	13,613.40
7090 · Computer Support Svcs Variable Costs	1,361.34	1,361.34	-	469.50	-	-	1,565.00
7100 · Computer Software	-	89.99	-	-	-	-	644.84
7105 · Meeting Broadcast Services	180.00	-	-	2,250.00	-	900.00	3,938.75
7110 · Property and Gen Liability Insurance	640.54	640.54	640.54	640.54	640.54	640.63	7,686.57
7120 · Office Maintenance Services	-	-	-	-	-	-	168.00
7140 · Travel	-	-	2,203.38	1,454.45	294.79	-	13,400.36
7150 · Training, Conferences & Workshops	425.00	-	-	1,066.86	-	-	8,763.79
7160 · Vehicle Mileage	-	-	-	-	-	200.00	429.10
7170 · Rental of Buildings	2,397.69	2,397.69	2,397.69	2,397.69	2,397.69	2,397.69	28,772.28
7200 · Telephone Communications	329.69	359.56	428.98	295.17	803.54	218.54	4,533.84
7240 · Outside Prof. Services: Other	-	-	-	-	-	-	8,825.00
7242 · Outside Prof. Services: Accounting	-	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	59,800.00
7242A · Outside Prof. Services: Gen Admin & HR Assistance	-	400.00	400.00	400.00	400.00	400.00	4,800.00
7245 · General and Special Legal Services	-	2,915.10	1,586.70	-	1,955.70	4,017.40	21,803.40
7248 · Outside Prof. Services: Annual Audit	-	-	-	-	-	-	20,000.00
7250 · Miscellaneous Office Expense	162.78	45.32	26.58	55.82	36.74	28.16	681.26
7260 · Legal Notices	-	-	288.75	-	-	-	1,663.50
7280 · LAFCO Memberships	1,634.00	-	-	-	-	-	9,137.00
7290 · Litigation Reserve	14,670.99	7,457.40	3,643.15	-	40,445.85	765.90	129,102.27
7300 · Depreciation	329.00	339.00	333.00	336.00	338.00	332.00	4,016.95
8106 · Prior Year Project Fees Returned	-	-	-	-	-	-	2,697.50
Total Expense	88,162.09	89,413.65	107,173.65	81,414.80	123,702.33	493,138.12	1,527,117.95
Net Income/(Loss)	\$ (81,098.93)	\$ (89,402.48)	\$ (107,076.06)	\$ (63,008.67)	\$ (118,918.77)	\$ (416,244.52)	\$ (394,840.33)

**LAFCO of Monterey County
Accounts Receivable Summary
As of June 30, 2023**

Accounts Receivable-For Fiscal Year Ending 6/2023:

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

Draft

**LAFCO of Monterey County
Equipment Summary
As of June 30, 2023**

Equipment and Accumulated Depreciation:

Description	Fiscal Year In Service (6/30)	Cost	Amount Depreciated
Furniture & Fixtures	2010	\$ 502.51	\$ 502.51
Furniture & Fixtures	2017	29,396.72	27,150.00
Furniture & Fixtures	2018	10,618.39	9,040.00
Office Equipment	2011	2,185.00	2,185.00
Office Equipment	2013	1,990.68	1,990.68
Office Equipment	2014	5,214.29	5,214.29
Office Equipment	2016	1,168.89	1,168.89
Office Equipment	2017	2,527.32	2,527.32
Office Equipment	2019	2,143.66	1,939.00
Office Equipment	2020	2,054.53	1,633.00
	ACCT # 1500	\$ 57,801.99	
			ACCT # 1550 \$ 53,350.69

**LAFCO of Monterey County
Accounts Payable Summary
As of June 30, 2023**

Accounts Payable:

Vendor	Description	Date	Inv#/Acct#	Amount
AT&T	Credit	12/10/2021		\$ (42.77)
AT&T	Telephone Services	6/17/2023	317277339	218.54
Best, Best & Krieger	MPWMD Service Activation Legal Services through 5/31/23	5/31/2023	968326	37,983.10
Best, Best & Krieger	MPWMD Service Activation Legal Services through 6/30/23	6/30/2023	969813	64.80
CalPERS Fiscal Services Division	1959 Survivor Level Premium for FY22/23-Plan 27008	6/26/2023	FY22-23/Plan 27008	28.80
CalPERS Fiscal Services Division	1959 Survivor Level Premium for FY22/23-Plan 5580	6/26/2023	FY22-23/Plan 5580	86.40
CliftonLarsonAllen, LLP	Accounting Services	6/22/2023	3770087	5,400.00
County of Monterey, Information Technology	Computer Support Services through 5/2023	5/31/2023	Dept 812 P/E 5/2023	1,210.27
County of Monterey, Information Technology	Computer Support Services through 6/2023	6/30/2023	Dept 812 P/E 6/2023	2,670.27
MacLeod Watts, Inc.	OPEB 75 Report for FY22/23	6/30/2023	072123LAFCO	1,275.00
MBS Business Systems	Copy Machine/Printer Rental (Original Invoice not Received)	5/8/2023	447375	394.04
MBS Business Systems	Copy Machine/Printer Rental (Original Invoice not Received)	5/8/2023	447374	83.01
MBS Business Systems	Copy Machine/Printer Rental (Original Invoice not Received)	5/8/2023	447373	105.24
MBS Business Systems	Copy Machine/Printer Rental	6/16/2023	449367	745.56
MBS Business Systems	Copy Machine/Printer Rental	6/23/2023	450408	111.48
MBS Business Systems	Copy Machine/Printer Rental	6/29/2023	450687	70.00
Office of County Counsel-Co of Monterey	LAFCO-CNPS Legal Services through 6/30/23	6/30/2023	23-002798	147.60
Office of County Counsel-Co of Monterey	General Legal Services through 6/30/23	6/30/2023	23-002929	2,910.40
Principal Life	Insurance: LTD, ADD, STD, Life for July 2023	6/16/2023	July 2023	623.56
Sunrise Express	Board Packet Deliveries	6/30/2023	651206	380.30
Wells Fargo Bank Credit Card	Culligan Water Service \$28.16; Office Supplies \$297.32	6/30/2023	CCx2064	325.48
			ACCT # 2000	<u>\$ 54,791.08</u>

Draft

**LAFCO of Monterey County
Accrued Leave Summary
As of June 30, 2023**

Executive Officer and Analyst Positions:

Employee	Title	Total Hours of Accrued Annual Leave *	Hourly Rate	Annual Leave Book Value
Kate McKenna	Executive Officer	549.26	100.76	\$ 55,343.44
Darren McBain	Principal Analyst	185.77	72.67	13,499.91
Jonathan Brinkmann	Senior Analyst	169.32	54.15	9,168.68
				<u>\$ 78,012.03</u>

Clerk / Administrative Secretary Position:

Employee	Accrued Sick Leave	Accrued Vacation **	Hourly Rate	Sick Leave Book Value	Vacation Book Value
Safarina Maluki	46.64	12.77	40.52	\$ 1,889.85	\$ 517.44
				<u>\$ 1,889.85</u>	<u>\$ 517.44</u>

Annual Leave	\$ 78,012.03
Sick Leave	1,889.85
Vacation	517.44
ACCT # 2220	<u>\$ 80,419.32</u>

Executive Officer and Senior Analyst Positions:

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

Clerk/Admin Secretary Position:

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

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

LAFCO of Monterey County
Detail of Encumbrances
As of June 30, 2023

Encumbered Funds:

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

LAFCO of Monterey County
Detail of Reserve for Litigation
As of June 30, 2023

Reserve for Litigation:

Date	Vendor/Description	Invoice #	Amount
	Beginning Balance as of 7/1/13		\$ 300,036.51
4/12/2022	Office of County Counsel-Co. of Monterey	22-0003000	(110.70)
5/12/2022	Best, Best & Krieger	934608	(8,005.67)
5/24/2022	Office of County Counsel-Co. of Monterey	22-000420	(4,243.50)
6/10/2022	Best, Best & Krieger	937410	(16,393.23)
6/16/2022	Office of County Counsel-Co. of Monterey	22-000478	(996.30)
6/30/2022	Best, Best & Krieger	939818	(4,739.70)
6/30/2022	Office of County Counsel-Co. of Monterey	22-000557	(959.40)
8/11/2022	Best, Best & Krieger	942253	(8,905.30)
8/23/2022	Office of County Counsel-Co. of Monterey	22-000686	(516.60)
9/8/2022	Best, Best & Krieger	94461	(15,907.50)
9/12/2022	Office of County Counsel-Co. of Monterey	22-000787	(959.40)
9/30/2022	Best, Best & Krieger	947478	(11,506.10)
9/30/2022	Office of County Counsel-Co. of Monterey	22-000870	(553.50)
11/15/2022	Best, Best & Krieger	950787	(18,435.60)
11/15/2022	Office of County Counsel-Co. of Monterey	22-000892	(110.70)
12/9/2022	Best, Best & Krieger	952842	(4,523.18)
12/14/2022	Office of County Counsel-Co. of Monterey	22-000975	(221.40)
12/31/2022	Office of County Counsel-Co. of Monterey	23-000018	(479.70)
1/20/2023	Best, Best & Krieger	955804	(14,670.99)
2/21/2023	Office of County Counsel-Co. of Monterey	22-002301	(369.00)
2/24/2023	Best, Best & Krieger	958386	(7,088.40)
3/20/2023	Best, Best & Krieger	960589	(1,685.20)
3/31/2023	Best, Best & Krieger	963335	(1,404.45)
3/31/2023	Office of County Counsel-Co. of Monterey	23-002431	(553.50)
5/8/2023	Best, Best & Krieger	964642	(2,425.85)
5/19/2023	Office of County Counsel-Co. of Monterey	23-002465	(36.90)
5/31/2023	Best, Best & Krieger	968326	(37,983.10)
6/23/2023	Office of County Counsel-Co. of Monterey	23-002620	(701.10)
6/30/2023	Best, Best & Krieger	969813	(64.80)
		ACCT # 3800	\$ 135,485.74

**LAFCO of Monterey County
Detail of Reserve for Contingency
As of June 30, 2023**

Reserve for Contingency:

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

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

2022-2023 Budget	\$ 1,079,655
% of Budget	<u>0.25</u>
Expected Reserve for Contingency Balance at 7/1/22	<u>269,914</u>
Reserve for Contingency Balance at 6/30/22	<u>258,357</u>
Authorized Transfer (To)/From Unreserved Funds for FY 2022-2023**	<u>\$ 11,557</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: December 4, 2023

TO: Chair and Members of the Formation Commission

FROM: Kate McKenna, AICP, Executive Officer

SUBJECT: Draft Financial Statements for Period Ending September 30, 2023

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

SUMMARY OF RECOMMENDATION:

The Budget and Finance Committee recommends that the Commission adopt the quarterly financial statements for the period ending September 30, 2023.

EXECUTIVE OFFICER'S REPORT:

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

Attached are draft financial statements for Quarter One of the fiscal year. Prepared by CliftonLarsonAllen, LLP, the statements reflect overall revenue and expenditures that are normal for this period.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachment: Draft Financial Statements ending September 30, 2023, CliftonLarsonAllen, LLC.

Attachment 5.1

LAFCO Draft Financial Statements
for
September 30, 2023

**Local Agency Formation Commission
of Monterey County
Financial Statements
September 30, 2023**

Draft

**LOCAL AGENCY FORMATION COMMISSION
OF MONTEREY COUNTY**

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CliftonLarsonAllen LLP
CLAconnect.com

Accountant's Compilation Report

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

Management is responsible for the financial statements of the Local Agency Formation Commission of Monterey County (LAFCO), as of and for the three months ended September 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

October 30, 2023
Salinas, CA

**LAFCO of Monterey County
Balance Sheets
September 30, 2023 and 2022**

ASSETS			
	ACCT #	2023	2022
CURRENT ASSETS:			
Cash Held in Bank:			
Wells Fargo Operating	1007	\$ 144,523.79	\$ 211,766.41
Total Cash Held in Bank		<u>144,523.79</u>	<u>211,766.41</u>
Cash Held in County Treasury:			
Cash Held for Operating Expenses	1010	1,117,470.52	1,115,631.88
Designated Cash for Reserve for Litigation	1012	122,652.83	226,239.61
Designated Cash for Accrued Leave	1013	88,300.71	77,503.90
Designated Cash for Post Retirement (GASB 75)	1014	75,064.00	85,475.00
Designated Cash for Reserve for Contingency	1015	276,614.00	269,914.00
Restricted Cash for FORA Litigation	1020	348,524.28	344,764.52
Total Cash Held in County Treasury		<u>2,028,626.34</u>	<u>2,119,528.91</u>
Petty Cash	1100	300.00	300.00
Total Cash		<u>2,173,450.13</u>	<u>2,331,595.32</u>
Other Current Assets:			
Accounts Receivable - For Fiscal Yr Ending 6/23	1235	-	1,509.00
Accounts Receivable - For Fiscal Yr Ending 6/24	1236	164,419.55	-
Prepaid Insurance	1400	9,591.27	8,813.68
Prepaid Expenses	1405	15,512.56	10,823.06
Total Other Current Assets		<u>189,523.38</u>	<u>21,145.74</u>
Total Current Assets		<u>2,362,973.51</u>	<u>2,352,741.06</u>
NON-CURRENT ASSETS:			
Equipment	1500	57,801.99	57,801.99
Accumulated Depreciation	1550	(54,306.69)	(50,338.69)
Operating Right-of-Use Assets	1900	146,953.49	-
Total Non-Current Assets		<u>150,448.79</u>	<u>7,463.30</u>
DEFERRED OUTFLOWS OF RESOURCES (GASB 68):			
Deferred Outflows of Resources - PERS Contributions	1800	59,328.29	46,559.54
Deferred Outflows of Resources - Actuarial	1805	243,400.87	262,201.83
Total Deferred Outflows of Resources (GASB 68)		<u>302,729.16</u>	<u>308,761.37</u>
DEFERRED OUTFLOWS OF RESOURCES (GASB 75):			
Deferred Outflows of Resources - OPEB Contributions	1810	1,800.00	1,752.00
Deferred Outflows of Resources - OPEB Actuarial	1815	5,754.00	7,238.00
		<u>7,554.00</u>	<u>8,990.00</u>
		<u>\$ 2,823,705.46</u>	<u>\$ 2,677,955.73</u>
LIABILITIES AND EQUITY			
	ACCT #	2023	2022
CURRENT LIABILITIES:			
Accounts Payable	2000	\$ 6,756.79	\$ 14,317.68
Payroll Liabilities	2200	168.00	168.00
Accrued Leave	2220	88,300.71	77,503.90
Dissolution of FORA Legal Liability	2380	348,524.28	344,764.52
Dissolution of FORA Admin Liability	2381	54,177.50	55,197.50
Current Portion of Operating Lease Obligations	2601	26,357.52	-
Total Current Liabilities		<u>524,284.80</u>	<u>491,951.60</u>
NON-CURRENT LIABILITIES:			
Net Pension Liability/(Asset) (GASB 68)	2400	57,558.59	(262,199.19)
Net OPEB Liability/(Asset) (GASB 75)	2410	75,064.00	85,475.00
Operating Lease Obligations-Net of Current Portion	2600	121,094.00	-
Total Non-Current Liabilities		<u>253,716.59</u>	<u>(176,724.19)</u>
DEFERRED INFLOWS OF RESOURCES (GASB 68):	2500	40,784.66	9,278.43
DEFERRED INFLOWS OF RESOURCES (GASB 75):	2505	56,930.00	52,790.00
EQUITY:			
Invested in Capital Assets	3700	3,495.30	7,463.30
Encumbered Funds	3710	70,749.02	70,749.02
Reserve for Litigation	3800	122,652.83	226,239.61
Reserve for Contingency	3810	276,614.00	269,914.00
Restricted for Pension	3825	-	262,199.19
Unreserved Fund*	3850	1,474,478.26	1,464,094.77
Total Equity		<u>1,947,989.41</u>	<u>2,300,659.89</u>
		<u>\$ 2,823,705.46</u>	<u>\$ 2,677,955.73</u>

*Includes revenue received in the current year to be used for operating expenses through 6/30/24

LAFCO of Monterey County
Income and Expense Budget Performance - Summary
September 30, 2023

ACCT #	Income:			% of Budget		Adopted 23/24 Budget	Remaining Budget Balance	% of Remaining Budget Balance
		Sept 23	Sept 22	Received/ Spent Sept 23	July 22-Sept 23			
4000	Fees: Project	\$ 550.00	\$ 10,330.00	5.50%	\$ 12,886.54	\$ 10,330.00	\$ 2,886.54	28.87%
4205	County Contributions	-	-	0.00%	363,784.00	354,931.00	-	0.00%
4210	City Contributions	-	-	0.00%	363,783.99	354,930.99	(0.01)	0.00%
4220	District Contributions	-	-	0.00%	363,785.00	354,928.00	1.00	0.00%
4249	FORA Administrative Revenue	-	165.00	0.00%	171.00	825.00	171.00	0.00%
4300	Interest	10.05	1.03	0.20%	32.58	4.01	(5,072.42)	-99.36%
	Total Income	560.05	10,496.03	0.05%	1,104,443.11	1,075,949.00	(2,013.89)	-0.18%
	Expense:							
VAR	Employee Salaries	66,292.69	62,962.63	11.30%	152,654.45	145,680.52	433,820.55	73.97%
VAR	Employee Benefits	28,866.69	25,307.53	11.01%	72,464.56	65,613.50	189,779.44	72.37%
7000	Postage and Shipping	389.64	306.83	9.76%	628.37	487.85	3,365.63	84.27%
7010	Books and Periodical	-	-	0.00%	238.00	238.00	762.00	76.20%
7030	Copy Machine	418.53	400.68	5.98%	1,376.16	1,126.58	5,623.84	80.34%
7040	Outside Printers	-	-	0.00%	-	-	500.00	100.00%
7060	Office Supplies	302.39	8.74	6.05%	379.37	297.99	4,620.63	92.41%
7070	Office Equipment & Furnishings	-	-	0.00%	-	-	1,000.00	100.00%
7080	Computer Hardware/Peripherals	-	-	0.00%	-	311.26	4,000.00	100.00%
7085	Computer Support Svcs Fixed Costs	-	-	0.00%	-	-	12,763.00	100.00%
7090	Computer Support Svcs Variable Costs	-	-	0.00%	-	-	5,000.00	100.00%
7100	Computer Software	-	-	0.00%	219.98	214.98	1,277.00	82.77%
7105	Meeting Broadcast Services	-	-	0.00%	-	-	5,106.00	100.00%
7110	Property and Gen Liability Insurance	698.27	640.54	7.73%	2,094.81	1,921.62	6,937.19	76.81%
7120	Office Maintenance Services	-	-	0.00%	-	-	486.00	100.00%
7140	Travel	-	-	0.00%	-	-	7,000.00	100.00%
7150	Training, Conferences & Workshops	-	-	0.00%	675.00	-	13,000.00	12,325.00
7160	Vehicle Mileage	110.43	112.56	11.04%	110.43	112.56	889.57	88.96%
7170	Rental of Buildings	3,183.03	2,397.69	9.88%	8,553.03	7,193.07	23,666.97	73.45%
7200	Telephone Communications	349.94	328.68	4.11%	1,171.04	1,109.74	7,337.96	86.24%
7240	Outside Prof. Services: Other	-	500.00	0.00%	-	6,200.00	15,000.00	100.00%
7242	Outside Prof. Services: Accounting	5,500.00	5,000.00	8.33%	16,000.00	14,800.00	66,000.00	50,000.00
7242A	Outside Prof. Services: General Admin and HR	400.00	400.00	6.67%	1,200.00	1,200.00	6,000.00	4,800.00
7245	General and Special Legal Services	1,820.70	3,136.50	19.97%	3,205.70	3,542.40	9,116.00	5,910.30
7247	Outside Prof. Services: Human Resources	-	-	0.00%	-	-	5,789.00	5,789.00
7248	Outside Prof. Services: Annual Audit	-	-	0.00%	1,500.00	2,000.00	22,000.00	20,500.00
7250	Miscellaneous Office Expense	289.24	53.90	23.79%	399.92	178.30	1,216.00	816.08
7260	Legal Notices	-	-	0.00%	1,189.00	551.25	4,000.00	2,811.00
7270	Recruitment Advertising	-	-	0.00%	-	-	900.00	900.00
7280	LAFCO Memberships	-	-	0.00%	8,124.00	7,503.00	9,830.00	1,706.00
7290	Litigation Reserve	554.00	28,926.50	0.00%	12,832.91	38,348.40	-	(12,832.91)
7300	Depreciation	321.00	331.95	0.00%	956.00	1,004.95	-	(956.00)
	Total Expense	109,496.55	130,814.73	9.90%	285,972.73	299,635.97	820,484.27	74.15%
	Net Ordinary Income (Loss)	(108,936.50)	(120,318.70)		818,470.38	776,313.03	-	
	Other Income/(Expense):							
8106	Prior Year Project Fees Returned	-	-		-	(12.50)	-	
	Total Other Income/(Expense)	-	-		-	(12.50)	-	
	Net Income (Loss)	\$ (108,936.50)	\$ (120,318.70)		\$ 818,470.38	\$ 776,300.53	\$ -	

LAFCO of Monterey County
Income and Expense Budget Performance - Detail
September 30, 2023

ACCT #	Income:			% of Budget		Adopted 23/24 Budget	Remaining Budget Balance	% of Remaining Budget Balance
		Sept 23	Sept 22	Sept 23	July 22-Sept 23			
4000	Fees: Project	\$ 550.00	\$ 10,330.00	5.50%	\$ 12,886.54	\$ 10,330.00	\$ 2,886.54	28.87%
4205	County Contributions	-	-	0.00%	363,784.00	354,931.00	363,784.00	0.00%
4210	City Contributions	-	-	0.00%	363,783.99	354,930.99	363,784.00	(0.01)
4220	District Contributions	-	-	0.00%	363,785.00	354,928.00	363,784.00	1.00
4249	FORA Administrative Revenue	-	165.00	0.00%	171.00	825.00	-	171.00
4300	Interest	10.05	1.03	0.20%	32.58	4.01	5,105.00	(5,072.42)
	Total Income	560.05	10,496.03	0.05%	1,104,443.11	1,075,949.00	1,106,457.00	(2,013.89)
	Expense:							
6002	Regular Earnings	66,263.40	62,908.47		152,566.59	145,274.38		
6004	FORA Administrative Wages	29.29	54.16		87.86	406.14		
	Employee Salaries	66,292.69	62,962.63	11.30%	152,654.45	145,680.52	586,475.00	433,820.55
6007	Management Expense Allowance	50.00	50.00		150.00	150.00		
6010	Accrued Leave	4,539.61	5,356.62		7,881.39	9,399.77		
6011	Car Allowance	400.00	400.00		1,200.00	1,200.00		
6013	Post Retirement Healthcare Reserve	151.00	149.00		453.00	447.00		
6100	Employee Benefits - Other	-	-		700.00	700.00		
6101	Payroll Expenses	987.76	949.49		2,303.06	2,201.94		
6102	Worker's Compensation Insurance	353.88	(264.57)		752.00	94.17		
6103	Employee Memberships	-	-		374.00	96.75		
6104	Deferred Comp Plan Contribution	4,110.17	3,903.67		9,464.60	9,032.17		
6105	PERS Retirement	7,755.37	6,532.17		17,628.75	17,604.92		
6110	PERS Health - Other	33.95	27.50		102.91	75.83		
6111	PERS Health - Med ER Non-Elective	604.00	596.00		1,812.00	1,788.00		
6112	PERS Health - Med ER Pre Tax	8,365.69	6,173.28		25,097.07	18,519.84		
6131	LIFE	125.20	125.20		375.60	375.60		
6132	ADD	8.21	8.21		24.63	24.63		
6133	Dental	767.90	767.90		2,303.70	2,303.70		
6134	Vision	123.80	108.60		371.40	325.80		
6135	LTD	398.09	332.40		1,194.27	997.20		
6139	STD	92.06	92.06		276.18	276.18		
	Employee Benefits	28,866.69	25,307.53	11.01%	72,464.56	65,613.50	262,244.00	189,779.44
7000	Postage and Shipping	389.64	306.83	9.76%	628.37	487.85	3,994.00	3,365.63
7010	Books and Periodical	-	-	0.00%	238.00	238.00	1,000.00	762.00
7030	Copy Machine	418.53	400.68	5.98%	1,376.16	1,126.58	7,000.00	5,623.84
7040	Outside Printers	-	-	0.00%	-	-	500.00	500.00
7060	Office Supplies	302.39	8.74	6.05%	379.37	297.99	5,000.00	4,620.63
7070	Office Equipment & Furnishings	-	-	0.00%	-	-	1,000.00	1,000.00
7080	Computer Hardware/Peripherals	-	-	0.00%	-	311.26	4,000.00	4,000.00
7085	Computer Support Svcs Fixed Costs	-	-	0.00%	-	-	12,763.00	12,763.00
7090	Computer Support Svcs Variable Costs	-	-	0.00%	-	-	5,000.00	5,000.00
7100	Computer Software	-	-	0.00%	219.98	214.98	1,277.00	1,057.02
7105	Meeting Broadcast Services	-	-	0.00%	-	-	5,106.00	5,106.00
7110	Property and Gen Liability Insurance	698.27	640.54	7.73%	2,094.81	1,921.62	9,032.00	6,937.19
7120	Office Maintenance Services	-	-	0.00%	-	-	486.00	486.00
7140	Travel	-	-	0.00%	-	-	7,000.00	7,000.00
7150	Training, Conferences & Workshops	-	-	0.00%	675.00	-	13,000.00	12,325.00
7160	Vehicle Mileage	110.43	112.56	11.04%	110.43	112.56	1,000.00	889.57
7170	Rental of Buildings	3,183.03	2,397.69	9.88%	8,553.03	7,193.07	32,220.00	23,666.97
7200	Telephone Communications	349.94	328.68	4.11%	1,171.04	1,109.74	8,509.00	7,337.96
7240	Outside Prof. Services: Other	-	500.00	0.00%	-	6,200.00	15,000.00	15,000.00
7242	Outside Prof. Services: Accounting	5,500.00	5,000.00	8.33%	16,000.00	14,800.00	66,000.00	50,000.00
7242A	Outside Prof. Services: General Admin and HR	400.00	400.00	6.67%	1,200.00	1,200.00	6,000.00	4,800.00
7245	General and Special Legal Services	1,820.70	3,136.50	19.97%	3,205.70	3,542.40	9,116.00	5,910.30
7247	Outside Prof. Services: Human Resources	-	-	0.00%	-	-	5,789.00	5,789.00
7248	Outside Prof. Services: Annual Audit	-	-	0.00%	1,500.00	2,000.00	22,000.00	20,500.00
7250	Miscellaneous Office Expense	289.24	53.90	23.79%	399.92	178.30	1,216.00	816.08
7260	Legal Notices	-	-	0.00%	1,189.00	551.25	4,000.00	2,811.00
7270	Recruitment Advertising	-	-	0.00%	-	-	900.00	900.00
7280	LAFCO Memberships	-	-	0.00%	8,124.00	7,503.00	9,830.00	1,706.00
7290	Litigation Reserve	554.00	28,926.50	0.00%	12,832.91	38,348.40	-	(12,832.91)
7300	Depreciation	321.00	331.95	0.00%	956.00	1,004.95	-	(956.00)
	Total Expense	109,496.55	130,814.73	9.90%	285,972.73	299,635.97	1,106,457.00	820,484.27
	Net Ordinary Income (Loss)	(108,936.50)	(120,318.70)		818,470.38	776,313.03	-	
	Other Income/(Expense):							
8106	Prior Year Project Fees Returned	-	-		-	(12.50)	-	
	Total Other Income/(Expense)	-	-		-	(12.50)	-	
	Net Income (Loss)	\$ (108,936.50)	\$ (120,318.70)		\$ 818,470.38	\$ 776,300.53	\$ -	

LAFCO of Monterey County
Income and Expense by Month
September 30, 2023

	July 22	Aug 22	Sept 22	Total
Ordinary Income/Expense				
Income:				
4000 - Fees: Project	-	12,336.54	550.00	12,886.54
4205 - County Contributions	363,784.00	-	-	363,784.00
4210 - City Contributions	363,783.99	-	-	363,783.99
4220 - District Contributions	363,785.00	-	-	363,785.00
4249 - FORA Administrative Revenue	-	171.00	-	171.00
4300 - Interest	10.38	12.15	10.05	32.58
Total Income	1,091,363.37	12,519.69	560.05	1,104,443.11
Expense:				
6000 - Employee Salaries	42,896.00	43,465.76	66,292.69	152,654.45
6100 - Employee Benefits	20,533.39	23,064.48	28,866.69	72,464.56
7000 - Postage and Shipping	115.17	123.56	389.64	628.37
7010 - Books and Periodical	238.00	-	-	238.00
7030 - Copy Machine	419.96	537.67	418.53	1,376.16
7060 - Office Supplies	-	76.98	302.39	379.37
7100 - Computer Software	219.98	-	-	219.98
7110 - Property and Gen Liability Insurance	698.27	698.27	698.27	2,094.81
7150 - Training, Conferences & Workshops	-	675.00	-	675.00
7160 - Vehicle Mileage	-	-	-	-
7170 - Rental of Buildings	2,685.00	2,685.00	110.43	110.43
7200 - Telephone Communications	471.16	349.94	3,183.03	8,553.03
7242 - Outside Prof. Services: Accounting	5,000.00	5,500.00	349.94	1,171.04
7242A - Outside Prof. Services: Gen Admin & HR Assistance	400.00	400.00	5,500.00	16,000.00
7245 - General and Special Legal Services	-	400.00	400.00	1,200.00
7248 - Outside Prof. Services: Annual Audit	1,500.00	1,385.00	1,820.70	3,205.70
7250 - Miscellaneous Office Expense	73.94	36.74	289.24	1,500.00
7260 - Legal Notices	958.00	231.00	-	399.92
7280 - LAFCO Memberships	8,124.00	-	-	1,189.00
7290 - Litigation Reserve	-	12,278.91	554.00	8,124.00
7300 - Depreciation	321.00	314.00	321.00	12,832.91
Total Expense	84,653.87	91,822.31	109,496.55	285,972.73
Net Income/(Loss)	\$ 1,006,709.50	\$ (79,302.62)	\$ (108,936.50)	\$ 818,470.38

**LAFCO of Monterey County
Accounts Receivable Summary
As of September 30, 2023**

Accounts Receivable-For Fiscal Year Ending 6/2024:

Description	Date	Amount
Cachagua FPD	7/1/23	\$ 199.00
Carmel	7/1/23	17,869.14
Castroville Cemetery	7/1/23	441.00
Del Rey Oaks	7/1/23	2,928.29
Gonzales Cemetery District	7/1/23	257.00
Gonzales Rural FPD	7/1/23	380.00
Marina	7/1/23	38,939.10
Mission-Soledad FPD	7/1/23	356.00
Monterey County Regional FPD	7/1/23	25,621.00
North County FPD	7/1/23	9,915.00
Pacific Grove	7/1/23	19,583.65
San Ardo Cemetery District	7/1/23	37.00
San Lucas Cemetery District	7/1/23	28.00
San Lucas County Water District	7/1/23	249.00
Santa Lucia CSD	7/1/23	11,014.00
Seaside	7/1/23	35,187.37
Soledad-Mission Recreation & Park	7/1/23	771.00
Spreckels CSD	7/1/23	185.00
Spreckels Memorial District	7/1/23	459.00
	ACCT # 1236	\$ 164,419.55

**LAFCO of Monterey County
Equipment Summary
As of September 30, 2023**

Equipment and Accumulated Depreciation:

Description	Fiscal Year In Service (6/30)	Cost	Amount Depreciated
Furniture & Fixtures	2010	\$ 502.51	\$ 502.51
Furniture & Fixtures	2017	29,396.72	27,761.00
Furniture & Fixtures	2018	10,618.39	9,274.00
Office Equipment	2011	2,185.00	2,185.00
Office Equipment	2013	1,990.68	1,990.68
Office Equipment	2014	5,214.29	5,214.29
Office Equipment	2016	1,168.89	1,168.89
Office Equipment	2017	2,527.32	2,527.32
Office Equipment	2019	2,143.66	1,994.00
Office Equipment	2020	2,054.53	1,689.00
	ACCT # 1500	\$ 57,801.99	
		ACCT # 1550	\$ 54,306.69

LAFCO of Monterey County Accounts Payable Summary As of September 30, 2023

Accounts Payable:

Vendor	Description	Date	Inv#/Acct#	Amount
AT&T	Credit	12/10/2021		\$ (42.77)
AT&T	Telephone Services	9/17/2023	317277339	226.19
CliftonLarsonAllen LLP	Accounting Services	9/25/2023	3886158	5,900.00
Comcast	Telephone Services from 9/27/23-10/26/23	9/22/2023	8155100301512806	123.75
MBS Business Systems	Copy Machine Rental	9/25/2023	455826	111.48
MBS Business Systems	Copy Machine Rental	9/30/2023	456261	70.00
Wells Fargo Bank Credit Card	Staples \$278.90; Culligan Water \$36.74; Monterey County Recorder's Office \$52.50	9/30/2023	P/E 9/30 x2064	368.14
			ACCT # 2000	<u>\$ 6,756.79</u>

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**LAFCO of Monterey County
Accrued Leave Summary
As of September 30, 2023**

Executive Officer and Analyst Positions:

Employee	Title	Total Hours of Accrued Annual Leave *	Hourly Rate	Annual Leave Book Value
Kate McKenna	Executive Officer	583.43	100.76	\$ 58,786.41
Darren McBain	Principal Analyst	238.04	74.85	17,817.29
Jonathan Brinkmann	Senior Analyst	154.88	58.57	9,071.32
				\$ 85,675.02

Clerk / Administrative Secretary Position:

Employee	Accrued Sick Leave	Accrued Vacation **	Hourly Rate	Sick Leave Book Value	Vacation Book Value
Safarina Maluki	60.20	4.60	40.52	\$ 2,439.30	\$ 186.39
				\$ 2,439.30	\$ 186.39

Annual Leave	\$ 85,675.02
Sick Leave	2,439.30
Vacation	186.39
ACCT # 2220 \$ 88,300.71	

Executive Officer and Senior Analyst Positions:

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

Clerk/Admin Secretary Position:

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

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

LAFCO of Monterey County

Detail of Encumbrances

As of September 30, 2023

Encumbered Funds:

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

LAFCO of Monterey County
Detail of Reserve for Litigation
As of September 30, 2023

Reserve for Litigation:

Date	Vendor/Description	Invoice #	Amount
	Beginning Balance as of 7/1/13		\$ 300,036.51
4/12/2022	Office of County Counsel-Co. of Monterey	22-0003000	(110.70)
5/12/2022	Best, Best & Krieger	934608	(8,005.67)
5/24/2022	Office of County Counsel-Co. of Monterey	22-000420	(4,243.50)
6/10/2022	Best, Best & Krieger	937410	(16,393.23)
6/16/2022	Office of County Counsel-Co. of Monterey	22-000478	(996.30)
6/30/2022	Best, Best & Krieger	939818	(4,739.70)
6/30/2022	Office of County Counsel-Co. of Monterey	22-000557	(959.40)
8/11/2022	Best, Best & Krieger	942253	(8,905.30)
8/23/2022	Office of County Counsel-Co. of Monterey	22-000686	(516.60)
9/8/2022	Best, Best & Krieger	94461	(15,907.50)
9/12/2022	Office of County Counsel-Co. of Monterey	22-000787	(959.40)
9/30/2022	Best, Best & Krieger	947478	(11,506.10)
9/30/2022	Office of County Counsel-Co. of Monterey	22-000870	(553.50)
11/15/2022	Best, Best & Krieger	950787	(18,435.60)
11/15/2022	Office of County Counsel-Co. of Monterey	22-000892	(110.70)
12/9/2022	Best, Best & Krieger	952842	(4,523.18)
12/14/2022	Office of County Counsel-Co. of Monterey	22-000975	(221.40)
12/31/2022	Office of County Counsel-Co. of Monterey	23-000018	(479.70)
1/20/2023	Best, Best & Krieger	955804	(14,670.99)
2/21/2023	Office of County Counsel-Co. of Monterey	22-002301	(369.00)
2/24/2023	Best, Best & Krieger	958386	(7,088.40)
3/20/2023	Best, Best & Krieger	960589	(1,685.20)
3/31/2023	Best, Best & Krieger	963335	(1,404.45)
3/31/2023	Office of County Counsel-Co. of Monterey	23-002431	(553.50)
5/8/2023	Best, Best & Krieger	964642	(2,425.85)
5/19/2023	Office of County Counsel-Co. of Monterey	23-002465	(36.90)
5/31/2023	Best, Best & Krieger	968326	(37,983.10)
6/23/2023	Office of County Counsel-Co. of Monterey	23-002620	(701.10)
6/30/2023	Best, Best & Krieger	969813	(64.80)
8/22/2023	Best, Best & Krieger	973136	(4,729.46)
8/25/2023	Office of County Counsel-Co. of Monterey	23-003123	(637.10)
8/31/2023	Best, Best & Krieger	975334	(6,912.35)
9/15/2023	Office of County Counsel-Co. of Monterey	23-003213	(554.00)
		ACCT # 3800	\$ <u>122,652.83</u>

**LAFCO of Monterey County
Detail of Reserve for Contingency
As of September 30, 2023**

Reserve for Contingency:

Date	Vendor/Description	Invoice #	Amount
	Reserve for Contingency Balance at 6/30/23		\$ 269,914.00
7/1/2023	Authorized Transfer (To)/From Unreserved Funds for FY 2023-2024**		<u>6,700.00</u>
		ACCT # 3810	<u><u>\$ 276,614.00</u></u>

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

2023-2024 Budget	\$ 1,106,457
% of Budget	<u>0.25</u>
Expected Reserve for Contingency Balance at 7/1/23	276,614
Reserve for Contingency Balance at 6/30/23	<u>269,914</u>
Authorized Transfer (To)/From Unreserved Funds for FY 2023-2024**	<u><u>\$ 6,700</u></u>

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

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

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

KATE McKENNA, AICP
Executive Officer

DATE: December 4, 2023

TO: Chair and Members of the Formation Commission

FROM: Kate McKenna, AICP, Executive Officer

SUBJECT: October 2023 Draft Balance Sheet and Income Statement

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

SUMMARY OF RECOMMENDATION:

The Budget and Finance Committee recommends that the Commission accept the October 2023 statements for information only.

EXECUTIVE OFFICER'S REPORT:

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

Attached are the October 31, 2023 draft balance sheet and income statement. Prepared monthly by CliftonLarsonAllen, LLP, these statements reflect overall revenue and expenditures that are normal for this period.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments:

- 6.1 Draft Balance Sheet as of October 31, 2023, prepared by CliftonLarsonAllen, LLP.
- 6.2 Draft Income Statement through October 2023, prepared by CliftonLarsonAllen, LLP.

Attachment 6.1

LAFCO Draft Balance Sheet
for
October 31, 2023

LAFCO of Monterey County
Balance Sheet
As of October 31, 2023

11/07/23
 Accrual Basis

	Oct 31, 23
ASSETS	
Current Assets	
Checking/Savings	
1100 · Petty Cash	300.00
1007 · Wells Fargo Checking	213,046.47
1010 · Cash Co. Treasury	
1012 · Designated Cash Litigation Resv	111,265.85
1013 · Designated Cash - Accrued Leave	88,594.00
1014 · Designated Cash-Post Retirement	75,064.00
1015 · Designated Cash-Contingency	276,614.00
1020 · Restricted Cash-FORA Litigation	348,524.28
1010 · Cash Co. Treasury - Other	992,317.76
Total 1010 · Cash Co. Treasury	1,892,379.89
Total Checking/Savings	2,105,726.36
Accounts Receivable	
1236 · A/R Fiscal Year Ending 6/2024	666.00
Total Accounts Receivable	666.00
Other Current Assets	
1400 · Prepaid Insurance	8,693.94
1405 · Prepaid Expenses	5,177.26
Total Other Current Assets	13,871.20
Total Current Assets	2,120,263.56
Fixed Assets	
1500 · Equipment	2,185.00
1525 · Computer Equipment	15,099.37
1530 · Office Furniture	40,517.62
1550 · Accumulated Depreciation	-54,628.69
Total Fixed Assets	3,173.30
Other Assets	
1800 · Deferred Outflows-PERS Contrib.	59,328.29
1805 · Deferred Outflows-Actuarial	243,400.87
1810 · Deferred Outflows-OPEB Contrib	1,800.00
1815 · Deferred Outflow-OPEB Actuarial	5,754.00
1900 · Operating Right of Use Asset	144,609.96
Total Other Assets	454,893.12
TOTAL ASSETS	2,578,329.98
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	17,541.61
Total Accounts Payable	17,541.61
Credit Cards	
WFB Visa X2064 (Kate)	-1,179.36
Total Credit Cards	-1,179.36

LAFCO of Monterey County

Balance Sheet

As of October 31, 2023

11/07/23

Accrual Basis

	Oct 31, 23
Other Current Liabilities	
2220 · Accrued Leave	88,594.00
2410 · Post Retirement (GASB 75)	75,064.00
2200 · Payroll Liabilities	168.00
2380 · Dissolution of FORA Legal Liab.	348,524.28
2381 · Dissolution of FORA Admin Liab.	54,177.50
2601 · Current Portion Lease Obligat.	26,357.52
	592,885.30
Total Other Current Liabilities	
Total Current Liabilities	609,247.55
Long Term Liabilities	
2400 · Net Pension Liability/(Asset)	57,558.59
2500 · Deferred Inflow-GAB68 Actuarial	40,784.66
2505 · Deferred Inflows-OPEB Actuarial	56,930.00
2600 · Operating Lease Liability	118,916.48
	274,189.73
Total Long Term Liabilities	
Total Liabilities	883,437.28
Equity	
3700 · Invested in Capital Assets	3,173.30
3710 · Encumbered Funds	70,749.02
3800 · Reserve for Litigation	111,265.85
3810 · Reserve for Contingency	276,614.00
3850 · Unreserved Fund	667,716.86
Net Income	565,373.67
	1,694,892.70
Total Equity	
TOTAL LIABILITIES & EQUITY	2,578,329.98

Attachment 6.2

LAFCO Draft Income Statement
for
October 31, 2023

LAFCO of Monterey County
Profit & Loss
July through October 2023

11/07/23
 Accrual Basis

	Jul - Oct 23
Ordinary Income/Expense	
Income	
4000 · Fees	
4005 · Project	29,874.04
Total 4000 · Fees	29,874.04
4205 · County Contributions	363,784.00
4210 · City Contributions	363,783.99
4220 · District Contributions	363,785.00
4249 · FORA Admin Revenue	171.00
4300 · Interest	43.35
Total Income	1,121,441.38
Expense	
7300 · Depreciation	1,278.00
6000 · Employee Salaries	
6002 · Regular Earnings	197,318.86
6004 · FORA Admin Earnings	87.86
Total 6000 · Employee Salaries	197,406.72
6100 · Employee Benefits	
6013 · Post Retirement Healthcare	604.00
6010 · Accrued Leave	8,174.68
6007 · Management Expense Allowance	
6011 · Management Car Allowance	1,600.00
6007 · Management Expense Allowance - Other	200.00
Total 6007 · Management Expense Allowance	1,800.00
6102 · Worker's Compensation Insurance	951.06
6101 · Payroll Expenses	2,978.49
6103 · Employee Memberships	374.00
6104 · Deferred Comp Plan Contribution	12,239.25
6105 · PERS Retirement	175,298.99
6110 · PERS Health	
6111 · Med ER Non-Ele	2,416.00
6112 · Med ER Pre Tax	33,462.76
6110 · PERS Health - Other	136.86
Total 6110 · PERS Health	36,015.62
6130 · Insurance	
6139 · STD	368.24
6131 · LIFE	500.80
6132 · ADD	32.84
6133 · Dental	3,071.60
6134 · Vision	495.20
6135 · LTD	1,592.36
Total 6130 · Insurance	6,061.04
7294 · Accrued Leave Reserve	0.00
6100 · Employee Benefits - Other	700.00
Total 6100 · Employee Benefits	245,197.13

LAFCO of Monterey County

Profit & Loss

July through October 2023

11/07/23

Accrual Basis

	Jul - Oct 23
7000 · Postage and Shipping	1,207.29
7010 · Books and Periodical	238.00
7030 · Copy Machine	1,794.70
7060 · Office Supplies	379.37
7080 · Computer Hardware/Peripherals	386.79
7085 · Computer Support Svc Fixed Cost	4,237.50
7090 · Computer Support Svc Variable	160.00
7100 · Computer Software	219.98
7105 · Meeting Broadcast Services	450.00
7110 · Property and Gen Liability Ins	2,793.08
7150 · Training, Conferences & Wrkshps	10,719.64
7160 · Vehicle Mileage	110.43
7170 · Rental of Buildings	11,404.04
7200 · Telephone Communications	1,521.13
7242 · Outside Prof Svc-Accounting	21,500.00
7242 A · Gen Admin Svcs & HR Assltance	1,800.00
7248 · Outside Prof Svc-Annual Audit	13,500.00
7245 · General Legal Services	6,031.10
7250 · Miscellaneous Office Expense	399.92
7260 · Legal Notices	1,189.00
7280 · LAFCO Memberships	8,124.00
7290 · Litigation Reserve	24,219.89
Total Expense	556,067.71
Net Ordinary Income	565,373.67
Net Income	565,373.67

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: December 4, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
PREPARED BY: Jonathan Brinkmann, Senior Analyst
SUBJECT: **Approve Replenishment of the Litigation Reserve**
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378.

SUMMARY OF RECOMMENDATION:

The Budget and Finance Committee recommends that the Commission authorize a balance sheet journal entry transfer of approximately \$193,000 from Account No. 3850 (Unreserved Fund) to Account No. 3800 (Reserve for Litigation) to replenish the Litigation Reserve.

EXECUTIVE OFFICER'S REPORT:

This matter was reviewed by the Budget and Finance Committee on November 8, 2023, and discussed with LAFCO General Counsel.

Litigation Reserve

Per LAFCO of Monterey County policy, the Litigation Reserve is funded at \$300,000. This policy was established in 2005 and updated in 2011. To date, \$192,804 has been spent on legal defense services for the Monterey Peninsula Water Management District suit filed against LAFCO in April 2022. Those expenses are expected to continue at least through early 2024. The recommended action will replenish the Litigation Reserve to the target policy level.

Fiscal Impact

The recommended balance sheet journal entry transfer will restore the Litigation Reserve by transferring approximately \$193,000 from the Unreserved Fund account. The Unreserved Fund Balance is estimated to have approximately \$500,000 that is in addition to the annual contributions from local agencies net of expenses for the current fiscal year budget. The recommended action will maintain a healthy Unreserved Fund Balance.

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 132 W. Gabilan Street, Suite 102
Salinas, CA 93902 Salinas, CA 93901
Telephone (831) 754-5838 www.monterey.lafco.ca.gov

DATE: December 4, 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. It is organized by applications on file, potential applications under discussion, and LAFCO-initiated studies.

Part 1: Items Currently on File and In Progress

1. **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. The County of Monterey is wrapping up FORA-related administrative tasks and anticipates a status report to the Board of Supervisors in early 2024. We anticipate that LAFCO will consider a dissolution resolution and distribute FORA-related funds to jurisdictions by June 2024.
2. **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 to comply with a County condition of approval. LAFCO received the District's application in 2022 and determined that the application is incomplete. After an inactive period, the District has re-engaged with LAFCO staff to resolve items in the completeness letter.

Part 2: Potential Agenda Items under Discussion

1. **City of Gonzales (pre-application):**
 - a) Vista Lucia and Puente del Monte projects: Annexation of some or all of an approximately 1,350-acre area placed in the City's sphere in 2014, plus potentially an adjacent 50-acre parcel. 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. LAFCO will comment on the project's draft EIR when it becomes available. The City anticipates submitting a LAFCO annexation application for the Vista Lucia project in 2024.

- b) D'Arrigo Brothers farmworker housing: The property owners are proposing a 137-unit farmworker housing project designed to accommodate up to 1,096 agricultural employees. The site on Fanoe Rd north of Johnson Canyon Road is adjacent to the city limits and within the city's designated sphere of influence. Provision of city water and sewer services will require the Commission's approval of either an annexation to the city or an out-of-agency service extension. Staff participated in an initial meeting of City and County staff in September 2023.

- 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 meetings with Airport, City, and County representatives.

- 3. **Marina Coast Water District:** Potential annexation of MCWD's Armstrong Ranch property (north of the Marina Municipal Airport) and sphere of influence amendment/annexation of portions of the Bureau of Land Management (BLM) Fort Ord National Monument and Fort Ord Dunes State Park near existing MCWD boundaries.

In 2010, MCWD acquired approximately 231 acres of Armstrong Ranch land, located north of the City of Marina and south of the Monterey One Water facilities. The Armstrong Ranch property is within MCWD's existing sphere of influence. MCWD seeks to annex this property since it currently maintains water-augmentation infrastructure for its Regional Urban Water Augmentation Project and Monterey One Water's Pure Water Monterey Project on this property. MCWD currently maintains existing water infrastructure within the BLM Fort Ord National Monument, and water and wastewater infrastructure within Fort Ord Dunes State Park.

Staff met with MCWD representatives in September 2023 and is working with them to refine the scope of the proposal area.

- 4. **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 approved Economic Development General Plan Element, is planned for business park, retail, and mixed-use (commercial and residential) development. Informal pre-application discussions have been underway with County staff, City staff and property owners since January 2020, most recently in May 2023. In June 2023, LAFCO staff provided comments on the City's Notice of Preparation of a Draft Environmental Impact Report as a CEQA Responsible Agency.

5. **City of Soledad:** Hacienda Apartments farmworker housing: Initial discussions regarding a potential out-of-agency service extension to provide City wastewater and/or water services to an existing apartment complex. Status is pre-application.

Hacienda Apartments is an existing 24-unit farmworker housing apartment complex located approximately three miles northwest of Soledad in unincorporated Monterey County. The apartment complex is currently served by a failing septic system and a water system that exceeds the maximum contaminant level for nitrates. In August, the Soledad City Council received a presentation from consultants regarding their work on Hacienda Apartments' water system's needs assessment, and the identified preferred feasible option for a water system consolidation.

The City Council expressed concerns about the condition of the property and ensuring that the City was made whole in terms of costs. The County of Monterey would need to complete a significant amount of work for potential City extension of services to move forward. Since the apartments to be served are in the County's jurisdiction, the County will need to take the lead. As a result, the City has no plans to move forward with an out-of-agency extension of services application to LAFCO until the County prepares the necessary documents. Staff participated in an initial meeting of City, County, Central Coast Water Board, and Rural Community Assistance Corporation (RCAC) staff in May 2023.

Part 3: Other LAFCO-Initiated Studies

Staff has prepared a Municipal Services Review/Sphere of Influence (MSR/SOI) study for the City of Greenfield and four Greenfield-area special districts (set for consideration on December 4, 2023).

An MSR/SOI study for Soledad area special districts is getting underway. The study will focus on the Soledad Cemetery District's challenges with transparency, accountability, and compliance with state legal requirements; the Soledad-Mission Recreation District's financial, operational, and governance challenges; and the Soledad Community Health Care District's existing services and potential strategies to address financial challenges to maintain and expand the delivery of vital services to a growing community.

Staff is also initiating an MSR/SOI study for the seven Monterey Peninsula cities, which began with a coordination meeting with City of Marina in October 2023.

An MSR/SOI study for the City of Gonzales will be prepared in 2024 to coincide with that City's anticipated Vista Lucia annexation application (see pages 1 and 2 of this report). The timing will depend upon when we receive the application with information needed for the study.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

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Executive Officer

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DATE: October 23, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
PREPARED BY: Jonathan Brinkmann
SUBJECT: Consideration of the Draft 2023 Municipal Service Review and Sphere of Influence Study for Five Greenfield Area Public Agencies (Continued from the October 23, 2023 Regular LAFCO Meeting)
CEQA: Categorical Exemption, California Environmental Quality Act Guidelines Sections 15306 and 15061(b)(3).

SUMMARY OF RECOMMENDATIONS:

It is recommended that the Commission:

1. Receive a report from the Executive Officer,
2. Provide for questions or follow-up discussion by the Commission;
3. Consider the Public Review Draft 2023 *Municipal Service Review and Sphere of Influence Study* for the City of Greenfield, Greenfield Fire Protection District, Greenfield Memorial District, Greenfield Public Recreation District, and Greenfield Cemetery District (“Study,” Attachment 1); and
4. Consider and adopt a resolution (Attachment 2) to:
 - a. Find the action exempt from provisions of the California Environmental Quality Act (CEQA) under Sections 15306 and 1506 and 15061(b)(3) of the CEQA Guidelines;
 - b. Adopt the Study and make the recommended Municipal Service Review and Sphere of Influence determinations in accordance with Government Code sections 56430(a) and 56425(e);
 - c. Affirm the currently adopted spheres of influence of the City of Greenfield and four special districts, with no changes; and
 - d. Authorize the Executive Officer to proceed with identified corrective measures to address the Greenfield Memorial, Public Recreation, and Cemetery Districts’ non-compliance with state legal requirements and best practices.

EXECUTIVE OFFICER’S REPORT:

Summary/Updates since October 23 Commission Meeting

Water Quality Concerns and Regulatory Framework

This agenda item brings forward additional information consistent with the Commission’s October 23, 2023 continuance motion and presents an updated Study for Commission consideration. After the October Commission meeting, staff coordinated with the Monterey County Health Department’s Environmental Health Bureau Drinking Water Protection Services (County DWPS) and the Community Water Center

(CWC) representatives to discuss challenges and potential solutions to ensuring access to clean drinking water for residents living in areas to the west of the City of Greenfield in unincorporated Monterey County.

County DWPS regulates water systems of various sizes between 2-199 connections and is aware of the groundwater contamination issues west of the City. Two medium size drinking water systems in this area with 15 or more connections are currently meeting drinking water standards. Approximately four small water systems with 2-14 connections and at least seven individual wells in this area are not meeting safe drinking water standards.

In the immediate to short-term timeframe, a free bottled drinking water grant program is currently available to these residents if their drinking water well exceeds the State standard for nitrates and if they request the service. The program will transition in March 2024 to being run by the CWC, at which point only residents classified as disadvantaged households will be eligible for the program. The CWC is also working to help improve water quality from groundwater wells impacted by 123-trichloropropane, a contaminant that makes drinking water and showering water unsafe for a number of affected residents in this area, through a point-of-entry pilot project funded by a State program. A point-of entry project means a device installed to treat water entering the building for the purpose of treating water distributed throughout the building.

In the intermediate to long-term, through State grant funds, the Community Water Center (CWC) is working to identify a permanent and feasible drinking water project solution for these areas west of Greenfield. State funding programs are available to assist with construction funding for the identified solution. The drinking water solution may involve expanding the larger City municipal water system to serve areas to the west of the City. At this time, City staff has indicated that the City has other obligations and objectives, such as serving existing residents and future development within the city limits, that take priority over an water system expansion outside the City to the west. If the expansion of the City water system is pursued and if the City is willing and able to extend the service in the future, LAFCO approval is required, but can be approved either within or outside the City's sphere of influence. LAFCO has approved similar out-of-agency service extensions requested by the City in the past, most recently in 2019. Another process called a City sphere of influence amendment would not be a practical option at this time, but might be appropriate in the long-term.

Disadvantaged Unincorporated Community

Identifying areas west of the City within or adjacent to the City's sphere of influence as a Disadvantaged Unincorporated Community (DUC) provides for a higher level of consideration of these areas under the Cortese-Knox-Hertzberg Act (CKH Act). Specifically, if the City proposes an annexation of more than 10 acres that is contiguous to a DUC, LAFCO may not approve the annexation proposal unless an application to annex the DUC has been filed. In the October draft of the Study, under the Determinations Section, staff identified a large Census block group in unincorporated Monterey County surrounding the City and meeting the income criteria of a DUC, but did not identify a DUC in the area to the west of the City. This rural area is mostly in agricultural production, interspersed with clusters of homes or individual homes and businesses. Since the October Commission meeting, staff has reviewed the area identified to the west of the City. Staff has updated the Study to reflect that, in the absence of a local LAFCO DUC policy that could potentially provide a different or more specific definition of a DUC, this area west of the City meets the CKH Act definition of a DUC since it has met the income (less than 80% of statewide median household income) and number of registered voters (12 or more) criteria.

LAFCO staff has also updated the draft Study to include additional information about groundwater contamination impacts, groundwater regulatory framework, potential drinking water solutions, and the final recommended action on the funding of feasibility study to evaluate City-District integration. The updated information is found under Key Finding #7 on page 7, Recommended Action 4(f) on page 10, the DUC and Groundwater Contamination section of the City profile starting on pages 16-18, Municipal Service Review Determinations #2 and #3 on pages 33 and 34, and Sphere of Influence Determinations #4 and #5 on page 37.

Overview of the Study

State law requires LAFCOs to periodically review the services and spheres of influence of all cities and special districts. Consistent with the Commission's adopted work program, LAFCO staff has prepared a comprehensive study of the City of Greenfield and Greenfield Fire Protection, Memorial, Public Recreation, and Cemetery Districts.

Another purpose of this Study was to support the Greenfield community by providing in-depth review and recommendations for Greenfield-area special districts facing multiple issues and challenges. Through preparation of the Study, LAFCO staff identified critical deficiencies in the Greenfield Recreation, Memorial, and Cemetery Districts' administrative functions, compliance with State legal requirements, and implementation of best practices. For example, the three districts have no current adopted budgets and have not completed audits for the previous six to ten years. The Study recommends a series of corrective actions and timelines for the three districts to address non-compliance. Some of the key actions include adopting current annual budgets, completing current audits, completing Form 700 (Statements of Economic Interests filings), and partnering with the City on a feasibility study to integrate City and District services.

The City of Greenfield and Greenfield Fire District have successfully implemented an integrated model since 2018. Under this model, through the City-owned fire station, associated equipment, and firefighters, the City provides all fire protection and emergency medical services, by contract, throughout the Fire District in exchange for receiving most of the District's annual revenues. The Fire District continues to exist as a government agency with revenue-collecting powers, but the City provides the actual facilities, equipment, staffing, and services. LAFCO encourages the City and Memorial, Public Recreation, and Cemetery Districts to seriously evaluate this model. City staff has indicated a willingness to participate in and help direct a feasibility study funded by the three districts.

California Environmental Quality Act (CEQA) Compliance

Pursuant to Section 15306 of the California Environmental Quality Act ("CEQA") Guidelines, the Study qualifies to be determined categorically exempt, in that the Study consists of basic data collection, research, management, and resource evaluation activities that will not result in a serious or major disturbance to an environmental resource, and pursuant to Section 15061(b)(3), because it can be seen with certainty that there is no possibility that this study may have a significant effect on the environment.

Agency Coordination and Public Review

The attached public review draft Study incorporates review and comments by City staff and representatives of the four Greenfield area special districts on an earlier initial draft. Upon completion of the public review draft, staff posted the Study to LAFCO's website as part of the October 23 meeting agenda packet and provided it to all known interested parties.

Alternative Actions:

In lieu of the recommended actions, the Commission may direct changes to the attached draft resolution and/or the Study. Any major changes to the draft resolution or Study would require that this agenda item be continued for further coordination and review.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments:

1. Public Review Draft – 2023 *Municipal Service Review and Sphere of Influence Study for Greenfield Area Public Agencies* ("Study")
2. Draft Resolution

cc:

City of Greenfield
Greenfield Fire Protection District
Greenfield Memorial District
Greenfield Public Recreation District
Greenfield Cemetery District
Center for Community Water
Other interested stakeholders

Attachment 9.1

Draft MSR-SOI
Greenfield Area

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

2023 Municipal Service Review and Sphere of Influence Study:

Greenfield Area Public Agencies

- City of Greenfield
- Greenfield Fire Protection District
- Greenfield Memorial District
- Greenfield Public Recreation District
- Greenfield Cemetery District



Public Review Draft as of November 28, 2023

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Executive Summary

Introduction

This study provides information about the operations, services, and spheres of influence¹ of the:

- City of Greenfield,
- Greenfield Fire Protection District,
- Greenfield Memorial District,
- Greenfield Public Recreation District, and
- Greenfield Cemetery District.

This study meets LAFCO's requirements, under state law, for conducting periodic service reviews and sphere of influence studies. In addition, this study highlights the successful integration of the City and the Fire District since 2017. The study also addresses the Memorial, Recreation, and Cemetery Districts' critical lack of compliance with state laws and best practices for administering public agencies.

Located in the central Salinas Valley, the City of Greenfield serves a population of about 19,000 in approximately three square miles.

Outside of the city, a population of about 700 in a large rural area ranging from 40 to 100 square miles immediately surrounding the city is served by the four districts (see map, opposite). The boundaries of three of the special districts include the city plus the large rural area. The boundary of the Fire District only includes the large rural area.

The City and the Fire District are effectively delivering services and carrying out their purposes. Working as an integrated unit following a LAFCO approval in 2017, the City now operates and owns the fire station and its associated equipment, and provides fire protection and emergency medical services to residents of the City and the Fire District in exchange for receiving most of the fire district's annual revenues.

In contrast, the Memorial, Recreation, and Cemetery Districts function as single-purpose, stand-alone local government units. These three districts do not have a comprehensive service agreement with the City or another public agency. These districts also have demonstrated deficiencies in meeting their fiduciary, legal, and administrative duties, as discussed within this report.

Key Findings

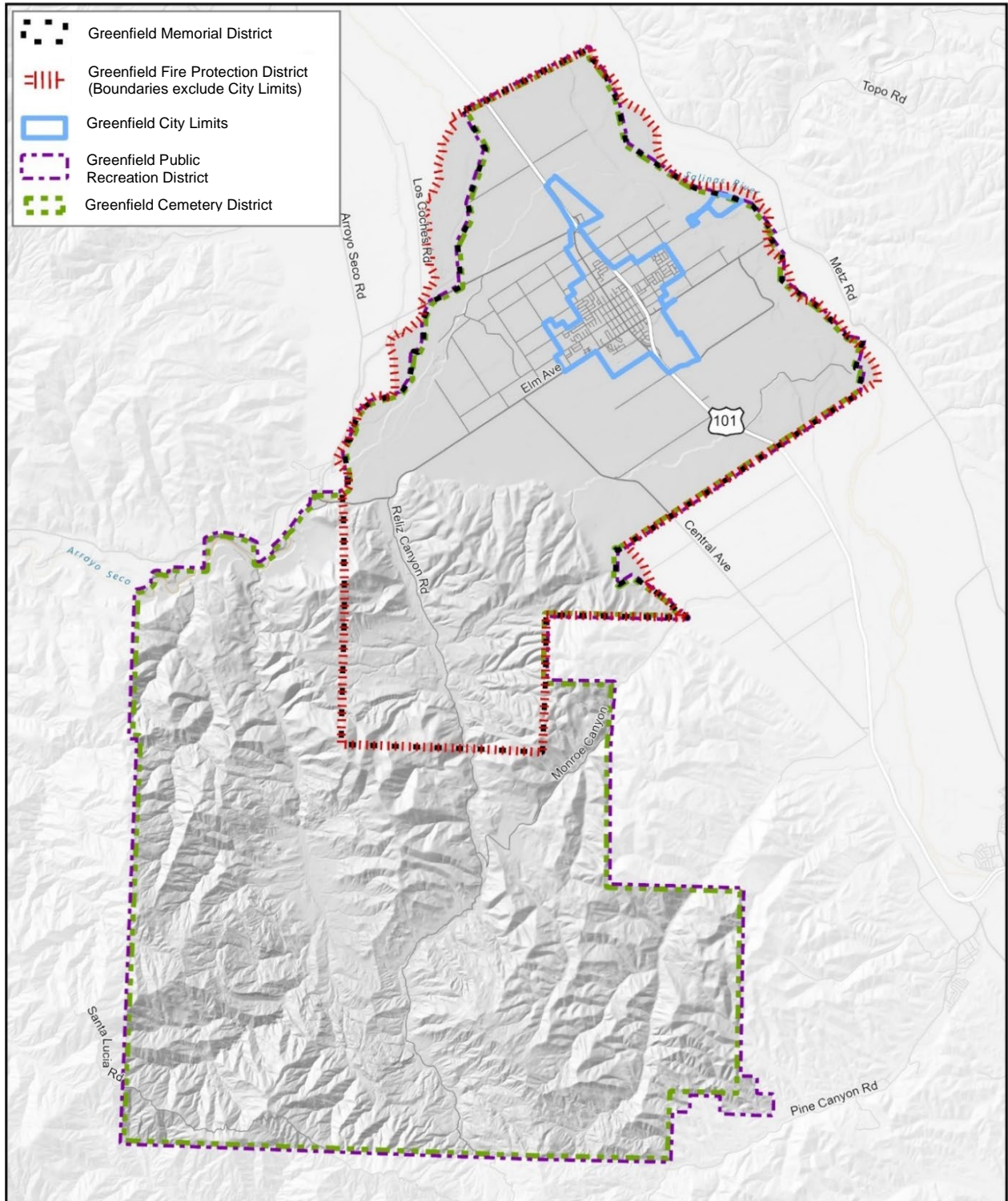
The following key findings highlight the study's most significant observations and conclusions.

1. **The Greenfield Memorial, Public Recreation, and Cemetery Districts currently lack basic administrative capabilities and are not being managed in a transparent and legally compliant manner. The districts have no current adopted annual budgets. Several million dollars in revenues to the three districts (mostly local property taxes) has been unaudited for the past six to ten years.**

In preparing this study, LAFCO staff found critical deficiencies in the Greenfield Recreation, Memorial, and Cemetery Districts' administrative functions, compliance with State legal requirements, and implementation of best practices. The three districts also did not adopt annual budgets for fiscal years 2022-23 or 2023-2024. The three districts have not prepared financial audits for the past six to ten years.

¹ A Sphere of Influence is defined by LAFCO of Monterey County as "A plan for the probable physical boundaries and service area of a local agency, as determined by LAFCO ([California Government Code] section 56076). The area around a local agency eligible for annexation and extension of urban service within a twenty-year period."

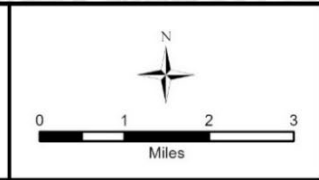
Greenfield-Area Public Agency Boundaries



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**GREENFIELD AREA
 PUBLIC AGENCIES**

2023 Municipal Service Review and Sphere of Influence
 Map Prepared: 05/16/2023

Prompted by this LAFCO study, the districts have now taken initial steps to address these deficiencies. As part of preparing this study, LAFCO staff engaged representatives of the County Auditor-Controller's Office, County Counsel's Office (representing each of the three districts), and district board representatives to identify corrective measures specific to audits. The districts have also stated they are moving forward with adopting annual budgets for the current fiscal year that began on July 1. However, these actions have not yet been completed.

Staff's recommended corrective measures begin with requesting immediate compliance actions by the districts. First-tier priorities for compliance include adopting an annual budget for the current fiscal year 2023-24 and conducting audits for recently completed fiscal years. Additional recommendations are addressed in the Recommended LAFCO Actions subsection, below.

2. The Greenfield-area agencies within this study generally appear to be financially stable.

Three of the special districts are deficient in their administrative and financial practices as described above. However, these districts do not appear to be experiencing financial hardship. Property tax revenues are providing a reliable and consistent income stream to the districts. Self-reported (unaudited) financial information prepared by the districts indicates that, in recent years, the districts' revenues have exceeded expenses by approximately \$66,000 to \$164,000. A key problem is that the only recent financial reporting available is unaudited information. Budgets need to be adopted and financial audits need to be completed to verify the revenue received and how these public funds are being managed.

3. The City of Greenfield and the Greenfield Fire Protection District are effectively and efficiently carrying out their purposes. These agencies have successfully integrated the provision of fire protection and emergency medical services to residents of the city and the Fire District.

The two agencies are implementing State law requirements and many best practices for government agencies. Following a feasibility study and LAFCO actions in 2017, the City and the Fire District now function as one integrated unit providing fire protection and emergency medical services to both the city and the unincorporated area within the Fire District.

This model is based on a services agreement (contract) in which the District provides most of its revenues to the City in exchange for receiving services from the City's fire department. The District remains in existence as a public agency with its own board of directors and the ability to collect revenues. However, the City owns the fire station, employs staff, and provides all the services, operations, and administrative oversight.

4. The successful City-Fire District integration is a potential model for the City to provide services efficiently to the other three Greenfield-area special districts.

Four separate public agencies – the City and the Recreation, Cemetery, and Memorial Districts – all own and operate park-like or community center-like spaces in the Greenfield community. This local government framework of a city plus three single-purpose districts results in redundancies in administration and operations.

This framework is rooted in the past, when fewer options existed for creating special districts. The Greenfield districts were formed between 1943 and 1953. Greenfield incorporated as a city in 1947. The idea of a multi-purpose community services district first became part of California state law in 1951.

Under the city-district integrated service model, a special district remains in existence as a means of collecting revenues to fund services to the unincorporated area outside the city, but the City provides the actual services to the district, by contract. The arrangement would remain in effect for as long as both the City and the district wish to continue with the contract.

An arrangement of this type is a natural progression from an antiquated model to a more efficient city-centered approach to delivering government services. We recommend that the districts fund a

feasibility study to evaluate, in coordination with the City, options for expanding this service model to the Recreation, Cemetery, and/or Memorial Districts.

- 5. The Greenfield Memorial, Public Recreation, and Cemetery Districts' facilities and services have diminished in recent years due to lack of reinvestment/maintenance of district-owned facilities and acquisition of additional land. The three districts need to make facility improvements and investments to meet the current and future service demands of the community.**

Due to lack of reinvestment and maintenance, the Recreation and Memorial Districts no longer offer swimming and active sports recreation services at their respective facilities. The Cemetery District will soon no longer be able to provide burials at Holy Trinity Cemetery due to lack of capacity. This will reduce burial options available to the community, although Oak Park Cemetery still has capacity.

Projected growth of 11.8% in the City of Greenfield from 2020 to 2045 will place additional demand on the facilities and services of the three districts (AMBAG 2022 Regional Growth Forecast). To address the service reductions described above and to meet the future needs of the growing community, the three districts need to make reinvestments such as repairing/improving an existing swimming pool and existing park, and purchasing adjacent land to an existing cemetery.

- 6. The Greenfield Memorial, Public Recreation, and Cemetery Districts need ongoing education and training outreach.**

The legal, financial, and practical requirements of running a local agency can be challenging. We recommend that the three Districts receive training and professional development regarding State legal requirements and best management practices. In coordination with County Counsel's Office, LAFCO has previously provided educational board orientation trainings for the Greenfield districts. LAFCO can continue to support the three districts by providing educational materials. All three districts have recently retained general counsel services that can help with required and best practices training. Assistance is also available from professional organizations such as the California Special Districts Association.

- 7. Groundwater contamination is a known issue with privately owned wells in the unincorporated area outside of the City and throughout the Salinas Valley. Part of the unincorporated area to the west of the City meets the Cortese Knox Hertzberg Act (CKH Act) definition of a Disadvantaged Unincorporated Community. LAFCO has a tool called an out-of-agency service extension to help address access to safe drinking water in these areas if the City and other parties are willing to plan and implement an extension of municipal water services.**

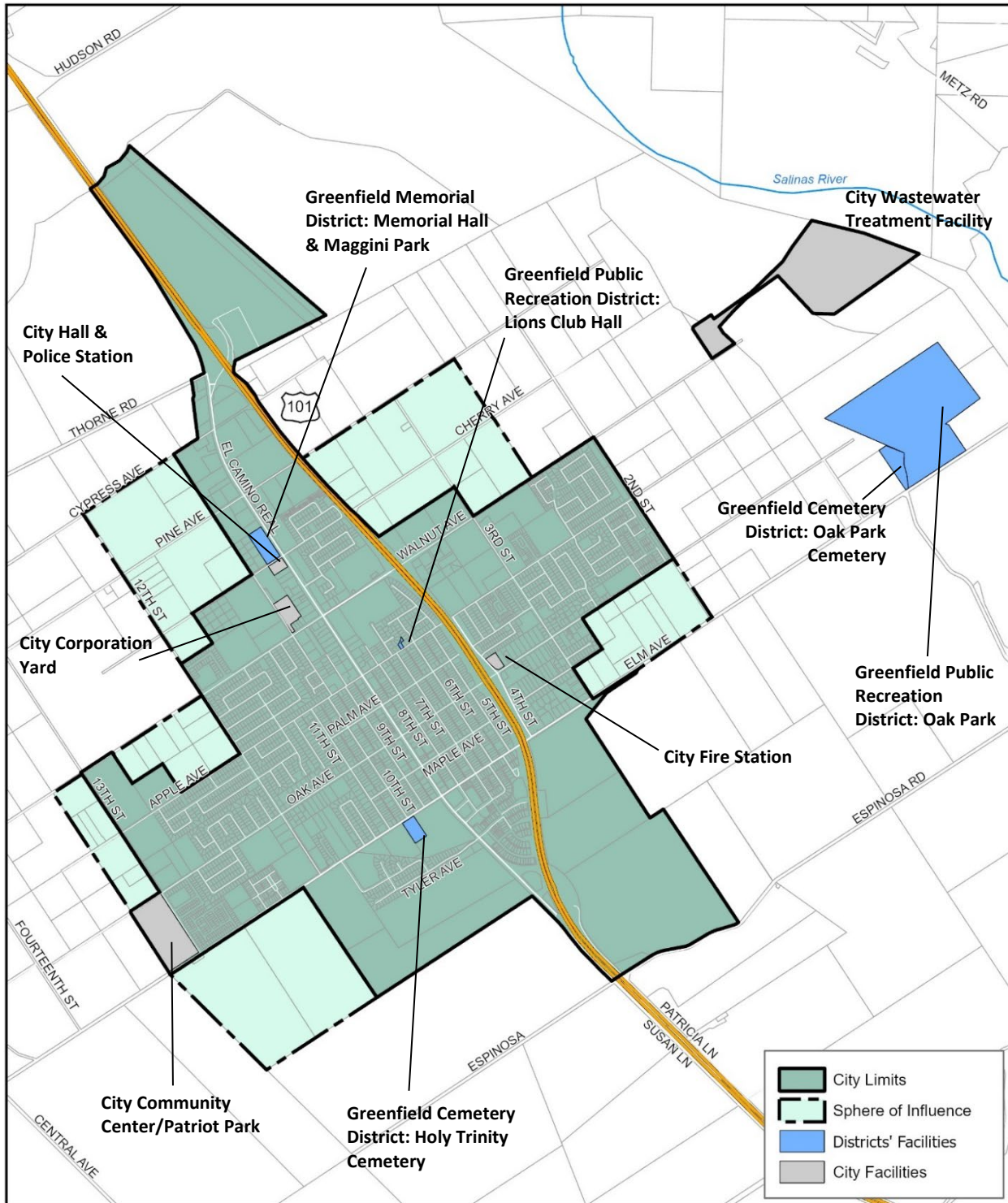
Groundwater contamination is a widespread problem in the Salinas Valley. Areas in the unincorporated area to the west of the City meet the definition of a Disadvantaged Unincorporated Community (DUC) and are impacted by groundwater contamination. In the short-term, a free bottled water delivery program is currently available to impacted residents who request the service. In the long-term, using State grant funds, the Community Water Center (CWC) is working to identify a permanent and feasible drinking water project solution for these areas. Additional State funding programs are available to assist with construction funding for the identified solution. The drinking water solution may involve expanding the larger City municipal water system to serve areas to the west of the City. If the expansion of the City water system is pursued as the permanent solution, LAFCO approval is required, but can be approved either within or outside the City's sphere of influence. LAFCO has approved similar out-of-agency services extensions requested by the City in the past, most recently in 2019.

8. No changes to the agencies' spheres of influence are recommended at this time.

The City of Greenfield has sufficient undeveloped land already within its existing city limits to accommodate substantial future growth, plus other lands within the city's designated sphere of influence. None of the special districts within this report's scope has an existing designated sphere of influence beyond the district's current boundaries. District representatives have not requested any sphere amendments. Staff recommends that no sphere changes are warranted as an immediate priority at present.

Due to historical circumstances, the Recreation and Cemetery District jurisdictional boundaries are significantly larger than the Fire Protection and Memorial Districts. These two districts' boundaries are probably larger than necessary. However, this issue is not a current priority. More importantly, all four of these districts' facilities are either within the City of Greenfield or in close proximity. Therefore, City department staff could potentially operate district facilities with minimal need for travel time, if the City and districts decide to enter into such an arrangement in the future.

Greenfield-Area Public Agency Facilities



<p style="text-align: center;">LAFCO of Monterey County LOCAL AGENCY FORMATION COMMISSION</p> <p>P.O. Box 1369 Salinas, CA 93902 Telephone (831) 754-5838</p> <p>132 W. Gabilan St., Suite 102 Salinas, CA 93901 FAX (831) 754-5831</p>	<p>N</p> <p>0 1,000 2,000 Feet</p>	<p style="text-align: center;">DISTRICT FACILITIES</p> <hr/> <p style="text-align: center;">GREENFIELD AREA PUBLIC AGENCIES</p> <p style="font-size: small;">Last LAFCO-Approved Change: 10/28/2019 Sphere of Influence Affirmed: 09/27/2010 Map Prepared: 05/16/2023</p>
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Recommended LAFCO Actions

Based on the analysis and in this study, the Executive Officer recommends adoption of a resolution to:

1. Find that, pursuant to Section 15306 of the California Environmental Quality Act (CEQA) Guidelines, the service review and sphere of influence study is categorically exempt, in that the study consists of basic data collection, research, management, and resource evaluation activities that will not result in a serious or major disturbance to an environmental resource, and pursuant to Section 15061(b)(3), because it can be seen with certainty that there is no possibility that this study may have a significant effect on the environment; and
2. Adopt the 2023 Municipal Service Review and Sphere of Influence Study for the City of Greenfield, Greenfield Public Recreation District, Greenfield Cemetery District, Greenfield Memorial District, and Greenfield Fire Protection District; and
3. Affirm the currently adopted spheres of influence of the City and four districts, with no changes; and
4. Authorize the Executive Officer to proceed with identified corrective measures to address the Greenfield Memorial, Public Recreation, and Cemetery Districts' lack of compliance with state legal requirements and best practices, as follows.
 - a. Request that the three districts, as a first priority, take immediate actions to meet legal requirements for financial management:
 - Adopt annual budgets for the current fiscal year (FY) 2023-24, and
 - Retain qualified audit consulting firms to perform financial audits for FY 2020-21 and 2021-22.
 - b. Request that the three districts, as a second-tier priority, take actions to comply with other state legal requirements:
 - Complete required Form 700 (Statements of Economic Interests filings for all Board members and any applicable staff);
 - Complete required ethics and harassment prevention training for Board members and staff,
 - Comply with website posting requirements per the Brown Act and other state laws (Public Recreation and Cemetery Districts only),
 - c. Encourage the three districts to:
 - Adopt bylaw amendments that promote compliance with training requirements,
 - Retain qualified audit consulting firms to conduct performance audits (evaluations of each district's fiscal practices and processes), and
 - Review and implement best practices recommended by the performance audits and in the Special District Leadership Foundation's "High Performing District" checklist
 - d. Hold a compliance progress-review meeting among LAFCO and representatives of the three districts approximately three months after adoption of this study;
 - e. If the three districts have not met State legal requirements within approximately six months of adoption, involve other regulatory oversight agencies, as necessary, to pursue compliance with legal requirements; and
 - f. Encourage the Greenfield Memorial, Recreation, and Cemetery Districts to fund a feasibility study to evaluate City-District integration – or other service model options – for improving delivery of municipal services to the overall Greenfield community, including the surrounding unincorporated area. LAFCO staff will facilitate a meeting among representatives of the City and the three special districts to start this dialogue.

Background and Preparation for this Study

City and Fire Protection District Integration of Services

From 2007 to 2016, the Greenfield Fire Protection District, the City, and LAFCO identified significant challenges to the Fire District's fiscal viability. At that time, the City was within the Fire District. The Fire District provided fire protection and emergency medical services to both the city population and the outlying rural area.

By 2016, the Fire District's revenue base was increasingly unable to keep pace with the costs of providing minimal professional fire and emergency medical service levels. In response to this fiscal urgency, the City hired consultant Citygate Associates, LLC to prepare a comprehensive feasibility study of options for different service models.

After evaluating seven alternatives, the comprehensive study recommended that the City detach from the Fire District and form a City fire department to serve both the City and the rural District area. This model is carried out through a service agreement in which the District provides most of its annual revenues to the City in exchange for receiving City fire protection and emergency medical services. The City owns the fire station, employs staff, and provides all the services, operations, and administrative oversight. LAFCO, the District, and the City implemented the recommended model in 2017. Six years later, the partnership between the City and the District serves as a successful model of local government cooperation and efficiency.

2015 Municipal Service Review

LAFCO's previous municipal service review, completed in 2015, found that the Greenfield Public Recreation, Cemetery, and Memorial Districts were complying with most State law requirements. However, the districts were three years behind schedule in completing audits of the districts' finances. Staff met with the districts to provide informational resources about professional development and training opportunities for district staff and board members.

2019 Memorandum /Discussion Paper

In 2019, LAFCO staff prepared a memorandum to County of Monterey District 3 Supervisor Chris Lopez outlining options and opportunities for achieving greater efficiencies of service delivery in the Greenfield area. A link to the discussion paper is provided in the Sources and Acknowledgments section.

Current Study

In preparing this study, LAFCO staff gathered initial information from the agencies and met in person with agency representatives. To help identify potential solutions to the issues identified in the current study, LAFCO staff also met with a senior staff member from the County of Monterey's Auditor-Controller's Office. The representative shared information on the extent of audit compliance deficiencies by the Recreation, Cemetery, and Memorial Districts and offered guidance in addressing the deficiencies. This guidance has been incorporated into the study's recommendations.

LAFCO's General Counsel met with legal counsel for the Greenfield Public Recreation, Cemetery, and Memorial Districts and discussed the three districts' deficiencies in implementing state legal requirements and best practices. (Note: District counsel is an attorney in the County Counsel office. LAFCO also contracts with the County Counsel office, but the two attorneys are different individuals).

District counsel attended board meetings of the three districts in September 2023 to provide a general training on the Brown Act, and share guidance from the County Auditor-Controller's Office for each District to take steps to complete audits. District counsel also advised the three districts to review LAFCO's administrative draft municipal service review and sphere of influence study and use the study as a blueprint for completing State legal requirements and implementing best practices.

In September 2023, LAFCO staff provided an administrative draft of this study to the agencies for review and comment. In its review, the City's representative agreed that a feasibility study would be necessary to

adequately evaluate potential City-District integration of services, or other options. From the City's perspective, it would be appropriate for the involved Districts to fund a feasibility study. LAFCO staff agrees that this funding approach is reasonable.

After completing a feasibility study, if the City decided to become involved in a service model to support operations of the districts, the City's goals would generally be to:

- 1) Implement the statutory and regulatory requirements that are currently missing,
- 2) Assist in establishing strategic planning toward achieving any stated agency mission, including the development of a capital spending plan to maintain and enhance current infrastructure,
- 3) Implement standard internal controls (especially financial and reporting), and
- 4) Ultimately, assist each district to achieve sustainability with whatever funding sources they currently have.

Regulatory Framework

This section briefly outlines basic requirements of state law, recommended best practices, and regulatory oversight roles that are applicable to public agencies in California. The City of Greenfield and the Greenfield Fire Protection District are, in large measure, in compliance with legal requirements and are implementing some of the recommended best practices. The Greenfield Memorial, Public Recreation, and Cemetery Districts are currently not in compliance with legal requirements and should take immediate corrective actions as discussed in this report.

Requirements of State Law

The State Legislature has passed various laws establishing fundamental legal requirements for special districts. Many of these State laws also apply to counties and cities. To summarize, special districts must generally:

- Adopt annual budgets
- Complete financial audits
- Submit annual financial and compensation reports to the California State Controller's Office
- Maintain a website
- Hold open and public meetings in keeping with the Brown Act
- Implement ethics training and harassment prevention training for board members
- File annual Form 700 (Statement of Economic Interest) by board members and key staff, and adopt a conflict-of-interest code
- Adopt bylaws (rules for conducting district meetings/proceedings)

Best Practices

Along with State legal requirements, local public agencies also implement best practices to promote public trust and confidence and minimize the risk of mistakes or missteps. The Special District Leadership Foundation's High Performing District checklist identifies recommended best practices in the areas of Finance and Human Resources. Some key examples include:

- **Finance:** Establish and periodically review sound fiscal and internal control policies and procedures; periodically review revenue and expenses for compliance with the adopted annual budget; approve capital improvement plans and periodically review revenue and expenses for compliance with the plans; and use a competitive process for awarding contracts
- **Human Resources:** Adopt policies and procedures establishing the processes for hiring and firing, including background checks and evaluating the performance of, and adjusting the compensation of, the general manager; review policies and procedures on an annual basis to ensure compliance with new laws.

Regulatory Oversight

LAFCOs provide oversight of cities and special districts through conducting required periodic municipal service reviews and sphere of influence studies such as the current study. These studies of local government agencies have the goal of improving efficiency and reducing costs of providing municipal services.

Common regulatory tools for LAFCO have been to inform local agencies of their state legal requirements and provide educational resources to encourage compliance. However, when non-compliance persists, involvement of other oversight agencies may become necessary. Some of the other agencies providing oversight of local government agencies include the County Auditor-Controller, the Civil Grand Jury, and District Attorney, as well as the State Controller's Office and the Fair Political Practices Commission.

Agency Profiles

City of Greenfield

Incorporation Date	January 7, 1947
Legal Authority	California Government Code Section 34000 et seq. (General Law City)
City Council	Four City Council members elected from voter districts to staggered four-year terms and one Mayor elected at large to two-year terms
City Limits Area	1,931 acres
Sphere of Influence Area	599 acres to the west and east of the existing City limits
Population	Approximately 19,000 (18,937 per the 2020 Census)
Budget (FY 2023-24)	\$22.2 million in budgeted revenues and \$21.4 million in budgeted expenditures
Fund Balance/ Current Assets (as of June 2023)	\$27 million in cash and investments (June 1, 2023 Budget Workshop)
City Staff	Approximately 80 authorized full-time and 33 part-time positions.
Mission Statement	The mission of City of Greenfield is to provide personalized, quality community services.
Mayor	Robert White
City Manager	Paul Wood, CPA
City Hall	599 El Camino Real, Greenfield, CA 93927
Website	www.ci.greenfield.ca.us
Meetings	City Council meetings are held the second and fourth Tuesday of each month.

Overview

The City of Greenfield provides a full range of municipal services to its residents and businesses. The City strives to preserve a balance among the community’s rural character, economic vitality, and cultural diversity.

In 2017, the City detached from the Greenfield Fire Protection District and formed a municipal fire department. The District transferred its fire station and firefighting apparatus to the City, and the District’s firefighters became City employees. Through a LAFCO-approved services agreement with the Fire District, the City now provides fire protection and emergency medical services to the District. The District continues to exist as a public agency, but its role now largely consists of collecting property tax revenue and fees from the area within District boundaries. The District then turns these revenues over to the City in exchange for receiving City services.

As of the 2020 Census, the City’s population was 18,937. The City’s population may be underreported since the Census data may not capture a significant undocumented population living in the City. The City experienced significant growth from 1990 to 2020, more than doubling its population, and growing at an average rate of 5.1% per year. The Association of Monterey Bay Area Governments (AMBAG) 2022 Regional Growth Forecast projects that the City of Greenfield’s population will increase by 2,149 persons with a growth rate of 11.8% from 2020 to 2045. Fifty-five percent of the City’s population is under the age of 30 according to the US Census 2021 American Community Survey. The large youth population in the City will place increasing demands on the City’s services.

Compliance with State Legal Requirements and Best Practices



The City of Greenfield is generally in compliance with the state legal requirements and best practices for public agencies. The City has adopted an annual budget for the current fiscal year. The City Council holds a goal-setting session each fiscal year and conducts an annual review of organizational performance with the City Manager. Councilmembers receive the State-required ethics training and sexual harassment prevention training at least every two years. City Councilmembers and staff submit Form 700

Statements of Economic Interests as required by the State.

In addition to meeting agendas and agenda materials, the City's website provides detailed information about city services, financial information, audits, and the Greenfield Municipal Code.

The City is currently one year behind in completing the required annual audit. The City's auditor is currently working to complete the annual audit for Fiscal Year (FY) 2021-22.

Financial Summary

The City's adopted annual budget for FY 2023-24 includes anticipated expenditures of \$21.4 million. Within the overall budget, revenues slightly exceed expenditures. The City's FY 2019-20 audit showed revenues exceeding expenses by \$1,062,845. The City's practice of budgeting for fully staffed departments has helped keep actual costs lower than budgeted costs.

As is the case with many cities, the City is challenged with cost increases for cost of living, CalPERS Unfunded Accrued Liability (UAL), workers' compensation insurance, and health care costs. In June 2021, the City's UAL for its Miscellaneous Plan was \$1,834,460 (84% funded) and for its Safety Police Plan was \$2,051,495 (83.1% funded). The City's CalPERS plan funding percentages and pension contribution trends are similar to the neighboring Cities of Soledad and King City.

In FY 2021-22, the City received an \$8.5 million Proposition 68 grant from the California Department of Parks and Recreation to build a new community recreation center building, accessible playground, multi-use sports field, looped walking/jogging path, parking lot, landscaping, and lighting on a nine-acre parcel. The City has prioritized this project to augment its recreation facilities and programs.

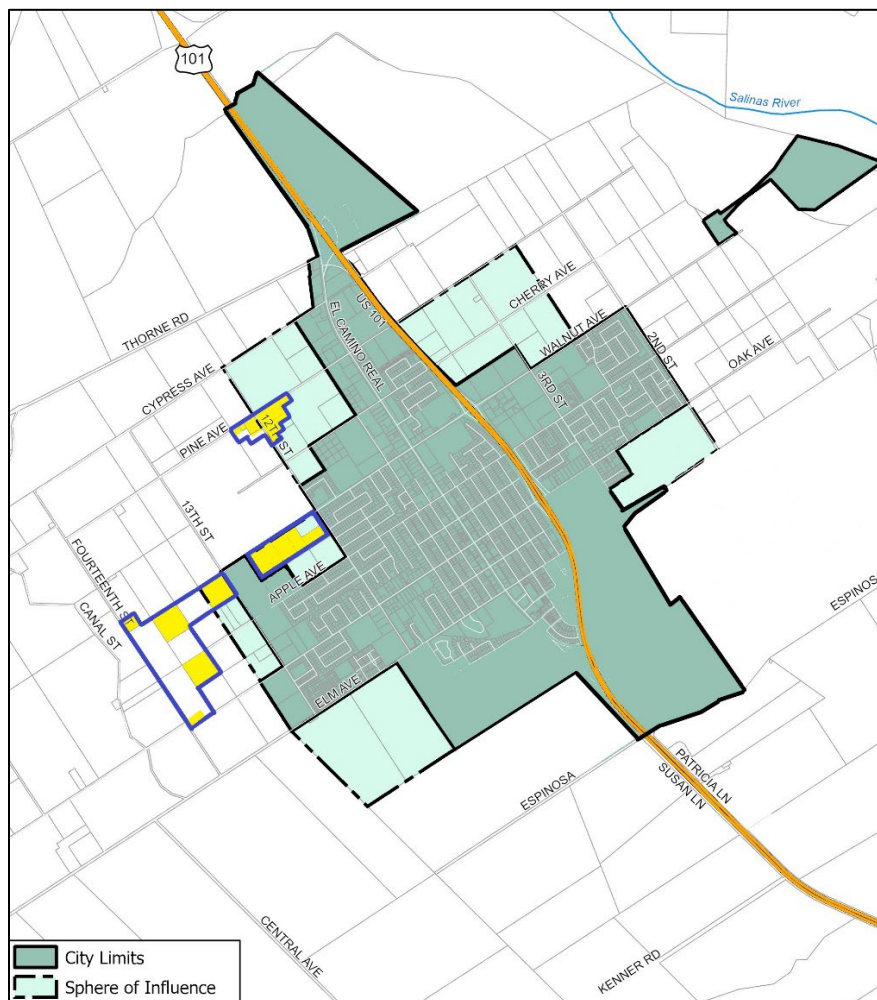
In October 2023, it was announced that the City will be receiving \$1 million in State funds to make radio transmission and reception improvements that will enhance public safety.

Disadvantaged Unincorporated Community and Groundwater Contamination

Groundwater contamination from nitrates, largely through chemical fertilizers and livestock manure, has been a pervasive problem in the Salinas Valley for over half a century. Pesticide contamination of groundwater is also a significant issue in areas of the Salinas Valley. Groundwater contamination outside of the City has affected water systems of various sizes, but is more widespread with shallower, privately owned wells serving individual residences or small water systems serving 2 to 14 connections. Part of the unincorporated area west of the City meets the CKH Act definition of a Disadvantaged Unincorporated Community (DUC) and is affected by groundwater contamination from nitrates and pesticides. The CKH Act charges LAFCO with making determinations in its Municipal Service Reviews and Sphere of Influence

Studies regarding a DUC's present and planned capacity, adequacy, needs, and deficiencies with respect to water, wastewater, and fire protection services.

Disadvantaged Unincorporated Community



At the October 23, 2023 Commission meeting, LAFCO received comments from Community Water Center (CWC) staff and members of the public regarding identification of a DUC west of the City and concerns with groundwater contamination. Based on a review of relevant voter information from the County Elections Department and in the absence of a local LAFCO DUC policy that could potentially provide a different or more specific definition of a DUC, staff found that the identified area west of the City meets the definition of a DUC under the CKH Act, California Government Code Section 56033.5. The area meets the CKH Act definition with 43 registered voters (greater than the threshold of 12 voters) and incomes less than 80% of the statewide annual median household income.

To describe the DUC area in unincorporated Monterey County west of the City, it is inhabited parcels (highlighted in yellow) within the DUC area outlined in blue on the map above. The DUC consists of three areas located primarily south of Walnut Avenue between 14th and 13th Streets, south of Pine Avenue and east and west of 12th Street, and south of Walnut Avenue and west of 12th Street.

Regulatory Framework for Drinking Water

The Monterey County Health Department's Environmental Health Bureau Drinking Water Protection Services (County DWPS) regulates approximately 980 small water systems (2-14 connections) and 300 "public" water systems (meaning systems with 15-199 connections that may be privately or publicly owned) throughout the County and is aware of the groundwater contamination issues in the unincorporated area west of the City. The County DWPS is not directly involved in monitoring individual wells serving only one connection.

When a public water system (15-199) is no longer in compliance with drinking water standards, County DWPS may impose strict requirements. For example, employee housing could have their permit revoked or new permitting for uses such as housing on a property could be suspended until drinking water standards met. For small water systems that are out of compliance with standards, County DWPS notifies the water system owner of the water quality issues and precautions to take, but does not force them to make water system improvements to return to compliance. The identified DUCs west of the City include

two public water systems that are currently meeting drinking water standards, and approximately four small water systems and at least seven single well owners that are out of compliance with drinking water standards.

A free bottled drinking water grant program is currently available to residents in the Salinas Valley if their drinking water well exceeds the State standard for nitrates and if they request the service. A number of residents in the unincorporated area west of the City currently participate in the program. The program will transition in March 2024 from being run by the Coalition for Urban Rural Environmental Stewardship, funded by members of the agricultural industry, to the Community Water Center (CWC), funded by a State grant program. After this transition, only households classified as disadvantaged households (incomes less than 80% of statewide annual median household income) will be eligible for the program.

In addition to nitrates, residents in the unincorporated area west of the City are impacted by 123-trichloropropane (123-TCP, a carcinogenic pesticide byproduct) groundwater contamination in a number of their drinking water wells. 123-TCP is dangerous when consumed or inhaled, making showering in contaminated water unsafe. To help address these concerns, CWC is working with residents outside of Greenfield and implementing a 123-TCP “point-of-entry” treatment pilot project (i.e., treatment provided where a water service connection enters an individual house or building) administered by the Central Coast Regional Water Board. Continuation of the pilot program through June 2026 is being funded by the State Water Resources Control Board.

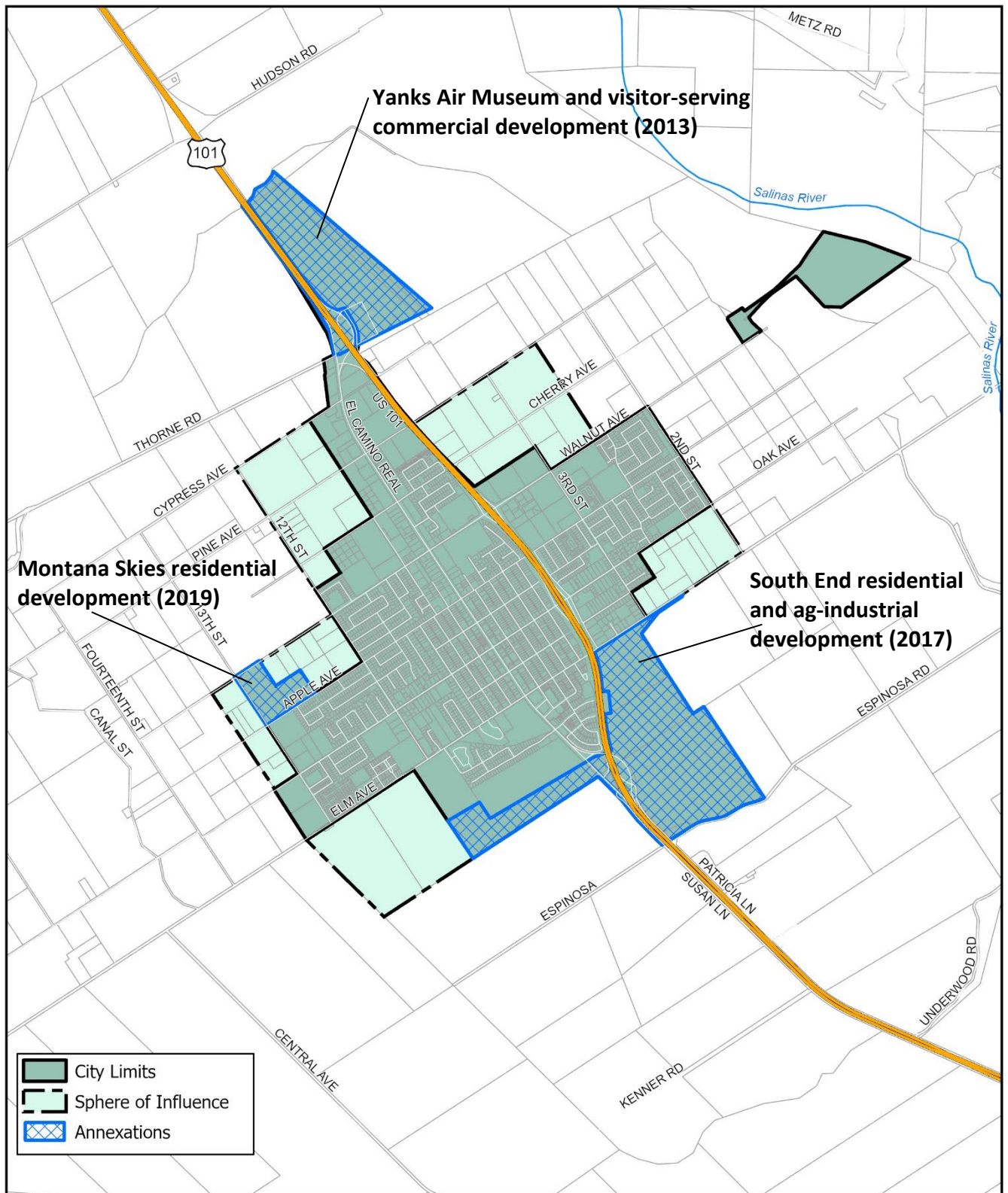
Potential LAFCO Role: Out-of-Agency Service Extension

Through a State grant program, CWC is providing technical assistance and is in the process of hiring a consultant to study and identify a permanent and feasible drinking water solution for the identified areas west of the City. Additional State funding programs are available to fund full construction of a long-term and feasible drinking water solution as well as to provide incentives to consolidating water systems.

The drinking water solution will likely involve expanding the larger City municipal water system to serve areas to the west of the City. To implement this potential solution, the City, property owners, and other stakeholders would need to agree to and plan for the extension of the City municipal water system to these areas. At this time, City staff has indicated that the City has other obligations and priorities, such as serving existing residents and future development within the city limits, which take precedence.

LAFCO’s immediately available tool to support this approach would be to process an out-of-agency water service extension application, if one is submitted by the City in the future. LAFCO has approved similar out-of-agency service extensions requested by the City in the past, most recently in 2019. The out-of-agency service extension process is available both within and outside of a DUC.

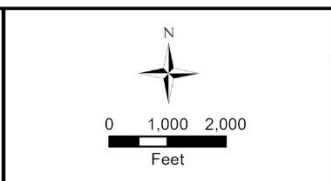
Expanding the City’s sphere of influence to encompass the DUC is not a practical option at this time. LAFCO currently has no basis to expand the City’s sphere of influence. The City has not indicated an intent or capacity to expand further to the west beyond its existing sphere of influence. If the City were to grow to the west, this could impact more than 100 acres of prime farmland and could result in more than 1,000 additional residential units, with corresponding impacts to City infrastructure and the physical environment. These potential impacts would need to be thoroughly evaluated and addressed, most typically with the City initiating the process and functioning as the lead agency under the California Environmental Quality Act. The City already has several hundred acres of undeveloped land within its existing city limits and an additional 600 acres within its existing sphere of influence. However, a sphere amendment and annexation to bring the DUC and/or other nearby lands into the city may be feasible in the longer term if the City and property owners are willing.



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CITIES

GREENFIELD

Last LAFCO-Approved Change: 10/28/2019
 Sphere of Influence Affirmed: 09/27/2010
 Map Prepared: 05/16/2023

Greenfield Fire Protection District

Formation Date	November 4, 1940
Legal Authority	Fire Protection District Law of 1961, Health & Safety Code, section 13800+
Board of Directors	Three-member Board of Directors, elected for four-year terms
District Area	Approximately 43.2 square miles
Sphere of Influence	Same as existing District boundaries
Population	Approximately 600
Authorized Powers	Fire protection and emergency medical services
Budget (FY 2023-24)	\$352,000 in budgeted General Fund revenues and expenditures
Employees	The District provides services through a service agreement with the City of Greenfield. The City Fire Department that serves the District has staffing of 32 employees (12 full-time and 20 paid call firefighters)
Mission Statement	We protect the Heart of the Valley with a team of highly trained and motivated professionals who are dedicated to delivering aggressive fire suppression, effective fire prevention and compassionate patient care.
Board President	Allan Panziera
Fire Chief	Jim Langborg
Facilities	The District has no facilities. Fire protection and emergency medical services are received from the City of Greenfield by contract.
Address	380 Oak Avenue, Greenfield, CA 93927
Website	https://ci.greenfield.ca.us/494/The-Greenfield-Fire-Protection-District
Meetings	Board meetings are held the third Thursday of each month at 4:00 pm at Greenfield City Hall, 599 El Camino Real, Greenfield, CA 93927.

Summary/Background

The Greenfield Fire Protection District was formed in 1940, based on the boundaries of the Greenfield Union School District. In-district population is approximately 600.

Until 2017, the District's boundaries included the City of Greenfield. By 2015, the District was experiencing increasing service demands and limited funding to meet those demands. To address these challenges, the City of Greenfield detached from the District and created the new City of Greenfield Fire Department in 2017.

Through a service agreement and the City-owned fire station, associated equipment, and firefighters, the City of Greenfield now provides fire protection and emergency medical services to the City and the rural District. For its part, the District provides most of its annual revenues to the City for these services. City voters passed a parcel-based special tax to increase funding for the new City Fire Department in May 2017. The



District's service agreement with the City of Greenfield ensures that the District's residents outside the City receive fire protection and emergency medical services from the City. The City's partnership and service delivery agreement with the Greenfield Fire Protection District serves as a model of local government cooperation and efficiency.

The District has a three-member board of directors. The District has no sphere of influence designated beyond its existing boundary. There are no proposals for expansion.

Compliance with State Legal Requirements and Best Practices

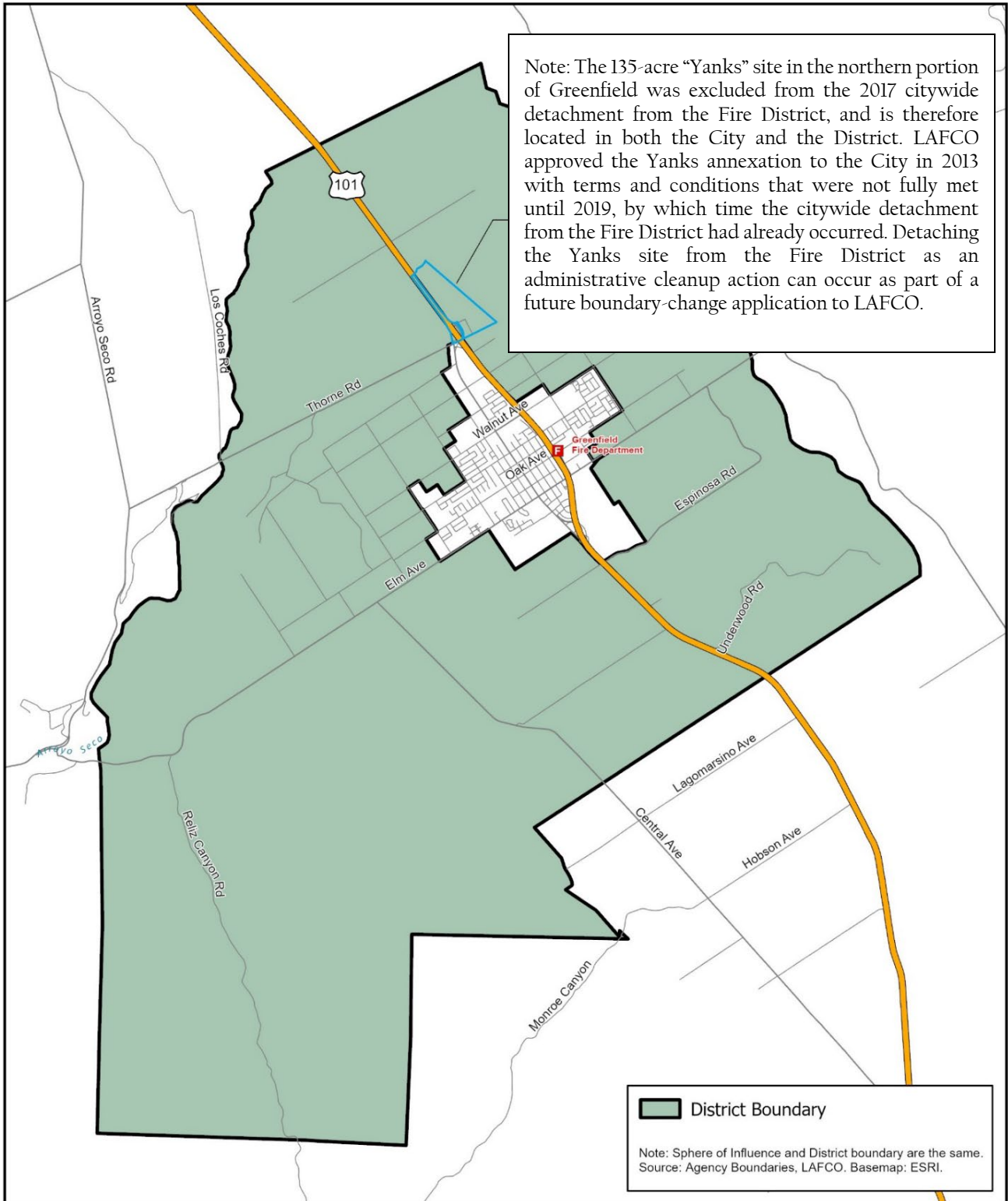
The District is generally compliant with most requirements of state law and best practices. Board meetings are open and accessible and are publicly noticed in accordance with the Brown Act. District Board members receive the State-required ethics training and sexual harassment prevention training at least every two years. Board members and staff submit Form 700 Statements of Economic Interests as required by the State. The City of Greenfield hosts a website for the District. The website provides information about the District's governance, finances, contact information, and board meetings.

The District is currently four years behind in completing required annual audits. The District is coordinating with their auditor to ensure completion of these annual audits.

This District does not adopt an annual budget, in that – by contractual arrangement – the District turns its operating revenues over to the City of Greenfield in exchange for receiving fire and emergency medical services from the city. The City comprehensively plans and budgets for provisions of these services.

Financial Summary

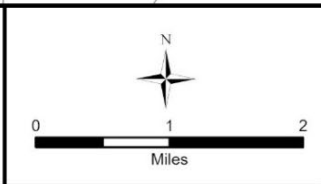
The District's budget for FY 2023-2024 includes anticipated expenditures of \$352,000. Within the overall budget, revenues match expenditures. The District and the City believe that their service model will continue to operate as the City continues to grow and annex portions of the District. The City recognizes that revenue from the District will decrease as the City gradually expands into the surrounding unincorporated area over time. However, the City expects that City growth will result in revenue growth to the City, which should more than compensate for revenue reductions from the District. The District has assurances from its service agreement that it will continue to receive fire protection and emergency medical services from the City.



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**GREENFIELD
 FIRE PROTECTION DISTRICT**

Last LAFCO-Approved Change: 7/14/2020
 Map Produced: 05/02/2023

Greenfield Memorial District

Formation Date	September 2, 1947
Legal Authority	Military and Veterans Code, Sections 1170-1259 et seq.
Board of Directors	Five-member Board of Directors, elected for four-year terms.
District Area	Approximately 43.4 square miles
Sphere of Influence	Same as existing District boundaries
Population	Approximately 19,700 (including about 19,000 within Greenfield city limits)
Authorized Powers	Operate and maintain memorial halls and indoor and outdoor park and recreation facilities.
Financial Data (FY 2020-21)	\$214,329 in total revenues and \$110,643 in total expenditures (Special District Financial Transactions Report)
Fund Balance (as of October 2023)	Approximately \$550,000 in total fund balance (Reported by a District representative in October 2023)
Employees	One full-time secretary and one full-time maintenance manager.
Mission Statement	To serve local veterans and the Greenfield community.
Board President	Daniel Covarrubias
Facilities	Greenfield Memorial Hall and Jim Maggini Memorial Park
Address	615 El Camino Real, Greenfield, CA 93927 P.O. Box 91, Greenfield, CA 93927
Website	https://www.greenfieldvmh.org/
Meetings	Board meetings are held the first Tuesday of each month at 6:00 pm at the Greenfield Memorial Hall, 615 El Camino Real, Greenfield, CA 93927.

Summary/Background

The Greenfield Memorial District was formed by an election in 1947. The District was established to construct a veterans memorial building through public funds. Construction of the memorial hall was completed in 1956. The District also owns and operates the adjoining Jim Maggini Memorial Park.

The District serves approximately 19,700 people over an area of 43.4 square miles. Most (about 19,000) of this population resides within the City of Greenfield. The District's boundary is the same as its sphere of influence and there are no proposals for expansion.

The five-member Board of Directors currently consists of two Board members who have remained on the Board and three new Board members. The District Board meets regularly to conduct business related to building maintenance, finances, and operations.

The District's Memorial Hall is a popular venue for weddings, banquets, quinceañeras, and other private events. Weekends are currently booked six to nine months in advance. District representatives state that the District recently spent approximately \$200,000 completing major repairs to the Memorial Hall's gym floors, heating system, and roof.



In recent years, Jim Maggini Memorial Park's previously improved baseball field has been degraded due to discontinued maintenance and improvements. The park has lost its capacity to serve the community as an improved sports park. The District should implement strategic planning and capital improvement program planning to ensure that it maintains adequate facilities to meet future service delivery needs for the community.



Compliance with State Legal Requirements and Best Practices

The District is not in compliance with key aspects of State legal requirements or recommended best practices for public agencies. The last audit of the District's finances was completed approximately ten years ago. The District has not adopted annual budgets for the current or prior fiscal year, and is not current with completing ethics and harassment prevention training or annual filing of Form 700.

LAFCO staff provided a District Board orientation presentation in April 2022 after concerns were raised about the District's governance, transparency, accountability, and operations. At the time, the District was experiencing challenges in retaining board members, obtaining a quorum of board members to conduct District business, lapses in financial reporting, human resources issues, and substantial repair and maintenance issues. Since that time, the District has made some improvements. The District is now meeting public noticing and accessibility requirements of the Brown Act and launched a new website in 2022, which provides required information such as District's governance, State financial reports, compensation reports, contact information, and the most recent Board meeting agenda.

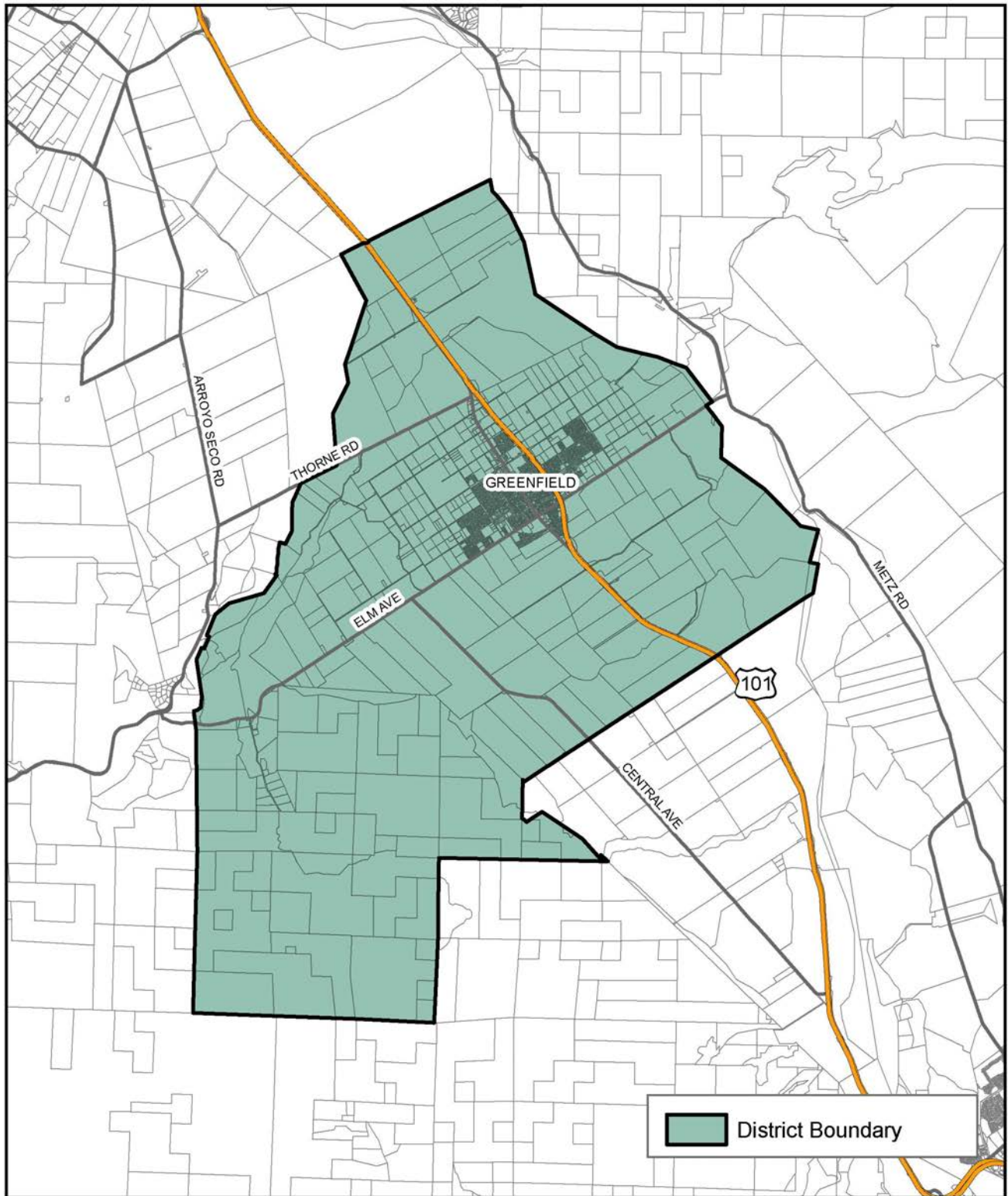
In response to LAFCO's efforts to engage the District on compliance issues identified in this study, the District has recently secured an auditor to perform a biennial audit for fiscal years 2020-21 and 2021-22. A District representative also stated that the District has conducted a budget workshop and would consider adoption of an annual budget at an upcoming meeting.

Financial Summary

In the absence of a current annual audit of the District, the most recent available financial information is a FY 2020-21 Special Districts' Financial Transactions Report. This report must be submitted annually to the California State Controller's Office. According to this information, the District received \$195,705 in property taxes and \$18,624 in other revenues, comprising 91% and 9%, respectively, of its total annual revenues of \$214,329. In the same fiscal year, the District had \$110,643 in total expenditures, of which 45% was for salaries & benefits and 55% was for supplies & services.

In October 2023, a District representative reported that the District had approximately \$550,000 as an available fund balance (unaudited data).

The District's staff currently includes a full-time maintenance manager (paid) and a full-time secretary (volunteer). While this form of administrative support has reduced the District's staffing costs, the use of volunteer staffing is not a sustainable long-term financial practice.



<p>LAFCO of Monterey County LOCAL AGENCY FORMATION COMMISSION</p> <p>P.O. Box 1369 Salinas, CA 93902 Telephone (831) 754-5838</p> <p>132 W. Gabilan St., Suite 102 Salinas, CA 93901 FAX (831) 754-5831</p>	<p style="text-align: center;">N</p> <p style="text-align: center;">0 1 2 Miles</p>	<p style="text-align: center;">MEMORIAL DISTRICTS</p> <hr/> <p style="text-align: center;">GREENFIELD MEMORIAL DISTRICT</p> <p style="text-align: center;">Last LAFCO-Approved Change: 05/24/1983 Status Quo Sphere of Influence Affirmed: 12/07/2015 Map Prepared: 12/18/2014</p>
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Greenfield Public Recreation District

Formation Date	1953
Legal Authority	Public Resources Code, Section 5780-5780.9
Board of Directors	Five-member Board of Directors, appointed for four-year terms
District Area	Approximately 102.7 square miles
Sphere of Influence	Same as existing District boundaries
Population	Approx. 19,700 (including about 19,000 within Greenfield city limits)
Authorized Powers	Community recreation, park, and open space facilities; recreation services.
Unaudited Financial Data (FY 2021-22)	\$350,581 in total revenues and \$186,493 in total expenditures (Draft FY 2023-24 Budget Worksheet)
Fund Balance (as of October 2023)	Approximately \$829,000 in total fund balance (Reported by a District representative in October 2023)
Employees	One full-time caretaker and one part-time maintenance worker
Mission Statement	The Greenfield Public Recreation District works to provide the community with recreational opportunities in a safe and economical manner, and to protect the natural resources of the County.
Board President	David Kong
Facilities	Oak Park (23 acres), approximately one mile east of Greenfield, Lions Club Hall, 618 Apple Avenue in Greenfield
Address	42603 Elm Avenue, Greenfield, CA 93927 P.O. Box 432, Greenfield, CA 93927
Website	https://oakpark.specialdistrict.org/
Meetings	Third Thursday of each month at 6:00 pm at TNT Insurance Meeting Room, located at 140 El Camino Real in Greenfield

Overview

The District was formed in 1953 by the Board of Supervisors after a local election affirmed the proposal. The District serves a population of approximately 19,700 in an area of 102.7 square miles within the Salinas Valley and Santa Lucia Mountains. Most (about 19,000) of this population lives in the City of Greenfield.

The District's five-member board of directors currently consists of the same individuals who serve on the Greenfield Cemetery District. This recent change has helped address challenges in recruiting new board members when a vacancy occurs.

The District's primary facility is 23-acre Oak Park, located about a mile east of Greenfield. The park is open to the general public. Amenities include playground equipment, two tennis courts, a sand volleyball court, barbecue pits and picnic tables. However, the District's public swimming pool closed several years ago and



currently remains out of service. Oak Park's pool is the only public swimming pool in the Greenfield area. Because it is no longer operational, residents must now drive to other facilities such as the Soledad-Mission Recreation District's indoor pool facility to obtain this service. The District should implement measures such as capital improvement planning to ensure that it restores and maintains current service levels and builds adequate facilities to meet future service delivery needs for the community.

The District also owns a building in the City of Greenfield, which it leases to the Greenfield Lions Club nonprofit service organization. The District maintains building ownership because it provides a District presence within the City and preserves a building of historical value.

The District has no sphere of influence designated beyond its existing boundary. There are no proposals for expansion.

Compliance with State Legal Requirements and Best Practices

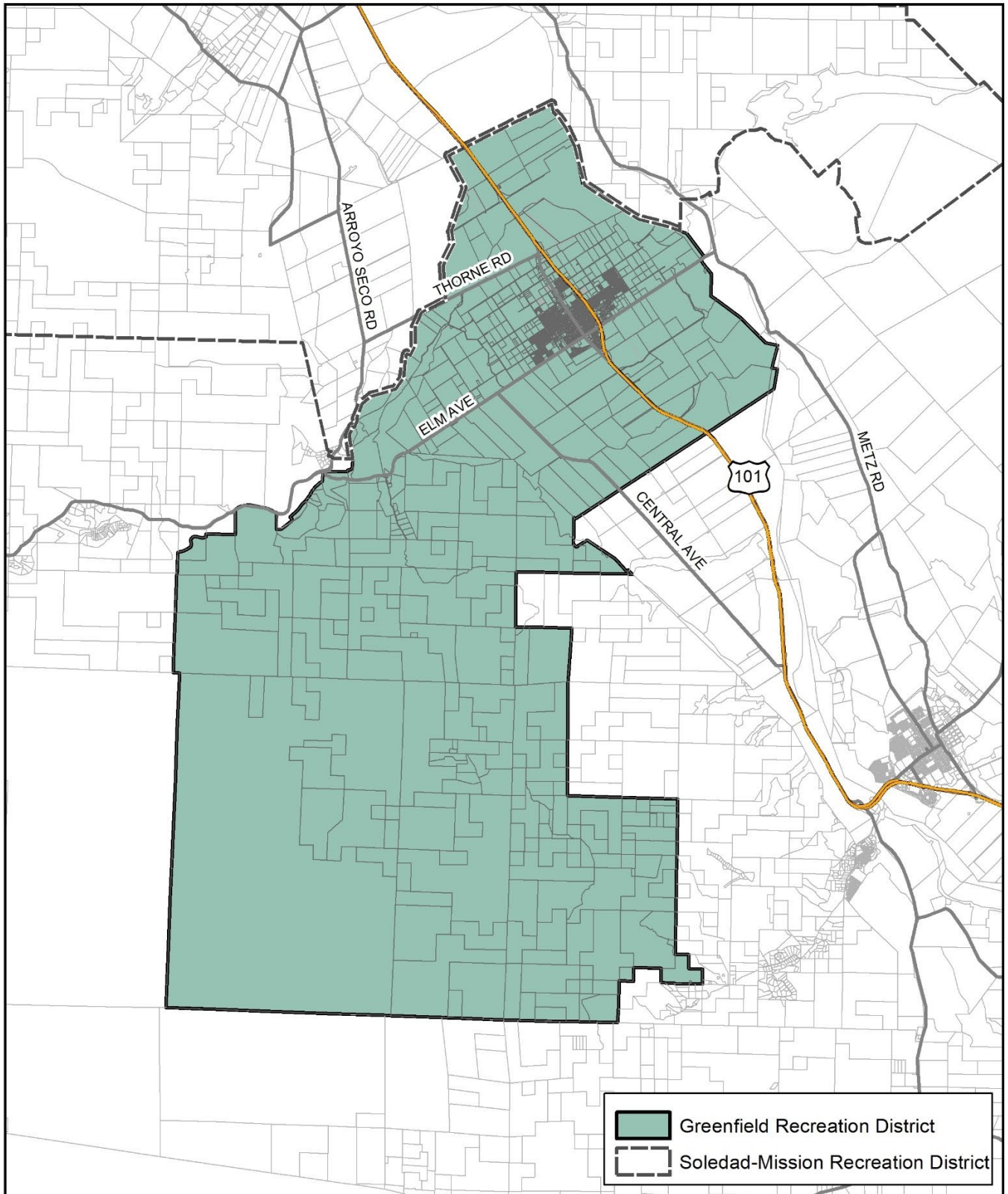
The District is not in compliance with key aspects of State legal requirements or recommended best practices for public agencies. The District's most recent financial audit appears to have been completed eight years ago. The District has not adopted an annual budget for FY 2022-23 or FY 2023-24. Required training on ethics and harassment prevention, and annual filing of Form 700 for board members, have not been completed. The District has a website, but it does not consistently post the most recent meeting agenda there pursuant to the Brown Act's requirements.

Prompted by LAFCO's efforts to engage the District to address the compliance issues identified in this study, a District representative responded that the District recently conducted a budget workshop and would consider adoption of an annual budget at an upcoming meeting.

Financial Summary

Because a current annual audit of the District is unavailable, the District's most recent financial information provided to LAFCO staff is its draft proposed FY 2023-24 budget worksheet. According to this unaudited data, in FY 2021-22 the District received \$264,888 in property taxes and \$85,693 in other revenues, comprising 76% and 24%, respectively, of its total annual revenues of \$350,581. In the same fiscal year, the District spent \$186,493, of which 66% was for supplies & services and 34% was for salaries and stipends.

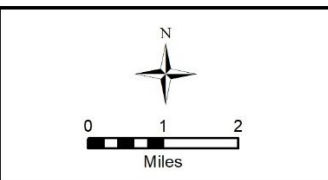
A District representative reported a total fund balance of approximately \$829,000 in October 2023 (unaudited data). This amount is approximately 250% of the District's annual revenues. The District does not currently have reserves policies or long-term strategic plans in place to guide the use of the District's available fund balance. A District representative stated that a portion of these funds may be needed in the future to demolish a dilapidated Quonset hut at Oak Park or to provide matching funds to grants for new facilities or other park improvements.



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RECREATION AND PARKS DISTRICT

GREENFIELD RECREATION DISTRICT

Status Quo Sphere of Influence Adopted : 05/24/1983
 Map Prepared: 10/01/2015

Greenfield Cemetery District

Formation Date	November 8, 1943
Legal Authority	Health and Safety Code, Sections 9000-9093
Board of Trustees	Five-member governing board whose members are appointed to four-year terms by the Monterey County Board of Supervisors
District Area	Approximately 102.4 square miles
Sphere of Influence	Same as existing District boundaries
Population	Approx. 19,700 (including about 19,000 within Greenfield city limits)
Authorized Powers	maintenance of cemetery grounds, opening and closing of burial space; interment services.
Unaudited Financial Data (FY 2021-22)	\$240,572 in total revenues and \$173,584 in total expenditures (July 17, 2023 memo from Green's Accounting, Draft FY 2023-24 Budget Worksheet Attachment)
Fund Balances (as of October 2023)	Approximately \$270,500 Endowment Fund (restricted); \$363,000 in other fund balances; and \$633,500 in total fund balances (Reported by a District representative in October 2023)
Employees	One manager and one part-time worker
Mission Statement	The mission of the Greenfield Cemetery District is to provide affordable burial services with compassion and dignity to the community.
Board President	David Kong
Manager	Manuel Mireles
Cemeteries	Holy Trinity Cemetery: Elm Avenue and 10 th Street, Greenfield Oak Park Cemetery: Elm Avenue at Espinoza Rd, 2 miles E. of the city
Address	P.O. Box 432, Greenfield, CA 93927
Website (information hosted by City)	https://ci.greenfield.ca.us/278/Greenfield-Cemetery-District
Meetings	Third Thursday of each month at 6:00 pm at TNT Insurance Meeting Room, located at 140 El Camino Real in Greenfield

Summary/Background

The Greenfield Cemetery District was formed in 1943 to provide services to the residents of the City of Greenfield and the surrounding rural community. The District provides cemetery ground maintenance, opening and closing, burial space, and interment services.

In-district population is approximately 19,700 people in an overall area of 102.4 square miles, which includes lands within the Salinas Valley and Santa Lucia Mountains. Most (about 19,000) of the population lives within the City of Greenfield. The District has no sphere of influence designated beyond its existing boundary. No sphere changes are proposed.

The District owns and operates two cemeteries. Holy Trinity Cemetery is historically Catholic and is located



in the City of Greenfield on Elm Street near Holy Trinity Church. Oak Park Cemetery is historically Protestant and is located two miles out of town on Elm Street adjacent to Oak Park. The District performs approximately 45 interments in the average year.

The District has nearly reached full burial capacity at Holy Trinity Cemetery and has remaining capacity of 20-30 years at Oak Park Cemetery. The District has no current plans to negotiate purchase of additional land.

Compliance with State Legal Requirements and Best Practices

The District does not comply with certain State law requirements and best practices for special districts. The most recent annual audit was completed six years ago. The District has not adopted an annual budget for FY 2023-24 and did not adopt a budget for the prior year. Required training on ethics and harassment prevention, and annual filing of Form 700 for all board members, have not been completed. The District meets open meeting requirements of the Brown Act. However, the District does not currently have a website.

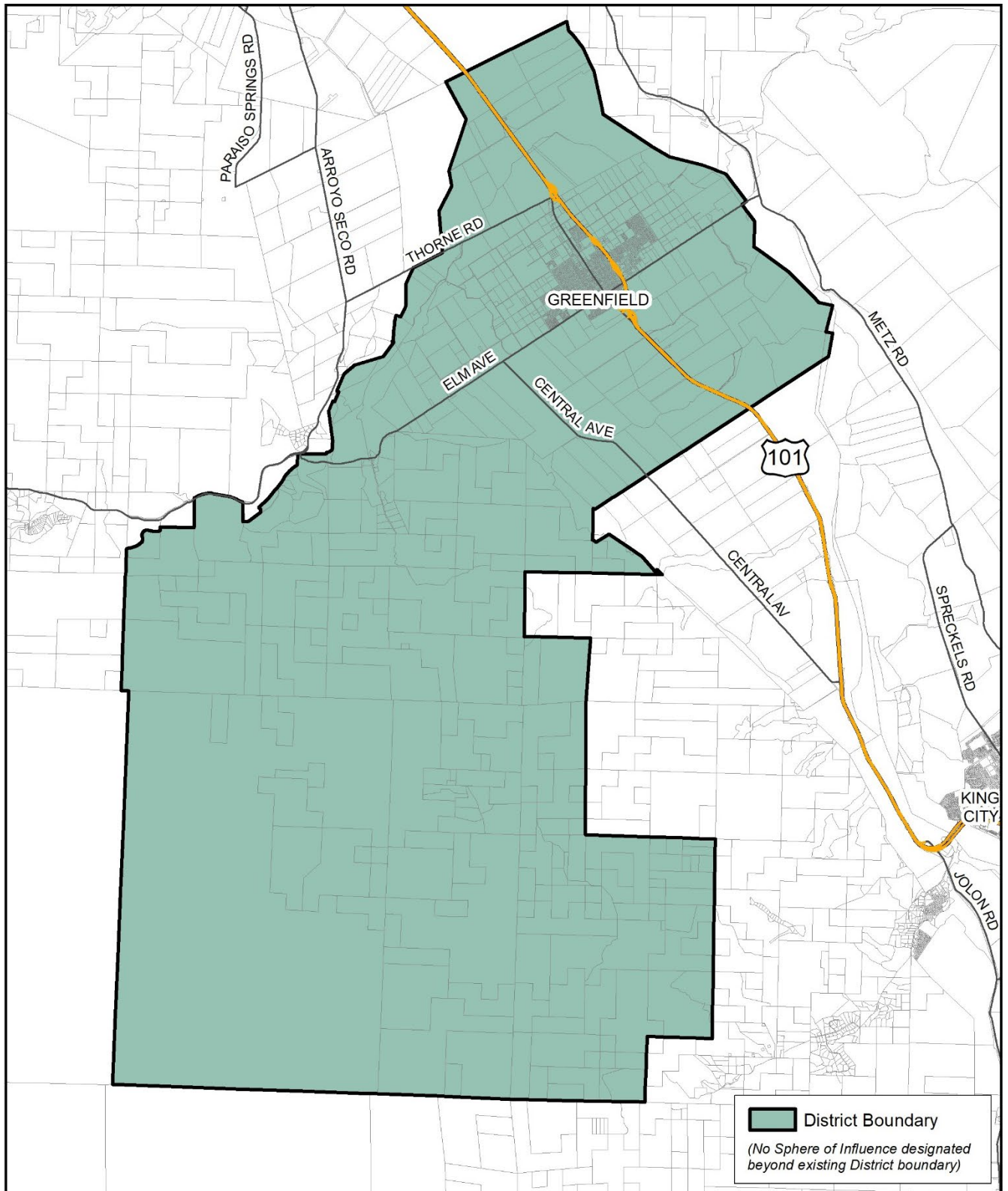
In response to LAFCO's efforts to engage the District on compliance issues identified in this study, a District representative responded that the District recently conducted a budget workshop and would consider adoption of an annual budget at an upcoming meeting.

Financial Summary

Because a current annual audit of the District was not available, the District's most recent available financial information is a July 17, 2023 memo with draft proposed FY 2023-2024 budget attachments from the District's accounting firm. According to this unaudited information, in FY 2021-2022, the District received \$160,323 in charges and fees for services, \$78,170 in property taxes, and \$2,079 in interest income, comprising 67%, 32%, and 1%, respectively, of its total annual revenues of \$240,572. In the same fiscal year, the District spent \$64,026 in salaries and \$109,558 in supplies & services, which was 37% and 63%, respectively, of its total annual expenditures of \$173,584.

To increase revenues to cover the costs of providing services, the District increased burial fees in 2022 by approximately 31% (its first burial-fee increase in more than ten years).

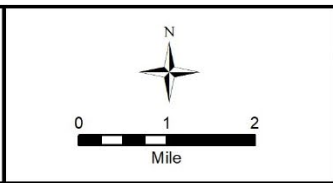
In October 2023, a District representative reported total fund balances of approximately \$633,500 (unaudited data). Of this amount, the District has approximately \$270,500, or 43% of the District's fund balances, in a restricted endowment care fund. Only the interest earned on this State-required endowment fund may be used for the care of the cemeteries owned by the District. The endowment fund principal must be maintained in perpetuity and is not available to be spent.



LAFCO of Monterey County
 LOCAL AGENCY FORMATION COMMISSION

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 Salinas, CA 93902
 Telephone (831) 754-5838

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CEMETERY DISTRICTS

GREENFIELD CEMETERY DISTRICT

Last LAFCO-Approved Change: 02/22/1983
 Status Quo Sphere of Influence Adopted: 02/22/1983
 Map Prepared: 11/20/2015

Spheres of Influence

The City of Greenfield has significant undeveloped land already within its existing city limits to accommodate substantial future growth, plus other lands within the city’s designated sphere of influence. Please refer to the map within the City of Greenfield’s agency profile, earlier in this report.

None of the special districts within this report’s scope has an existing designated sphere of influence beyond the district’s current boundaries. Each of the districts’ boundaries is slightly different from the others.

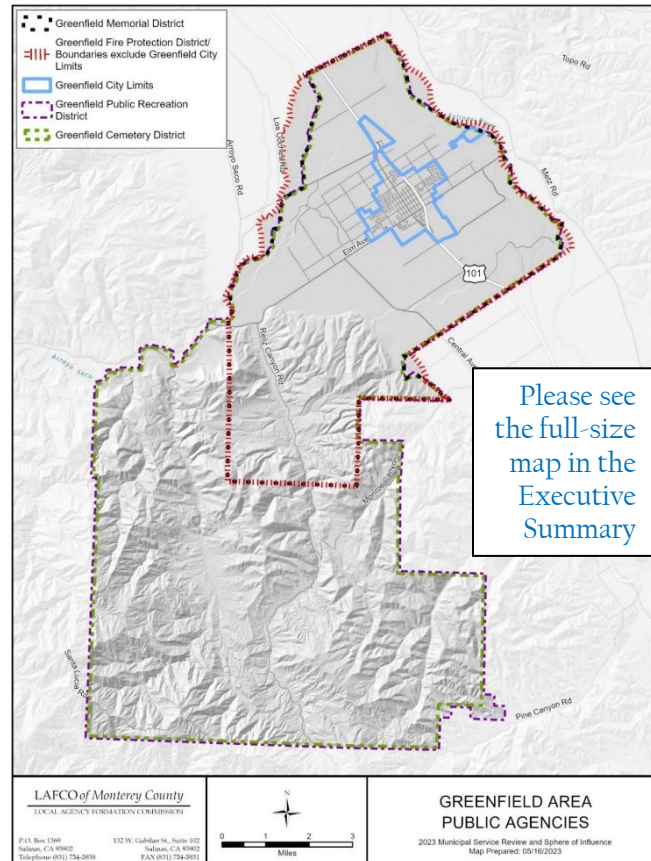
The Recreation and Cemetery District jurisdictional boundaries are significantly larger than the Fire Protection and Memorial Districts. It is unclear why this is the case.

The larger boundaries increase the property tax base for the Recreation and Cemetery Districts, relative to the other agencies. Property tax revenues provide the majority of annual revenues for all of the special districts in this study. In general, having a larger geographic area results in higher property tax revenues. However, the “southern” area that is within only the Recreation and Cemetery Districts consists of rugged terrain, contains little development, is sparsely populated², and – based on data in the County Tax Assessor’s digital mapping data layer – appears to have a total assessed valuation of about \$12 million. In comparison to assessed valuation of about \$974 million within the City of Greenfield and about \$300 million in the area within all four of the special districts, this southern area generates a very small percentage of the Recreation and Cemetery Districts’ revenues.

In addition, there is no obvious logical basis for why the sparsely populated “southern” area should be within the Recreation and Cemetery Districts (but not within the Fire or Memorial Districts). This subarea being within the Recreation and Cemetery Districts raises a question of whether the property tax revenue generated by this southern portion, and allocated through standard formulas and processes to a recreation district and a cemetery district, represents an effective and appropriate use of those funds.

District representatives have not requested any sphere amendments. Staff recommends that no sphere changes are warranted as an immediate priority focus for LAFCO. This study’s focus is on remedying the administrative and financial deficiencies of several of the special districts and highlighting potential options for increasing efficiencies of Greenfield-area service delivery.

It is important to note that LAFCO could – for example – re-designate an agency’s sphere of influence to be smaller than district boundaries. That action would signal the Commission’s intention that the agency’s boundaries should become smaller over the course of time, but it would not have any immediate effect on the agency’s boundaries or revenues. LAFCOs cannot detach lands from an agency unless the detachment is initiated by the agency itself, another public agency that overlaps it, or – less typically – a private petition that meets certain legal criteria.



² Population in this subarea cannot be precisely quantified, because district boundaries/subareas do not cleanly align with population data derived from the U.S. Census. Based on an informal estimate by County mapping staff, the total population of the “southern” area of the Recreation and Cemetery Districts could be 100 or less.

Determinations

Municipal Service Review Determinations Per Government Code Section 56430(a)

This section contains recommended Municipal Services determinations for the City of Greenfield and the Greenfield Fire Protection, Memorial, Public Recreation, and Cemetery Districts.

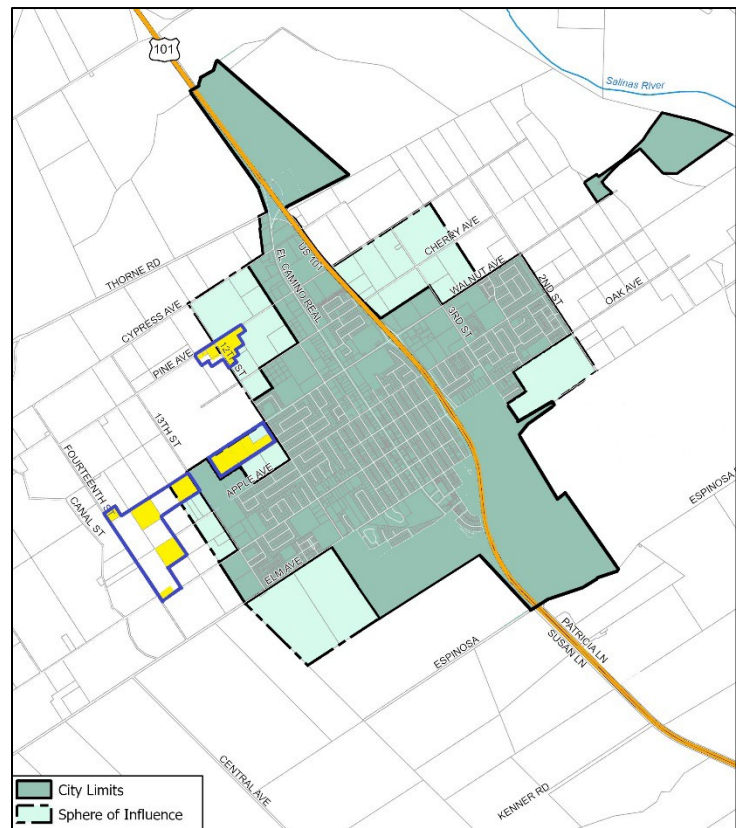
1. Growth and population projections for the affected area

The City of Greenfield's population is approximately 19,000 (18,937 as of the 2020 census). The Fire District's population is about 600. For the other districts, the in-district population includes city residents plus up to approximately 700 residents in the outlying unincorporated area, for a total of about 19,700.

Most population growth in Monterey County in recent decades has occurred in the cities. The Association of Monterey Bay Area Governments (AMBAG) 2022 Regional Growth Forecast projected the City of Greenfield population to increase by 11.8% between 2020 and 2045, which is about the same as AMBAG's projection for Monterey County as a whole (11.4%). According to the U.S. Census 2021 American Community Survey, the City of Greenfield has a relatively large youth population (55% under the age of 30), compared to the County as a whole (42% under the age of 30). The large youth population in the overall Greenfield community could place increasing demands on service providers in the area.

2. Location and characteristics of any disadvantaged unincorporated communities (“DUCs”) within or contiguous to the sphere of influence

The Cortese-Knox-Hertzberg Act, Section 56033.5, defines a DUC as inhabited territory (with 12 or more registered voters) with an annual median household income that is less than 80% of the statewide annual median household income. A large Census block group in unincorporated Monterey County surrounds the City and meets the income criteria of a DUC. Within this large Census block group, there are small clusters of unincorporated residential parcels – in an area within and adjacent to the City's existing designated sphere of influence – mostly along the south side of Walnut Avenue between 13th and 14th Streets, at the corner of 12th St. & Pine Ave., and on the south side of Walnut Ave. at the corner of 12th St. & Pine Ave., identified in the map to the right in blue with inhabited parcels highlighted in yellow. This overall area has a total of 43 registered voters meeting the CKH Act's criterion of having 12 or more registered voters. Multiple on-site wells at these properties are known to have had issues with water quality for several years, as discussed in more detail in the City of Greenfield Agency Profile under the Disadvantaged Unincorporated Community and Groundwater Contamination section of this study.



3. **Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs and deficiencies** (including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any DUCs within, or contiguous to, the sphere of influence)

City of Greenfield

The City is a capable service provider of its various municipal services. The City has constructed, acquired, and adequately maintains its public facilities and other infrastructure. With a large youth population and projected moderate growth in the City over the next 25 years, the City is taking appropriate actions to plan for future service and infrastructure needs. For example, the City's adopted FY 2023-24 Budget includes hiring of eight additional staff positions and includes capital projects such as improved City entrance signage, park lighting, ball field improvements, and road improvements.

As discussed in MSR determination #2, there is a DUC both within and adjacent to the City's existing designated sphere mostly along the south side of Walnut Avenue between 13th and 14th Streets, at the corner of 12th St. & Pine Ave., and on the south side of Walnut Ave. at the corner of 12th St. & Pine Ave.

The City is continuing to grow with a population of approximately 19,000 residents. The City maintains its municipal services and plans for future growth and capacity of its wastewater, municipal water, fire protection, and other services within its city limits. Through a service agreement with the Greenfield Fire Protection District, the City also provides adequate fire protection service to these areas. The City does not currently provide municipal water and wastewater to these areas, which are outside of the city limits. Small water systems (2 to 14 connections) and individual private wells on these properties are known to have had issues with water contamination and water quality for several years.

The City of Greenfield has the option to extend potable water service to these areas in the future through submitting a LAFCO application for an out-of-agency service extension. At this time, City staff has indicated that the City has other obligations and priorities, such as serving existing residents and future development within the city limits. If the City makes such an application in the future, LAFCO will review the City's current capacity to provide municipal water service or wastewater service to these areas. LAFCO can approve a service extension to areas within the City's sphere of influence, and also outside the sphere if the County Environmental Health Bureau determines the existence of an existing or impending threat to public health or safety. LAFCO has approved several City of Greenfield out-of-agency service extensions in the past, most recently in 2019. Any such extension would likely be a significant expense and would most likely need to be funded either by the property owners, by grants, or by some other combination of funding sources. Through a State Water Board program grant, CWC is providing technical assistance and will hire a consultant to study and identify a feasible, long-term drinking water project solution for this DUC area west of the City. Additional State funding programs are available to fund full construction of an identified long-term drinking water project to the DUC as well as to provide incentives to the consolidating system.

Greenfield Fire Protection District

The Greenfield Fire Protection District provides services to the unincorporated area surrounding the City through a comprehensive service agreement with the City, in which the City provides the services within the District's boundaries in exchange for most of the District's annual revenues. The City is planning for the present and future fire protection and emergency medical services needs of the City and the District by designing improvements to the City's existing fire station that would include updated bathrooms, sleeping quarters, office facilities, electricity generator, and security systems.

Greenfield Memorial, Recreation, and Cemetery Districts

The Greenfield Memorial District's Jim Maggini Memorial Park is not actively maintained and needs significant improvements. The Public Recreation District's outdoor swimming pool is currently unused and non-operational. The Cemetery District has nearly reached full burial capacity at Holy Trinity Cemetery. Although other facilities, such as playgrounds at Oak Park, Oak Park Cemetery, and Greenfield Memorial Hall, are operated and actively maintained by the three districts, the current or pending

inoperability of the facilities listed above are examples of previously available services or facilities being no longer available or having diminished capacity.

Investment is needed to repair, replace, or augment these facilities to meet current and future needs of the growing Greenfield-area community. It would be appropriate for the Memorial, Recreation, and Cemetery districts to develop annual capital improvement programs and adopt annual budgets to ensure that capital improvements and upgrades are made in a timely fashion.

4. Financial ability of agency to provide services

The demands on the five Greenfield-area public agencies vary due to the size and geography of each agency's boundaries, land use, demographics, types of services provided, and other factors. These factors help determine the level of funding required to provide an adequate level of service.

The five public agencies within this study receive per-resident revenues ranging from approximately \$11 (Greenfield Memorial District) to \$1,172 (City of Greenfield), depending on assessed valuation, the date of the public agency's formation, development activity, property sales within the agency's boundaries, and other factors.

The financial resources of the agencies appear adequate to meet current demands for services. However, audits of the operations of the Greenfield Memorial, Public Recreation, and Cemetery Districts were last completed six to ten years ago. Completion of annual audits is needed to provide an accurate picture of agency finances. Upon completion of annual audits, it is recommended that the three districts perform strategic planning for current and future service and facility needs. The strategic planning effort would include completion of capital improvement and financial plans to implement needed service and facility improvements.

5. Status of, and opportunities for, shared facilities

In 2017, the City of Greenfield detached from the Greenfield Fire Protection District and created the City of Greenfield Fire Department. Since this time, the District has contracted with the City to provide fire protection and emergency medical services – through the City's staff, equipment, and facilities – to its residents in exchange for most of the District's annual revenues. The District and City's service agreement serves as a model of local government cooperation and efficiency.

The Greenfield Public Recreation, Greenfield Cemetery, and Greenfield Memorial Districts each function mostly as stand-alone local government agencies with no significant partnerships with other public agencies to share facilities or services. Partnering with other local agencies could help the three districts to achieve economies of scale through pooled resources. Partnerships with other local agencies could also improve each district's efficiency and effectiveness.

LAFCO strongly encourages the City of Greenfield and three districts to collaborate on completion of a feasibility study, which would explore and recommend a service model option to improve the Greenfield Public Recreation District, Greenfield Cemetery District, and Greenfield Memorial District's administrative and service delivery efficiency and effectiveness.

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

Registered voters within the City elect a mayor at-large and four councilmembers based on voter districts. Elections are frequently vigorous and active. Each of the four districts is governed by a three- or five-person Board of Directors/Trustees. The five-person Greenfield Public Recreation District and Greenfield Cemetery District Board Directors/Trustees are the same individuals appointed by the Monterey County Board of Supervisors. The five-person Greenfield Memorial District and three-person Greenfield Fire Protection District Board members are elected by voters within their respective districts. If there are no candidates, or if the number of candidates equals the number of eligible seats, the County Board of Supervisors will appoint Directors. The Memorial District's bylaws also include a process for the Board of

Directors to post a notice of vacancy and to appoint a replacement to fill a vacancy by majority vote within 30 days before the County Board of Supervisors would make an appointment to fill a vacancy.

The Greenfield Memorial, Recreation, and Cemetery Districts have various deficiencies in complying with State law (including, but not limited to, adopting annual budgets and completing financial audits), and implementing best practices. These Districts must take immediate action to correct identified deficiencies.

LAFCO strongly encourages the three districts to explore opportunities for improving government structure and operational efficiencies. Such opportunities may include entering into a service agreement with another government agency (such as the City of Greenfield) to provide services. LAFCO also recommends that the City of Greenfield and three districts collaborate to complete a feasibility study. The study would explore and recommend a service model option to improve the three districts' administrative and service delivery efficiency and effectiveness.

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

LAFCO of Monterey County has adopted Sphere of Influence Policies and Criteria within its *Policies and Procedures Relating to Spheres of Influence and Changes of Organization and Reorganization*. These policies and criteria were adopted, in conformance with State law, to meet local needs. The proposed affirmations of the existing five Greenfield area public agencies' spheres of influence are consistent with local policies and criteria.

Sphere of Influence Determinations Per Government Code Section 56425(e)

This section provides recommended sphere of influence determinations for the **City of Greenfield and the Greenfield Fire Protection, Memorial, Public Recreation, and Cemetery Districts**. The Executive Officer recommends that the Commission affirm the current spheres of influence with no changes at this time.

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

Current and future land uses within the study's scope are guided by the general plans of the County of Monterey and the City of Greenfield. Areas outside of the Greenfield city limits are primarily farmlands and grazing land uses. The City's existing sphere and boundaries encompass a wide range of land uses, including open space and agricultural land. The primary agricultural areas within the City's existing 599-acre sphere are areas to the west and east of the city limits. Present and planned land uses are discussed and evaluated in the City's adopted 2005 General Plan, the 2005 General Plan's certified Final Environmental Impact Report (EIR), and in the approved 2013 City-County-LAFCO MOA for orderly and appropriate land use development in the Greater Greenfield Area. The MOA's fundamental objective is to balance the preservation of open space and prime agricultural lands with the need for orderly City growth.

2. Present and probable need for public facilities and services in the area

The Greenfield area has a relatively young population that is currently projected by AMBAG to experience moderate growth through 2045. The City provides a full range of municipal services and has adopted utility master plans and impact fees to ensure that developments within the city fund their share of the costs of city facilities.

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

The City and Greenfield Fire Protection District generally have adequate facilities and services to meet the needs of the overall community that they serve. Since the City-District fire services agreement model took effect in 2017, service levels within the Greenfield Fire Protection District's territory have been consistently maintained.

Levels of service provided by the Greenfield Public Recreation, Greenfield Cemetery, and Greenfield Memorial District have decreased over recent years due primarily to loss of Oak Park's swimming pool operation, Holy Trinity Cemetery approaching/reaching its burial capacity, and discontinued maintenance of Greenfield Memorial District's Jim Maggini Memorial Park as an active sports park. These reductions in levels of services likely place higher demands on similar neighboring public facilities such as Soledad-Mission Recreation District's indoor pool facility, Greenfield Cemetery District's Oak Park Cemetery, and City of Greenfield's Patriot Park's sports facilities.

Consequently, there is an immediate need for the three districts to engage with the community to assess current and future needs for facilities and services. A strategic planning process would also include completion of capital improvement and financial plans to implement identified service and facility improvements.

4. The existence of any social or economic communities of interest in the area, if the commission determines that they are relevant to the agency

Please see MSR determinations #2 and #3 above, and SOI determination #5, below. There are no other particular social or economic communities of interest in the area that have been determined to be relevant to the five Greenfield area public agencies.

5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any DUCs within the existing sphere of influence.

As discussed in MSR determination #2, an area to the west of the City has been identified as a DUC. There is a present and probable need for municipal water services to be provided to the DUC due to groundwater contamination. See MSR determination #3 for additional information.

Sources and Acknowledgements

Information that LAFCO received from City and special district representatives was essential in developing this study.

City staff and special district representatives met with LAFCO staff and provided copies of audits, financial statements, budgets, policies and procedures, Municipal Code, and photographs through the City's and special districts' web sites and/or emails.

Key City and special district representatives who contributed to development of the draft document included City Manager Paul Wood, Director of Community Development Paul Mugan, Fire Chief Jim Langborg, Greenfield Fire Protection District President Allan Panziera, Greenfield Public Recreation/Cemetery District President and LAFCO Commissioner David Kong, Greenfield Memorial District Directors Carlos Venegas and Augustin Almazan, and Greenfield Memorial District Secretary Michael Bloom.

LAFCO's earlier Municipal Service Review and Sphere of Influence Studies provided additional background information about the City and special districts. LAFCO staff also utilized:

- Information provided by the Association of Monterey Bay Area Governments (“AMBAG”) 2022 Regional Growth Forecast, published in June 2022; the 1990, 2000, 2010, and 2020 U.S. Censuses; and 2022 National Funeral Directors Association Cremation & Burial Report;
- The State Controller's By the Numbers website (<https://districts.bythenumbers.sco.ca.gov/#!/year/default>);
- The State Controller's “Special Uniform Accounting and Reporting Procedures” 2023 Edition (https://www.sco.ca.gov/Files-ARD-Local/spd_manual_2023_edition.pdf);
- The Special District Leadership Foundation's “High-Performing District Checklist” (<https://higherlogicdownload.s3.amazonaws.com/CSDA/feaf941-6df6-4428-a23c-583379a09704/UploadedImages/PDfs/high-perform-list.pdf>); and
- LAFCO memorandum: “Discussion Paper – An Informal Review of Potential Service Delivery Options for Local Agencies in the Greater Greenfield Area” (<https://www.co.monterey.ca.us/home/showpublisheddocument/121683/638180153664006614>).
- The California Special Districts Association's “Special District Board Member Handbook” (https://higherlogicdownload.s3-external-1.amazonaws.com/CSDA/508fb6fd-d41d-9e7e-1009-859c6022d132_file.pdf?AWSAccessKeyId=AKIAVRDO7IEREB57R7MT&Expires=1697062329&Signature=%2BKVNbWvNy3H%2By6jMma4c8MzwThA%3D)

Attachment 9.2

Draft Resolution
Greenfield Area MSR-SOI Study

RESOLUTION 23-XX

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY MAKING DETERMINATIONS ADOPTING THE 2023 MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY FOR THE CITY OF GREEN AND GREENFIELD FIRE PROTECTION, MEMORIAL, PUBLIC RECREATION, AND CEMETERY DISTRICTS

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

WHEREAS, State law requires that the Commission conduct periodic reviews and updates of the Sphere of Influence of each city and special district in Monterey County (Government Code section 56425); and

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

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

WHEREAS, the information gathered has provided the basis for preparation of 2023 *Municipal Service Review and Sphere of Influence Study for Greenfield Area Public Agencies* (“Study”) and the Executive Officer has furnished a copy of this Study to each person entitled to a copy or expressing interest in receiving a copy; and

WHEREAS, the Commission set December 4, 2023 as the date on which the Commission would consider the Study; and

WHEREAS, on the date of the consideration of the Study the Commission has heard from interested parties, considered the above-referenced Study and the report of the Executive Officer, and considered the factors determined by the Commission to be relevant to this matter, including, but not limited to, factors specified in Government Code sections 56425(e) and 56430(a), and the Commission’s policies;

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

Section 1. The foregoing recitals are true and correct.

Section 2. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, the Commission finds that the Study is categorically exempt from the provisions of CEQA, in that the Study consists of basic data collection, research, management, and resource evaluation activities that will not result in a serious or major disturbance to an environmental resource, and

pursuant to Section 15061(b)(3), because it can be seen with certainty that there is no possibility that this study may have a significant effect on the environment.

Section 3. In evaluating the five public agencies' spheres of influence, the Commission has conducted a review of the services provided by each agency. This service review was conducted in accordance with Government Code section 56430. The analysis, conclusions and recommendations in this review were prepared with information provided by, and in consultation with, the five public agencies. Data sources are available for review in the office of the Commission.

Section 4. In preparing a municipal service review, the Commission has considered a written statement of its determinations in accord with Government Code section 56430(a). These determinations are for all five Greenfield area public agencies, included in the Study. These determinations are made with respect to each of the following seven areas:

- a. Growth and population projections for the affected area,
- b. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence,
- c. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged unincorporated communities within or contiguous to the sphere of influence,
- d. Financial ability of agencies to provide services,
- e. Status of, and opportunities for, shared facilities,
- f. Accountability for community service needs, including governmental structure and operational efficiencies, and
- g. Any other matter related to effective or efficient service delivery, as required by Commission policy.

Section 5. In evaluating the spheres of influence of the studied public agencies, the Commission has considered a written statement of its determinations, in accord with Section 56425(e) of the Government Code. These determinations, included in the Study, are made with respect to each of the following five areas and are incorporated by reference into this resolution.

- a. The present and planned land uses in the area, including agricultural and open-space lands,
- b. The present and probable need for public facilities and services in the area,
- c. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide,
- d. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency, and
- e. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Section 6. The Commission has considered, as a part of its deliberations, all oral presentations and written communications received.

Section 7. The Commission hereby adopts the 2023 *Municipal Service Review and Sphere of Influence Study for Greenfield Area Public Agencies* and makes the Study's seven recommended Municipal Service Review determinations and the five recommended Sphere of Influence determinations in accordance with Government Code sections 56430(a) and 56425(e), respectively, as set forth in the Study.

Section 8. In accordance with Government Code section 56425(g), the Commission affirms the currently adopted spheres of influence, as shown in maps contained within the Study, of the following five public agencies, with no changes:

- City of Greenfield
- Greenfield Fire Protection District
- Greenfield Memorial District
- Greenfield Public Recreation District
- Greenfield Cemetery District

Section 9. The Commission authorizes the Executive Officer to proceed with identified corrective measures to address the Greenfield Memorial, Public Recreation, and Cemetery Districts' lack of compliance with state legal requirements and best practices, as follows.

- a. Request that the three districts, as a first priority, take immediate actions to meet legal requirements for financial management:
 - Adopt annual budgets for the current fiscal year (FY) 2023-24, and
 - Retain qualified audit consulting firms to perform financial audits for FY 2020-21 and 2021-22.
- b. Request that the three districts, as a second-tier priority, take actions to comply with other state legal requirements:
 - Complete required Form 700 (Statements of Economic Interests filings for all Board members and any applicable staff);
 - Complete required ethics and harassment prevention training for Board members and staff; and
 - Comply with website posting requirements per the Brown Act and other state laws (Public Recreation and Cemetery Districts only).
- c. Encourage the three districts to:
 - Adopt bylaw amendments that promote compliance with training requirements;
 - Retain qualified audit consulting firms to conduct performance audits (evaluations of each district's fiscal practices and processes); and
 - Review and implement best practices recommended by the performance audits and in the Special District Leadership Foundation's "High Performing District" checklist.
- d. Hold a compliance progress-review meeting among LAFCO and representatives of the three districts approximately three months after adoption of this study;
- e. If the three districts have not met State legal requirements within approximately six months of adoption, involve other regulatory oversight agencies, as necessary, to pursue compliance with legal requirements; and
- f. Encourage the Greenfield Memorial, Recreation, and Cemetery Districts to fund a feasibility study to evaluate City-District integration – or other service model options – for improving delivery of municipal services to the overall Greenfield community, including the

surrounding unincorporated area. LAFCO staff will facilitate a meeting among representatives of the City and the three special districts to start this dialogue.

UPON MOTION of Commissioner _____, seconded by Commissioner _____, the foregoing resolution is adopted this 4th day of December, 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 the within instrument is a true and complete copy of the original resolution of said Commission on file within this office. Witness my hand this 4th day of December, 2023

By: _____
Kate McKenna, AICP, Executive Officer

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

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

KATE McKENNA, AICP
Executive Officer

DATE: December 4, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: **Final Annual Audit Report for Fiscal Year Ending June 30, 2023**
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378.

SUMMARY OF RECOMMENDATIONS:

The Budget and Finance Committee recommends that the Commission:

- (1) Receive the Executive Officer's Report;
- (2) Receive a presentation from Ms. Karen Campbell, CPA and Senior Audit Manager, Bianchi Kasavan and Pope, LLP;
- (3) Receive any public comments;
- (4) Provide for any questions or follow-up discussion by the Commission; and
- (5) Adopt the final audit for the fiscal year ending June, 30, 2023.

EXECUTIVE OFFICER'S REPORT:

This matter was reviewed by the Budget and Finance Committee on November 8, 2023 and discussed with Ms. Karen Campbell, CPA, Senior Audit Manager of Bianchi, Kasavan & Pope, LLP (BKP).

Attached are the final annual audited financial statements for the fiscal year that ended on June 30, 2023. The financial statements were audited by BKP. Ms. Campbell will present her audit findings and answer questions.

As part of its review and motion to recommend Commission approval of the Draft Annual Audit Report, the Budget and Finance Committee directed updates to two footnotes in the report: 1) under footnote number 6 'Pension Plan' on page 33, additional information was added regarding LAFCO's Unfunded Termination Liability, and 2) under footnote number 9 'Pending Litigation and Claims' on page 43, clarifications were made in consultation with LAFCO General Counsel.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments:

- 10.1 LAFCO BKP Communications Letter – November 16, 2023
- 10.2 LAFCO Financial Statements for the Years Ended June 30, 2023 and 2022, Bianchi, Kasavan & Pope, LLP, dated November 28, 2023

Attachment 10.1

LAFCO BKP
Communications Letter
November 16, 2023



SALINAS OFFICE

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November 16, 2023

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

We have audited the financial statements of Local Agency Formation Commission of Monterey County (Agency) for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 16, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Agency changed accounting policies related to subscription-based information technology by adopting Governmental Accounting Standards Board Statement No. 96 ("GASB 96") during the year ended June 30, 2023, and there was no impact to the financial statements. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the Agency's financial statements were the estimate for the net pension liability and the estimate for other post-employment benefits (OPEB).

Management's estimate of the net pension liability is based on the work performed by actuaries. We evaluated the methods, assumptions, and data used by the specialist to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the OPEB liability is based on the work performed by an actuary. We evaluated the key factors and assumptions used by the specialist to develop the OPEB liability in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statements disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of audit procedures either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 16, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Agency’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Schedule of Postemployment Healthcare Benefits Funding Progress, Schedule of the Agency's Proportionate Share of the Net Pension Liability, Schedule of Plan Contributions, and the Schedule of Revenues, Expenses and Change in Net Position - Budget and Actual, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

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

Sincerely,


Salinas, California

Attachment 10.2

LAFCO
Financial Statements
For the Years Ended
June 30, 2023 and 2022

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Local Agency Formation Commission of Monterey County
Salinas, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Local Agency Formation Commission of Monterey County (Agency), a state mandated regulatory agency, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency, as of June 30, 2023 and 2022, and the respective changes in financial position and, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed on the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. The Agency has elected not to present Management's Discussion and Analysis.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2023, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Bindi, Karavan + Ape, LLP

Salinas, California
November 16, 2023

BASIC FINANCIAL STATEMENTS

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

STATEMENTS OF NET POSITION

JUNE 30, 2023 AND 2022

ASSETS AND DEFERRED OUTFLOWS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents - Note 2	\$ 1,330,020	\$ 1,200,765
Prepaid expenses	25,593	22,522
TOTAL CURRENT ASSETS	<u>1,355,613</u>	<u>1,223,287</u>
NON-CURRENT ASSETS		
Net pension asset - Note 6	-	262,199
Capital assets - net - Note 3	4,451	8,468
Operating right-of-use assets - Note 5	153,939	-
TOTAL NON-CURRENT ASSETS	<u>158,390</u>	<u>270,667</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension - Note 6	302,729	308,762
Deferred OPEB - Note 7	7,554	8,990
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>310,283</u>	<u>317,752</u>
	<u>\$ 1,824,286</u>	<u>\$ 1,811,706</u>

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

CURRENT LIABILITIES		
Accounts payable	\$ 54,442	\$ 15,677
Accrued leave	80,419	68,104
Deferred revenue	121,282	-
Current portion of operating lease obligations - Note 5	26,358	-
TOTAL CURRENT LIABILITIES	<u>282,501</u>	<u>83,781</u>
NON-CURRENT LIABILITIES		
Net pension liability - Note 6	57,559	-
Net OPEB liability - Note 7	75,064	85,475
Operating lease obligations - net of current portion - Note 5	127,581	-
TOTAL NON-CURRENT LIABILITIES	<u>260,204</u>	<u>85,475</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pension - Note 6	40,785	9,278
Deferred OPEB - Note 7	56,930	52,790
Deferred fees revenue	54,348	56,023
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>152,063</u>	<u>118,091</u>
NET POSITION		
Net investment in capital assets	4,451	8,468
Restricted for pension	-	262,199
Unrestricted - Note 4	1,125,067	1,253,692
TOTAL NET POSITION	<u>1,129,518</u>	<u>1,524,359</u>
	<u>\$ 1,824,286</u>	<u>\$ 1,811,706</u>

The accompanying notes are an integral part of these financial statements.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
County contributions	\$ 354,931	\$ 298,814
District contributions	354,931	298,814
City contributions	354,931	298,814
Project fees	36,121	179,153
	<hr/>	<hr/>
TOTAL OPERATING REVENUES	1,100,914	1,075,595
	<hr/>	<hr/>
OPERATING EXPENSES		
Employee benefits	578,078	(266,158)
Salaries	550,034	442,716
Litigation reserve	129,102	35,449
Accounting and financial services	59,800	60,400
Accrued leave	32,298	5,115
Rent - Note 5	28,772	28,772
Legal	21,803	94,043
Audit services	20,000	14,500
Travel	13,829	-
Computer equipment maintenance	13,613	10,727
Equipment rental and furnishings	11,366	11,069
LAFCO memberships	9,137	8,839
Outside professional services	8,825	75,180
Training and conferences	8,764	540
Property and general liability insurance	7,687	7,129
Postage and shipping	4,890	5,930
Human resource services	4,800	6,640
Telephone	4,534	4,046
Office supplies	4,523	3,411
Depreciation	4,017	4,543
Meeting broadcast services	3,999	-
Legal notices	1,664	4,029
Computer support services	1,565	4,555
Books and periodicals	1,151	1,323
Repairs and maintenance	169	328
Temporary services clerical	-	37,440
Professional services encumbered funds	-	3,438
Recruitment advertising	-	675
Outside printers	-	668
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	1,524,420	605,347
	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
INCOME (LOSS) FROM OPERATIONS	\$ (423,506)	\$ 470,248
NON-OPERATING INCOME		
Fees revenue	1,674	5,363
Interest	26,991	5,448
TOTAL NON-OPERATING INCOME	<u>28,665</u>	<u>10,811</u>
CHANGE IN NET POSITION	(394,841)	481,059
NET POSITION, BEGINNING OF YEAR	<u>1,524,359</u>	<u>1,043,300</u>
NET POSITION, END OF YEAR	<u>\$ 1,129,518</u>	<u>\$ 1,524,359</u>

The accompanying notes are an integral part of these financial statements.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers, county, districts and cities	\$ 1,222,195	\$ 1,075,596
Payments to suppliers	28,164	(882,343)
Payments to employees	(1,148,095)	(197,038)
Net cash provided by (used in) operating activities	102,264	(3,785)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	26,991	5,448
Net cash provided by investing activities	26,991	5,448
NET INCREASE IN CASH AND CASH EQUIVALENTS	129,255	1,663
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,200,765	1,199,102
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,330,020	\$ 1,200,765
Reconciliation of operating income to net cash provided by operating activities		
Income (loss) from operations	\$ (423,506)	\$ 470,248
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	4,017	4,543
Changes in assets, deferred inflows of resources, liabilities and deferred outflows of resources:		
(Increase) decrease in prepaid expenses	(3,071)	(10,409)
(Increase) decrease in net pension asset	262,199	(251,223)
(Increase) decrease in deferred outflows	7,469	(202,296)
Increase (decrease) in accounts payable	38,765	330
Increase (decrease) in accrued leave	12,314	(15,365)
Increase (decrease) in deferred revenue	121,282	-
Increase (decrease) in net pension liability	57,559	-
Increase (decrease) in net OPEB liability	(10,411)	(4,825)
Increase (decrease) in deferred inflows	35,647	5,212
Net cash provided by (used in) operating activities	\$ 102,264	\$ (3,785)

The accompanying notes are an integral part of these financial statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

STATEMENTS OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUND

JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Restricted cash - Note 1	\$ 349,041	\$ 345,244
TOTAL ASSETS	<u>349,041</u>	<u>345,244</u>
LIABILITIES		
Accounts payable	<u>517</u>	<u>443</u>
TOTAL LIABILITIES	<u>517</u>	<u>443</u>
FIDUCIARY NET POSITION		
Restricted for FORA litigation	<u>\$ 348,524</u>	<u>\$ 344,801</u>

The accompanying notes are an integral part of these financial statements.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUND

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ADDITIONS		
Interest income	\$ 6,613	\$ 1,544
TOTAL ADDITIONS	6,613	1,544
DEDUCTIONS		
Legal fees and settlement costs	2,890	2,909
CHANGE IN FIDUCIARY NET POSITION	3,723	(1,365)
FIDUCIARY NET POSITION, BEGINNING OF YEAR	344,801	346,166
FIDUCIARY NET POSITION, END OF YEAR	<u>\$ 348,524</u>	<u>\$ 344,801</u>

The accompanying notes are an integral part of these financial statements.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

Description of Reporting Entity

Local Agency Formation Commission (LAFCO) is a regulatory agency with countywide jurisdiction, established by state law (Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000) to discourage urban sprawl and to encourage orderly and efficient provision of services, such as water, sewer, fire protection, etc. LAFCO of Monterey County (Agency) is a state mandated agency.

The Agency is responsible for reviewing and approving proposed jurisdictional boundary changes, including annexations and detachments of territory to and/or from cities and special districts, incorporations of new cities, formations of new special districts, consolidations, mergers and dissolutions of existing districts. In addition, the Agency reviews and approves contractual service agreements, determines spheres of influence for each city and district, and initiates proposals involving district consolidation, dissolution, establishment of subsidiary districts, mergers and reorganizations.

The Agency is composed of seven Commissioners: two members from the Board of Supervisors; two representatives from the cities within Monterey County; one public member; and two Independent Special District Members. There are four alternate Commissioners, which reflect the same four membership categories.

Basis of Presentation

The Agency's primary operations are accounted for as an enterprise fund, which is a type of a proprietary fund. The accounting policies of the Agency conform to accounting principles generally accepted in the United States of America as applicable to governmental units. Such funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or fees; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Fiduciary Fund

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. The accounting used for fiduciary funds is much like that used for enterprise funds.

The Agency utilizes the Private-Purpose Trust Fund, a fiduciary fund, to account for resources held in trust for litigation costs arising as a result of the FORA dissolution.

In March 2020, the Agency received \$500,000 from the Fort Ord Reuse Authority (FORA), pursuant to an indemnification agreement to be held in trust in a separate litigation reserve fund. The purpose of the agreement and funds is to provide the Agency with money in the event that the Agency needs to initiate or defend against litigation to ensure the FORA dissolution is properly implemented and to reimburse LAFCO for its reasonable expenses incurred as a result of any such legal action or proceeding. Upon resolution of all litigation, all unexpended legal contingency funds shall be equally returned to the County of Monterey and the Cities of Marina, Seaside, Del Rey Oaks and Monterey.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. Net position is segregated into components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position. Proprietary fund operating revenues, such as fees for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, grants, and investment earnings, result from nonexchange transactions or ancillary activities.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Agency considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable, and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

Restricted cash held in the fiduciary fund consists of funds restricted for settlement of FORA litigation.

Fair Value Measurements

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the Agency's investments are categorized as Level 1 in the hierarchy.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Capital Assets

The Agency records its capital assets at cost and depreciates these assets using the MACRS method. Depreciation is based on the following estimated useful lives:

	<u>Years</u>
Office equipment	3 - 5

It is the Agency's policy to capitalize assets with a useful life greater than one year and cost over \$2,000.

Maintenance and minor repairs are charged against income; major renewals and betterments are capitalized and depreciated.

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources and is classified into three components:

- *Net Investment In Capital Assets* describes the portion of net position which is represented by the current net book value of the Agency's capital assets, less the outstanding balance of any debt issued to finance these assets (if any).
- *Restricted* describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws or other restrictions which the Agency cannot unilaterally alter.
- *Unrestricted* describes the portion of net position which is not restricted to use.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Pension Plan

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency's California Public Employees and Retirement System (CalPERS) Plans and additions to and deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Government accounting standards requires that the reported results must pertain to liability and asset information within certain defined timeframes.

For this report, the following timeframes are used:

For the year ended June 30, 2023:

Valuation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	July 1, 2021 to June 30, 2022

For the year ended June 30, 2022:

Valuation Date (VD)	June 30, 2020
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Other Postemployment Benefit (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Agency's OPEB Plan and additions to and deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

For the year ended June 30, 2023:

Valuation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	June 30, 2021 to June 30, 2022

For the year ended June 30, 2022:

Valuation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	June 30, 2020 to June 30, 2021

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. The Agency has two items related to outflows from changes in the net pension liability (Note 6) and net OPEB liability (Note 7).

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources (Continued)

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The Agency has three items related to inflows from changes in the net pension liability (Note 6), net OPEB liability (Note 7), and deferred fees revenue.

In July 2020, the Agency recorded \$100,000 of deferred fees revenue, for funding received from FORA, to implement its administrative oversight role in connection with post-dissolution tasks. The Agency recognized \$1,674 and \$5,363 of these deferred fees as fees revenue during the years ended June 30, 2023 and 2022, respectively.

Adoption of New Accounting Standards

On July 1, 2021, the Agency adopted Governmental Accounting Standards Board Statement No. 87 ("GASB 87"), Lease Accounting. Under the new standard, lessees are required to recognize a right-of-use ("ROU") asset and a lease liability, initially measured at the present value of the lease payments, in the statement of financial position for operating leases. Leases are classified as either operating or finance leases (formerly referred to as capital leases). Recognition, measurement and presentation of expenses and cash flows arising from a lease are determined by a lease's classification. For operating leases, a single lease cost is calculated and allocated over the lease term on a straight-line basis. The Agency used a modified retrospective approach to adopt the guidance and as such there was no restatement of prior financial statements. As permitted under the transition guidance, the Agency elected a package of practical expedients which, among other provisions, allowed the statement of financial position to carry forward historical lease classifications. Short-term leases, which are 12 months or less, are exempt under the guidance and are not capitalized on the Statement of Net Position. The Agency uses the risk-free discount rate when the rate implicit in the lease is not readily determinable at the commencement date in determining the present value of lease payments.

As a result of the adoption, there was no impact upon opening net position as of July 1, 2021. The adoption of GASB 87 did not have a material impact on the statements of revenues and expenses and changes in net position, or cash flows for the Agency.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

On July 1, 2022, the Agency adopted GASB Statement No. 96 ("GASB 96"), Subscription-Based Information Technology Arrangements. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). GASB 96 (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in GASB 87.

There was no impact to the financial statements as a result of the adoption of GASB 96.

Subsequent Events

Subsequent events were evaluated through November 16, 2023, the date the financial statements were available to be issued.

2. CASH AND CASH EQUIVALENTS

Cash consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Cash in bank	\$ 155,270	\$ 188,982
Cash held in Monterey County Treasury:		
Cash undesignated	613,567	334,959
Cash designated for:		
Litigation reserve	135,486	264,588
Contingency reserve	269,914	258,357
Accrued leave	80,419	68,104
Net OPEB obligation	75,064	85,475
Petty cash	<u>300</u>	<u>300</u>
	<u>\$ 1,330,020</u>	<u>\$ 1,200,765</u>

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

2. CASH AND CASH EQUIVALENTS

Agency's Investment Policy

The California Government Code authorizes investments in U.S. Treasury obligations, U.S. District securities, municipal securities, negotiable certificates of deposits, commercial paper, bankers' acceptances, medium-term corporate bonds ("A" or better), asset-backed securities, repurchase agreements, money market funds and local government investment pools. The Agency currently invests its funds in the local government investment pool administered by Monterey County. As of June 30, 2023 and 2022, the investment policy and the investments of the Monterey County pool are in compliance with the California Government Code.

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk of changes in market interest rates adversely affecting the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2023 and 2022, the weighted average maturity of the Monterey County investment portfolio is 337 and 482 days, respectively.

Disclosure Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Monterey County investment pool does not have a rating provided by a nationally recognized statistical rating organization. Approximately 83.4% and 86.3%, as of June 30, 2023 and 2022, respectively, of the investment portfolio is comprised of U.S. Treasuries, Federal Agency securities, Negotiable CDs and other liquid funds.

All of those assets have better than investment grade rating. U.S. Treasuries are not specifically rated, but are considered the safest of all investments. Most corporate debt (15.3% and 11.7% as of June 30, 2023 and 2022, respectively) is rated in the higher levels of investment grade. All Federal Agency and Municipal holdings have AA ratings or are guaranteed by the U.S. Treasury.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

2. CASH AND CASH EQUIVALENTS (Continued)

Concentration of Credit Risk

The Monterey County or the Agency investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The Monterey County pool does not include any investments by any one issuer (other than the State of California Local District Investment Fund and the California Asset Management Program – external governmental investment pools) that represents 10% or more of total investments.

Custodial Credit Risk

Custodial Credit Risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits. The provisions require a financial institution to secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository. Regulated pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure districts' deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The Agency periodically maintains cash deposits in one financial institution, which at times exceed federally insured limits. The Agency has not experienced any losses related to these accounts and believes it is not exposed to any significant credit risk. The Agency's uninsured cash balance was \$0 at June 30, 2023 and 2022.

3. CAPITAL ASSETS

Capital asset activity consisted of the following:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2023</u>
Office equipment	\$ 57,803	\$ -	\$ -	\$ 57,803
Accumulated depreciation	<u>(49,335)</u>	<u>(4,017)</u>	<u>-</u>	<u>(53,352)</u>
TOTAL CAPITAL ASSETS – net	<u>\$ 8,468</u>	<u>\$ (4,017)</u>	<u>\$ -</u>	<u>\$ 4,451</u>

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

3. CAPITAL ASSETS (Continued)

	<u>Balance</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2022</u>
Office equipment	\$ 57,803	\$ -	\$ -	\$ 57,803
Accumulated depreciation	<u>(44,790)</u>	<u>(4,545)</u>	<u>-</u>	<u>(49,335)</u>
TOTAL CAPITAL ASSETS – net	<u>\$ 13,013</u>	<u>\$ (4,545)</u>	<u>\$ -</u>	<u>\$ 8,468</u>

4. NET POSITION – UNRESTRICTED

Unrestricted assets consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Designated for litigation	\$ 135,486	\$ 264,588
Designated for contingency	269,914	258,357
Designated for encumbered funds	70,749	70,749
Unrestricted and undesignated	<u>648,918</u>	<u>659,998</u>
	<u>\$ 1,125,067</u>	<u>\$ 1,253,692</u>

5. OPERATING LEASE

The Agency leases its administrative office under an operating lease agreement that expired on June 30, 2023. The lease was extended effective July 1, 2023, for a five (5) year period through June 2028. Under the terms of the lease extension, base rent will increase annually beginning in July 2023. Total office rent expense under this operating lease agreement was \$28,772 and \$28,772 for the years ended June 30, 2023 and 2022, respectively.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

5. OPERATING LEASE (Continued)

Future minimum lease obligations as of June 30, 2023, are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2024	\$ 32,220
2025	33,187
2026	34,182
2027	35,208
2028	<u>36,263</u>
Total minimum lease payments	171,060
Less present value discount	<u>17,121</u>
Total operating lease liability	<u>\$ 153,939</u>
Total operating right-of-use asset	<u>\$ 153,939</u>

6. PENSION PLAN

General Information about the Pension Plan

Plan Description

The Agency participates in a Miscellaneous Pension Plan (Plan), which is a cost-sharing multiple-employer defined benefit pension plan, administered by CalPERS. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website at calpers.ca.gov.

In January 2013, the California Public Employees' Pension Reform Act (PEPRA) took effect which changes the way CalPERS retirement and health benefits are applied, and places compensation limits on members. Individuals hired on or after January 2013 are under PEPRA. All members who do not fall under this category are considered classic members. Classic members will retain existing benefit levels for future service with the same employer.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

6. PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service; one year of credited service is equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2023 and 2022, are summarized as follows:

Hire date	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible	2.0%	2.0%
Required employee contribution rates	7.000%	6.750%
Required employer contribution rates:		
as of June 30, 2023	10.870%	7.470%
as of June 30, 2022	10.880%	7.590%

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

6. PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

The contribution recognized as part of the pension expense for the Plan were \$46,560 and \$69,875 for the years ended June 30, 2023 and 2022, respectively.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension

The Agency's proportionate share of net pension liability/ (asset) was \$57,559 and (\$262,199) for the years ended June 30, 2023 and 2022, respectively.

The Agency's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2023 and 2022, using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Agency's proportionate share of the net pension liability for the Plan as of June 30, 2023 and 2022, was as follows:

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

6. PENSION PLAN (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

Proportion – Year ended June 30, 2023	0.00123%
Proportion – Year ended June 30, 2022	-0.01381%
Change - Increase	0.01504%

For the year ended June 30, 2023 and 2022, the Agency recognized pension expense (benefit) of \$416,625 and (\$405,551), respectively.

At June 30, 2023 and 2022, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023	
	<u>Deferred Outflows of Resources Related to Pension</u>	<u>Deferred Inflows of Resources Related to Pension</u>
Pension contributions subsequent to measurement date	\$ 59,328	\$ -
Change in employer's proportion	222,528	424
Changes of assumptions	5,898	-
Difference in employer's contributions and the employer's proportionate share of contributions	3,276	39,586
Net differences between projected and actual earnings on plan investments	10,543	-
Difference between expected and actual experience	<u>1,156</u>	<u>774</u>
Total	<u>\$ 302,729</u>	<u>\$ 40,785</u>

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

6. PENSION PLAN (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

	2022	
	<u>Deferred Outflows of Resources Related to Pension</u>	<u>Deferred Inflows of Resources Related to Pension</u>
Pension contributions subsequent to measurement date	\$ 46,560	\$ -
Change in employer's proportion	55,348	954
Changes of assumptions	-	-
Difference in employer's contributions and the employer's proportionate share of contributions	7,371	8,324
Net differences between projected and actual earnings on plan investments	228,886	-
Difference between expected and actual experience	<u>(29,403)</u>	<u>-</u>
Total	<u>\$ 308,762</u>	<u>\$ 9,278</u>

As of June 30, 2023 and 2022, the deferred outflows of resources relate to contributions subsequent to the measurement date of \$59,328 and \$46,560, respectively, will be and was recognized as a reduction of the net pension liability in the years ending June 30, 2023 and 2022, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Amount</u>
2024	\$ 81,090
2025	72,759
2026	42,318
2027	<u>6,449</u>
	<u>\$ 202,616</u>

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

6. PENSION PLAN (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The collective total pension liability for the June 30, 2022, measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Mortality rate table	Derived using CalPERS membership data for all funds (a)
Post-Retirement benefit increases	Lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

(a) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

6. PENSION PLAN (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)

The collective total pension liability for the June 30, 2021, measurement period was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. The collective total pension liability was based on the following assumptions:

Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Mortality rate table	Derived using CalPERS membership data for all funds (a)
Post-Retirement benefit increases	Lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

(a) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Change of Assumptions

In 2018, demographic assumptions and the inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

6. PENSION PLAN (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

Discount Rate

The discount rate used to measure the total pension liability/asset was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members will be made at the current member contribution rates and that contributions from the employers will be made at statutorily required rates, actuarily determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

6. PENSION PLAN (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

Long-term Expected Rate of Return (Continued)

The expected real rates of return by asset class for years ended June 30, 2023 and 2022, are as follows.

	2023	
<u>Asset Class (a)</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 – 10 (a), (b)</u>
Global equity – cap-weighted	30.00%	4.45%
Global equity non– cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	<u>(5.00%)</u>	(0.59%)
Total	<u>100.00%</u>	

(a) An expected inflation of 2.30% used for this period, years 1-10

(b) Figures are based on the 2021-22 Asset Liability Management study

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

6. PENSION PLAN (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

Long-term Expected Rate of Return (Continued)

	2022		
<u>Asset Class (a)</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10(b)</u>	<u>Real Return Years 11+(c)</u>
Public Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	<u>1.00%</u>	0.00%	(0.92%)
Total	<u>100.00%</u>		

(a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term investments; Inflation Assets are included in both Global Equity Security and Global Debt Securities.

(b) An expected inflation of 2.00% used for this period

(c) An expected inflation of 2.92% used for this period

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

6. PENSION PLAN (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Agency's proportionate share of the net pension liability for each plan, calculated using the discount rate for each plan, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	2023	2022
Discount Rate 1% Decrease Net Pension Liability (Asset)	5.90% \$317,796	6.15% (\$36,825)
Current Discount Rate Net Pension Liability (Asset)	6.90% \$57,559	7.15% (\$262,199)
Discount Rate 1% Increase Net Pension Liability (Asset)	7.90% (\$156,551)	8.15% (\$448,511)

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Additional information

CalPERS' June 30, 2022, Annual Valuation Reports for the Miscellaneous Plan of the Local Agency Formation Commission of Monterey County and the PEPRM Miscellaneous Plan of the Local Agency Formation Commission of Monterey County include data regarding the Unfunded Termination Liability for informational purposes. "The accrued liability on a termination basis (termination liability) is calculated differently compared to the plan's ongoing funding liability...", according to CalPERS, and the termination liability for each of these plans is approximately \$839,000 and \$98,000, respectively, based on their respective June 30, 2022, Annual Valuation Reports. The Net Pension Liability as reported on page 5 of the accompanying financial statements has been recorded in accordance with GASB Statement No. 68, Accounting for Pensions.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

7. **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

General Information about the OPEB Plan

Plan Description and Benefits

The Agency administers a single-employer defined benefit postemployment healthcare plan. Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS: either (a) attainment of age 50 (age 52, if a miscellaneous employee new to PERS on or after January 1, 2013) with 5 years of State or public agency service or (b) an approved disability retirement.

Once eligible, coverage may be continued at the retiree's option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage depending on the retirement plan election.

As a PEMHCA employer, the Agency is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. The Agency maintains a resolution with CalPERS defining the level of the Agency's contribution toward the cost of medical plan premiums for employees and retirees to be the PEMHCA minimum employer contribution (MEC). The MEC was \$151 and \$149 per month for the years ended June 30, 2023 and 2022, respectively.

CalPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to CalPERS at the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

No assets are accumulated in a trust.

Employees Covered By Benefit Terms

At the OPEB liability valuation date of June 30, 2021, the following employees were covered by the benefit terms:

Active employees	3
Inactive employees currently receiving benefit payments	1
Inactive employees entitled to but not receiving benefits	<u>2</u>
	<u>6</u>

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
(Continued)

General Information about the OPEB Plan (Continued)

Contributions

The Agency's Board of Commissioners is currently financing its OPEB liability on a pay-as-you-go basis. However, the Agency does set aside cash funds that are designated for the other postemployment benefit (OPEB) liability (See Note 2).

Net OPEB Liability

The Agency's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021, that was rolled forward to determine the total OPEB liability, based on the following actuarial methods and assumptions.

Actuarial Assumptions

The total OPEB liability measured as of June 30, 2022, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Not applicable (\$0, no OPEB trust has been established)
Municipal Bond Index	S & P General Obligation 20-Year High Grade Municipal Bond Index
Discount Rates	4.09% as of June 30, 2022 2.18% as of June 30, 2021
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation
Salary Increase Rate	3.00% per year; since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

7. **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**
(Continued)

Net OPEB Liability (Continued)

Actuarial Assumptions (Continued)

General Inflation Rate 2.50% per year

The total OPEB liability measured as of June 30, 2021, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Funding Method Entry Age Normal Cost, level percent of pay

Asset Valuation Method Market value of assets

Municipal Bond Index S & P General Obligation 20 Year High Grade
Municipal Bond Index

Discount Rates 2.18% as of June 30, 2021
2.66% as of June 30, 2020

Participants Valued Only current active employees and retired
participants and covered dependents are valued.
No future entrants are considered in this valuation

Salary Increase Rate 3.00% per year; since benefits do not depend on
salary, this is used only to allocate the cost of
benefits between service years

General Inflation Rate 2.50% per year

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

7. **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**
(Continued)

Changes in the Net OPEB Liability

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position (i.e., Fair value of Plan assets), and the net OPEB liability during the measurement periods ending on June 30, 2022 and 2021, for the Agency's proportionate share.

	2023		
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary	Net OPEB
	(a)	Net Position	Liability
	(a)	(b)	(a) – (b)
Balance at 6/30/2022	\$ 85,475	\$ -	\$ 85,475
Changes for the year:			
Service cost	11,219	-	11,219
Interest	2,089	-	2,089
Changes of assumptions	(21,967)	-	(21,967)
Contributions – Employer	-	1,752	(1,752)
Plan experience	-	-	-
Benefit payments	(1,752)	(1,752)	-
Net Changes	(10,411)	-	(10,411)
Balances at 6/30/2023	\$ 75,064	\$ -	\$ 75,064

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

7. **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**
(Continued)

Changes in the Net OPEB Liability (Continued)

	2022		
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary	Net OPEB
	(a)	Net Position	Liability
	(a)	(b)	(a) – (b)
Balance at 6/30/2021	\$ 90,300	\$ -	\$ 90,300
Changes for the year:			
Service cost	11,231	-	11,231
Interest	2,646	-	2,646
Changes of assumptions	6,113	-	6,113
Contributions – Employer	-	4,080	(4,080)
Plan experience	(20,735)	-	(20,735)
Benefit payments	(4,080)	(4,080)	-
Net Changes	(4,825)	-	(4,825)
Balances at 6/30/2022	\$ 85,475	\$ -	\$ 85,475

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Agency for the years ended June 30, 2023 and 2022, calculated using the discount rate of 4.09% and 2.18%, respectively. The table also shows what the Agency's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
(Continued)

Changes in the Net OPEB Liability (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate
(Continued)

	2023	2022
Discount Rate 1% Decrease Net OPEB Liability	3.09% \$85,524	1.18% \$98,588
Current Discount Rate Net OPEB Liability	4.09% \$75,064	2.18% \$85,475
Discount Rate 1% Increase Net OPEB Liability	5.09% \$66,439	3.18% \$74,687

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Agency if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2023 and 2022:

	2023	2022
Healthcare Trend Rate 1% Decrease Net OPEB Liability	4.60% \$63,527	4.60% \$72,338
Healthcare Cost Trend Rate Net OPEB Liability	5.60% \$75,064	5.60% \$85,475
Healthcare Trend Rate 1% Increase Net OPEB Liability	6.60% \$89,543	6.60% \$101,962

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
(Continued)

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Difference between projected and actual trust earnings on OPEB plan investments

5-year straight-line recognition

All other amounts

Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended June 30, 2023 and 2022, the Agency recognized OPEB expense of (\$3,035) and \$732, respectively. At June 30, 2023 and 2022, the Agency, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

7. **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**
(Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

	2023	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 25,324
Changes of assumptions	5,754	31,606
Deferred contributions	<u>1,800</u>	<u>-</u>
	<u>\$ 7,554</u>	<u>\$ 56,930</u>

	2022	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 33,377
Changes of assumptions	7,238	19,413
Deferred contributions	<u>1,752</u>	<u>-</u>
	<u>\$ 8,990</u>	<u>\$ 52,790</u>

The Agency will recognize the deferred contributions in the next fiscal year. In addition, future recognition of these deferred resources is shown below:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ (16,266)
2025	(15,510)
2026	(6,267)
2027	(5,302)
2028	(5,052)
Thereafter	<u>(2,779)</u>
	<u>\$ (51,176)</u>

As of June 30, 2023, the Agency reported net OPEB liability of \$75,064.

As of June 30, 2022, the Agency reported net OPEB liability of \$85,475.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

8. COMPENSATED ABSENCES (ACCRUED VACATION, PAID-TIME-OFF, SICK LEAVE AND COMPENSATORY TIME)

Exempt Employees' Annual Leave

In lieu of vacation and sick leave benefits, exempt employees of the Agency are eligible for annual leave on a pro-rated basis based on years of completed service. Exempt employees may accrue a maximum of 250 or 850 hours, depending on employment classification. Exempt employees have an option to sell back up to 160 hours of annual leave each year. Annual leave is paid to the employee at the time of separation from Agency employment. Annual leave liability is calculated by using the employee's fiscal year leave balance multiplied by the employee's fiscal year end rate of pay. These benefits are a general description only. Actual benefits are defined in individual employment agreements.

Vacation and Paid-Time-Off

Overtime eligible employees of the Agency may accumulate up to 260 hours of unused vacation and paid-time-off (PTO). Vacation and PTO leaves are paid to the employee at the time of separation from Agency employment. Vacation and PTO liabilities are calculated using employee's fiscal year end vacation and PTO leave balances multiplied by the employee's fiscal year end rate of pay. These benefits are a general description only. Actual benefits are defined in individual employment agreements.

Sick Leave

Overtime eligible employees can accumulate sick leave indefinitely. Upon retirement or death, unused sick leave is paid up to 30 percent of the employee's base hourly rate of pay, up to a maximum of 1,500 hours. Unused sick leave over the 1,500 hour limit, or any unused sick leave for employees separated from the Agency for other reasons is forfeited. The sick leave liability is calculated using the employee's fiscal year end sick leave balance multiplied by the employee's fiscal year end rate of pay. These benefits are a general description only. Actual benefits are defined in individual employment agreements.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

8. COMPENSATED ABSENCES (ACCRUED VACATION, PAID-TIME-OFF, SICK LEAVE AND COMPENSATORY TIME) (Continued)

Compensatory Time

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

9. PENDING LITIGATION AND CLAIMS

The Monterey Peninsula Water Management District (MPWMD) served the Agency with a Petition for Writ of Mandate and Complaint for Injunctive Relief, filed in April 2022, challenging the February 28, 2022, decision of the Agency to deny MPWMD's proposal to activate its "latent powers" to provide potable water to retail customers. The trial was held on September 21, 2023. On October 25, 2023, the Court issued a Statement of Intended Decision that is adverse to LAFCO, and ordered MPWMD to prepare and submit a proposed Writ of Mandate consistent with the ruling. The Statement of Intended Decision will serve as the Statement of Decision, subject to any objection of the parties. Management intends to diligently defend its position in this matter, and as currently pled, the only financial risk is for LAFCO to pay prevailing party court-ordered attorneys' fees. The ultimate outcome of this litigation cannot presently be determined. Accordingly, adjustments, if any, that might result from the resolution of this matter have not been recognized in the accompanying financial statements.

10. SUBSEQUENT EVENTS

On July 1, 2023, the Agency exercised the 7th Amendment of its lease agreement for offices located in Salinas, California. The lease term has been extended for five years and expires June 30, 2028.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Local Agency Formation Commission of Monterey County
Salinas, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Local Agency Formation Commission of Monterey County (Agency), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated November 16, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bindi, Karavan + Pope, LLP

Salinas, California
November 16, 2023

REQUIRED SUPPLEMENTARY INFORMATION

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

**SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY / (ASSET)
Last 10 Years***

FOR THE YEAR ENDED JUNE 30, 2023

Measurement period	Proportion of the Net Pension Liability/ (Asset)	Proportionate Share of the Net Pension Liability/ (Asset)	Covered Employee Payroll	Proportionate Share of the Net Pension Liability / (Asset) as a Percentage of Covered Employee Payroll	Plan's Fiduciary Net Position	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/ (Asset)
2014	0.00175%	\$ 108,773	\$313,265	34.72%	\$10,639,461,174	81.15%
2015	0.00000%	\$ (109)	\$356,579	(0.03%)	\$10,896,036,068	79.89%
2016	0.00151%	\$ 52,478	\$325,051	16.14%	\$10,923,476,287	75.87%
2017	0.00152%	\$ 59,912	\$375,747	15.94%	\$12,074,499,781	75.39%
2018	0.00097%	\$ (36,372)	\$471,257	(7.72%)	\$13,122,440,092	77.69%
2019	0.00022%	\$ (8,803)	\$494,792	(1.78%)	\$13,979,687,268	77.73%
2020	0.00026%	\$ (10,976)	\$552,897	(1.99%)	\$14,702,361,183	77.71%
2021	0.01381%	\$(262,199)	\$531,830	(49.30%)	\$18,065,791,524	90.49%
2022	0.00123%	\$ 57,559	\$433,108	13.29%	\$16,770,671,339	78.19%

Notes to Schedule:

Benefit Changes:

The figures above do not include any liability impact that occurred after the June 30, 2021, valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes of assumptions:

In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to expected retirement ages of general employees.

In 2016, the discount rate was changed from 7.50 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

In 2017, the discount rate was changed from 7.65 percent to 7.15 percent.

In 2018, demographic assumptions and the inflation rate were changed in accordance with the CalPERS Experience Study and review of Actuarial Assumptions December 2017.

In 2021, 2020 and 2019, there were no changes in assumption from 2018.

In 2022, the accounting discount rate was reduced from 7.15% to 6.90%. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and review of Actuarial Assumptions.

*Fiscal year 2015 was the first year of implementation, therefore only nine years are presented.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

**SCHEDULE OF PENSION PLAN CONTRIBUTIONS
Last 10 years***

FOR THE YEAR ENDED JUNE 30, 2023

Fiscal Year	Contractually Required Contribution (Actuarially Determined)	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	\$31,577	\$31,577	-	\$313,265	10.08%
2016	\$25,095	\$25,095	-	\$356,579	7.04%
2017	\$29,410	\$29,410	-	\$325,051	9.05%
2018	\$36,457	\$36,457	-	\$375,747	9.70%
2019	\$44,686	\$44,686	-	\$471,257	9.48%
2020	\$56,999	\$56,999	-	\$494,792	11.52%
2021	\$69,303	\$69,303	-	\$552,897	12.54%
2022	\$77,451	\$77,451	-	\$531,830	14.56%
2023	\$96,038	\$96,038	-	\$433,108	22.17%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year are as follows:

- FYE 2014-2015 - June 30, 2013, actuarial valuation report
- FYE 2015-2016 - June 30, 2014, actuarial valuation report
- FYE 2016-2017 - June 30, 2015, actuarial valuation report
- FYE 2017-2018 - June 30, 2016, actuarial valuation report
- FYE 2018-2019 - June 30, 2017, actuarial valuation report
- FYE 2019-2020 - June 30, 2018, actuarial valuation report
- FYE 2020-2021 - June 30, 2019, actuarial valuation report
- FYE 2021-2022 - June 30, 2020, actuarial valuation report
- FYE 2022-2023 - June 30, 2021, actuarial valuation report

Valuation Date	June 30, 2021
Actuarial cost method	Entry age actuarial cost method
Amortization Method	Level percentage of pay, direct rate smoothing
Remaining Amortization Period	The period is set by the actuary at what is deemed appropriate; however, the period will not be greater than 20 years.
Asset Valuation Method	The Actuarial Value of Assets is set equal to the Market Value of Assets. Asset values include accounts receivable.
Inflation	2.30% compounded annually
Salary Growth	Annual increases vary by category, entry age, and duration of service
Discount Rate	6.80% compounded annually (net of investment and administrative expenses)
Mortality	Derived using CalPERS' Membership Data for all Funds. The post-retirement mortality rates for 2017 are projected for future years using 80 percent of Scale MP 20 published by the Society of Actuaries

*Fiscal year 2015 was the first year of implementation, therefore only nine years are presented.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

**SCHEDULE OF CHANGES IN THE NET
OPEB LIABILITY AND RELATED RATIOS**

Last 10 years*

FOR THE YEAR ENDED JUNE 30, 2023

	Measurement Period					
	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 11,219	\$ 11,231	\$ 10,667	\$ 21,510	\$ 20,247	\$ 21,380
Interest	2,089	2,646	2,450	4,198	3,598	2,668
Differences between expected and actual experience	-	(20,735)	-	(30,765)	-	-
Changes of assumptions	(21,967)	6,113	1,482	(34,883)	2,423	(5,992)
Benefit payments	(1,752)	(4,080)	(2,925)	(1,614)	(1,566)	(1,518)
Net change in total OPEB liability	(10,411)	(4,825)	11,674	(41,554)	24,702	16,538
Total OPEB liability - beginning	85,475	90,300	78,626	120,180	95,478	78,940
Total OPEB liability - ending	<u>\$ 75,064</u>	<u>\$ 85,475</u>	<u>\$ 90,300</u>	<u>\$ 78,626</u>	<u>\$ 120,180</u>	<u>\$ 95,478</u>
Net OPEB liability as a percentage of covered-employee payroll	16.02%	15.23%	15.44%	15.12%	23.98%	22.36%
Covered-employee payroll	\$ 468,597	\$ 561,179	\$ 584,706	\$ 520,014	\$ 501,159	\$ 426,985

Notes to Schedule:

No assets are accumulated in a trust.

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate each period. The following are the discount rates used in each period:

2018	3.13%
2019	2.98%
2020	2.79%
2021	2.66%
2022	2.18%
2023	4.09%

*Fiscal year 2018 was the first of implementation, therefore only six years are presented.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGE
IN NET POSITION - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
County contributions	\$ 354,931	\$ 354,931	\$ 354,931	\$ -
District contributions	354,931	354,931	354,931	-
City contributions	354,931	354,931	354,931	-
Project fees	10,000	10,000	36,121	26,121
Interest	4,862	4,862	26,991	22,129
Fees revenue	-	-	1,674	1,674
From unreserved funds*	-	-	-	-
TOTAL REVENUES	1,079,655	1,079,655	1,129,579	49,924
EXPENSES				
Employee benefits	218,928	218,928	578,078	(359,150)
Salaries	554,169	554,169	550,034	4,135
Litigation reserve	-	-	129,102	(129,102)
Accounting and financial services	60,000	60,000	59,800	200
Accrued leave	18,000	18,000	32,298	(14,298)
Rent	28,772	28,772	28,772	-
Other legal expenses	8,682	19,182	21,803	(2,621)
Audit services	20,000	20,000	20,000	-
Travel	6,025	15,025	13,829	1,196
Computer equipment maintenance	12,155	12,155	13,613	(1,458)
Equipment rental and furnishings	25,527	20,527	11,366	9,161
LAFCO memberships	9,300	9,300	9,137	163
Outside professional services	25,000	25,000	8,825	16,175
Training and conferences	5,238	8,238	8,764	(526)
Property and general liability insurance	8,700	8,700	7,687	1,013
Postage and shipping	3,804	3,804	4,890	(1,086)
Human resource services	20,589	20,589	4,800	15,789
Telephone	8,104	8,104	4,534	3,570
Office supplies	8,104	8,104	4,523	3,581
Depreciation	-	-	4,017	(4,017)
Meeting broadcast services	4,863	4,863	3,999	864
Legal notices	4,863	4,863	1,664	3,199
Computer support services	19,448	6,948	1,565	5,383
Books and periodicals	1,621	1,621	1,151	470
Repairs and maintenance	463	463	169	294
Recruitment advertisement	1,000	1,000	-	1,000
Outside printers	6,300	1,300	-	1,300
TOTAL EXPENSES	1,079,655	1,079,655	1,524,420	(444,765)
CHANGE IN BUDGETARY NET POSITION	\$ -	\$ -	(394,841)	\$ (394,841)
BUDGETARY NET POSITION, BEGINNING OF YEAR			1,577,607	
BUDGETARY NET POSITION, END OF YEAR			\$ 1,182,766	

* Authorized transfer from unreserved funds was not necessary.

Explanation of differences between budgetary and GAAP expenditures:

Total expenditures reported on the Schedule of Revenues, Expenses, and Change in Net Position - Budget and Actual	\$ 1,524,420
Differences - budget to GAAP: encumbered funds	-
Total expenditures reported on the Statement of Revenues, Expenses, and Change in Net Position	\$ 1,524,420

The accompanying note is an integral part of this required supplementary information.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGE
IN NET POSITION - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Favorable (Unfavorable)
REVENUES				
County contributions	\$ 298,814	\$ 298,814	\$ 298,814	\$ -
District contributions	298,814	298,814	298,814	-
City contributions	298,814	298,814	298,814	-
Project fees	10,000	10,000	179,153	169,153
Interest	4,631	4,631	5,448	817
Fees revenue	-	-	5,363	5,363
From unreserved funds*	122,353	122,353	-	(122,353)
TOTAL REVENUES	1,033,426	1,033,426	1,086,406	52,980
EXPENSES				
Salaries	541,761	541,761	442,716	99,045
Other legal expenses	8,269	8,269	94,043	(85,774)
Outside professional services	-	-	75,180	(75,180)
Accounting and financial services	69,600	69,600	60,400	9,200
Temporary services clerical	-	-	37,440	(37,440)
Litigation reserve	-	-	35,449	(35,449)
Rent	28,772	28,772	28,772	-
Audit services	14,700	14,700	14,500	200
Equipment rental and furnishings	24,311	24,311	11,069	13,242
Computer equipment maintenance	11,576	11,576	10,727	849
LAFCO memberships	9,300	9,300	8,839	461
Property and general liability insurance	12,882	12,882	7,129	5,753
Human resource services	22,313	22,313	6,640	15,673
Postage and shipping	3,308	3,308	5,930	(2,622)
Accrued leave	18,000	18,000	5,115	12,885
Computer support services	18,522	18,522	4,555	13,967
Depreciation	-	-	4,543	(4,543)
Telephone	7,718	7,718	4,046	3,672
Legal notices	4,631	4,631	4,029	602
Office supplies	7,718	7,718	3,411	4,307
Books and periodicals	1,544	1,544	1,323	221
Recruitment advertisement	1,000	1,000	675	325
Outside printers	6,300	6,300	668	5,632
Training and conferences	5,238	5,238	540	4,698
Repairs and maintenance	441	441	328	113
Meeting broadcast services	4,631	4,631	-	4,631
Travel	6,025	6,025	-	6,025
Employee benefits	204,866	204,866	(266,158)	471,024
TOTAL EXPENSES	1,033,426	1,033,426	601,909	431,517
CHANGE IN BUDGETARY NET POSITION	\$ -	\$ -	484,497	\$ 484,497
BUDGETARY NET POSITION, BEGINNING OF YEAR			1,093,110	
BUDGETARY NET POSITION, END OF YEAR			\$ 1,577,607	

* Authorized transfer from unreserved funds was not necessary.

Explanation of differences between budgetary and GAAP expenditures:

Total expenditures reported on the Schedule of Revenues, Expenses, and Change in Net Position - Budget and Actual	\$ 601,909
Differences - budget to GAAP: encumbered funds	3,438
Total expenditures reported on the Statement of Revenues, Expenses, and Change in Net Position	<u>\$ 605,347</u>

The accompanying note is an integral part of this required supplementary information.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2023 AND JUNE 30, 2022

1. BUDGETARY REPORTING

The Agency adopts an annual budget. The budget includes expenditures and the means of financing them and is used for planning purposes. Budgeted amounts are as originally adopted or as amended by the Agency.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

KATE McKENNA, AICP
Executive Officer

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

DATE: December 4, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
PREPARED BY: Jonathan Brinkmann, Senior Analyst
SUBJECT: Consider Proposed Amendments to the LAFCO Rules and Regulations “Bylaws” to Change the Commission’s Parliamentary Procedures from Robert’s Rules of Order to Rosenberg’s Rules of Order, and to Add a Code of Conduct and Rules of Decorum.
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 any public comments;
3. Provide for questions or follow-up discussion by the Commission;
4. Consider adoption of a resolution (Attachment 1) updating the LAFCO Rules and Regulations (“Bylaws”) for the Orderly and Fair Conduct of Hearings; and
5. Consider receiving a training from LAFCO General Counsel on the use of Rosenberg’s Rules of Order at the January 22, 2024 Regular Commission meeting.

EXECUTIVE OFFICER’S REPORT:

Over the past several months, anonymous public participants through Zoom have attempted to disrupt a number of city council meetings on the Monterey Peninsula using hate speech. The purpose of the proposed updates to the Bylaws is to establish guidelines and procedures to support the Chair and Commission in maintaining order during meetings, and to address Zoom bombings/disruptions if they arise. LAFCO Chair Gourley has been consulted in the preparation of this agenda item.

Discussion

LAFCO General Counsel and staff recommend that the Commission review and consider adoption of a resolution (Attachment 1) to change the Commission’s parliamentary procedures from Robert’s Rules of Order to Rosenberg’s Rules of Order, and to add a Code of Conduct and Rules of Decorum under LAFCO’s Bylaws. Rosenberg’s Rules of Order provides a more concise, understandable, and user-friendly structure. The intent of a Code of Conduct and Rules of Decorum is to establish uniform norms and procedures to conduct the Commission’s business in an orderly and fair manner. Proposed changes to the Bylaws are shown in tracked changes under Attachment 2. As an additional measure, staff intends to implement the Zoom Webinar format for future Commission meetings, which will provide enhanced meeting security features.

Rosenberg's Rules of Order

Rosenberg's Rules of Order is a simplified set of parliamentary rules widely used by local government in California (Attachment 3, 2011 revised version is 10 pages). While also widely used, Robert's Rules of Order was adapted from the rules and practice of the U.S. Congress and is more suited for a complex setting (1989 revised version is 179 pages). The Commission has already been using several aspects of Rosenberg's Rules of Order at its meetings. For example, the Commission has consistently used the three basic motions, the procedure for resolving multiple motions on the floor, and the prescribed role of the Chair.

As part of the recommendations for this item, staff recommends that the Commission consider receiving a training from LAFCO General Counsel on the use of Rosenberg's Rules of Order at its next regular meeting.

Code of Conduct and Rules of Decorum

The Code of Conduct and Rules of Decorum will serve as a guide for Commissioners and staff in the performance of their duties, and sets expectations for decorum at public meetings. To reinforce the Code of Conduct and Rules of Decorum, General Counsel and staff recommend additional clarifying language to Section 12 'Chair and Chair Pro Tempore' regarding the role of the Chair to preserve order and decorum, and to take appropriate steps to address disruptions or disturbances during meetings.

Respectfully Submitted,

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

Kate McKenna, AICP
Executive Officer

Attachments:

1. Draft Resolution Adopting an Update to the Bylaws for the Orderly and Fair Conduct of Hearings of LAFCO of Monterey County, including Exhibit A: Proposed Bylaws Update. (Clean Version)
2. Proposed Bylaws Update for the Orderly and Fair Conduct of Hearings of LAFCO of Monterey County. (Tracked Changes Version)
3. Rosenberg's Rules of Order, Revised 2011

Attachment 11.01

Draft Resolution
Bylaws Update (Clean Version)

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

RESOLUTION NO. 23-xx

ADOPTING AN UPDATE TO THE RULES AND REGULATIONS (“BYLAWS”) FOR THE ORDERLY AND FAIR CONDUCT OF HEARINGS OF THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

WHEREAS, each Local Agency Formation Commission is empowered pursuant to Government Code Section 56375 to adopt and to enforce its own rules and regulations for the orderly and fair conduct of hearings; and

WHEREAS, the Local Agency Formation Commission adopted Resolutions 02-09, 08-02, 11-15, 11-17, 20-15, 22-11, and 23-02 establishing Rules and Regulations for the Orderly and Fair Conduct of Hearings; and

WHEREAS, the Local Agency Formation Commission wishes to further update the Rules and Regulations for the Orderly and Fair Conduct of Hearings to change its parliamentary procedures from Robert’s Rules of Order to Rosenberg’s Rules of Order and to adopt a Code of Conduct; and

WHEREAS, the Local Agency Formation Commission has considered the proposed update at a public meeting on December 4, 2023.

NOW, THEREFORE, BE IT RESOLVED that the Local Agency Formation Commission of Monterey County finds that the proposed updates (Exhibit A) are not subject to environmental analysis because they constitute organizational and administrative activities of government that will not result in direct or indirect physical changes in the environment and are therefore not a “project” for purposes of CEQA.

BE IT FURTHER RESOLVED that the Local Agency Formation Commission of Monterey County adopts the attached update to the Rules and Regulations (“Bylaws”) for the Orderly and Fair Conduct of Hearings of the Local Agency Formation Commission of Monterey County (Exhibit A), and the update is effective immediately.

UPON MOTION of Commissioner _____, seconded by Commissioner _____, the foregoing resolution is adopted this 4th day of December 2023 by the following vote:

AYES: Commissioners:
NOES: Commissioners:
ABSENT: Commissioners:
ALTERNATES: 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 4th day of December 2023.

By: _____
Kate McKenna, AICP, Executive Officer

Exhibit A

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

RULES AND REGULATIONS (“BYLAWS”)

FOR THE ORDERLY AND FAIR CONDUCT OF HEARINGS

OF THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

December 4, 2023 Proposed Update – Clean Version

Amended: 2002, 2008, 2011, 2020, 2022, and 2023

Section 1. GENERAL APPLICATION

The Local Agency Formation Commission of Monterey County hereby declares that its procedures, and the procedures of its standing committees, shall be governed by the California Open Meeting Law, also known as the “Ralph M. Brown Act” or “Brown Act” (California Government Code section 54950 *et seq.*), and the regulations hereinafter set forth together with such other administrative regulations as may from time to time be prescribed by the Commission or its Executive Officer. Should these regulations conflict with the requirements of the Brown Act, the provisions of the Brown Act shall control. For purposes of these rules and, unless otherwise specified, the term “Commissioner” shall refer to regular members of the Commission, and the term “Alternate” shall refer to alternate members.

Section 2. AUTHORITY

The conduct of the Local Agency Formation Commission of Monterey County is governed by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Government Code sections 56000 *et seq.*, as amended and hereinafter referred to as the “CKH Act.” The provisions of these bylaws are not intended to preempt state law. In the event of a conflict between the provisions set forth in these bylaws and those set forth in the CKH Act, the provisions of the CKH Act shall prevail.

Section 3. REGULAR MEETINGS

Regular meetings of the Commission shall be held on the fourth Monday of each month commencing at the hour of 3:00 p.m., or as may be otherwise determined as part of the adoption of the annual calendar. If such a meeting falls upon a legal holiday, the regular meeting shall be held on the preceding or succeeding Monday that does not fall on a holiday as set forth in the annual calendar. If no matters have been filed, no other matters remain from previous meetings, or there is otherwise no business to transact, the Chair may cancel the regular meeting, directing the Executive Officer to so notify the members of the Commission.

Section 4. AGENDAS OF REGULAR MEETINGS

At least 72 hours before a regular meeting, an agenda shall be posted at the Commission’s regular place of posting that contains a brief description of each item of business to be transacted or discussed at the

meeting. The agenda will include a period of time on the agenda to receive public comment on items within the jurisdiction of the Commission. The Commission will not make a final determination on any issue raised during the public comment period that is not included on the agenda. The Commission may refer the item to staff or schedule action for a future agenda.

Section 5. ITEMS NOT ON THE POSTED AGENDA

No action is to be taken on items not set forth on the posted agenda unless:

- a. By a majority vote the Commission determines that an emergency situation exists (emergency situation means work stoppage or other activity which severely impairs health, safety, or both, or a crippling disaster which severely impairs public health, safety, or both);
- b. By a determination of two-thirds of the Commissioners, or if less than two-thirds of the Commissioners are present then by unanimous vote of the Commissioners present, that the need to take action arose subsequent to the agenda being posted; or
- c. By the item being continued from a prior meeting held less than five days previously at which time the item was posted.

Section 6. SPECIAL MEETINGS

Special meetings may be ordered at any time by the Chair, or by a majority of Commissioners calling for such a meeting in writing. Notice of a special meeting must be delivered to each Commissioner personally, or by mail, and to each local newspaper of general circulation, and any radio or television stations requesting notice in writing. Such notice must be received at least 24 hours before the time of such special meeting as specified in the notice. The order shall specify the time, date, and place of the special meeting and the business to be transacted. No other business shall be considered at such meeting by the Commission. The call and notice shall be posted at least 24 hours prior to the special meeting at the Commission's regular place of posting. The written notice may be dispensed with as to any Commissioner who at or prior to the time the meeting convenes files with the Executive Officer a written waiver of notice. The waiver may be given by email. The written notice may also be dispensed with as to any Commissioner who is actually present at the meeting at the time it convenes.

Section 7. EMERGENCY MEETINGS

An emergency meeting may be held without compliance with the 24 hour notice or posting requirement as provided in Section 6 when an emergency situation exists, as defined in Section 5(a). The Executive Officer shall notify by phone at least one hour prior to such meeting any media which has requested notice of special meetings. Any action taken at the meeting shall be posted for a minimum of ten days in a public place as soon after the meeting as possible.

Section 8. ADJOURNED MEETINGS

The Commissioners may continue any item to another meeting specified in the order of continuance, may adjourn any meeting without specifying a new meeting date, and may adjourn any meeting to a time and place specified in the order of adjournment. Less than a quorum may so continue an item or adjourn a meeting. If all members are absent from any meeting, the clerk or secretary may so adjourn the meeting, and shall provide notice of any new meeting date and time as required by law.

Section 9. LOCATION OF MEETINGS

Unless otherwise particularly ordered by the Commission, all meetings shall be held in the Board of Supervisors Chambers, Monterey County Government Center, 168 West Alisal Street, First Floor, Salinas, California. Additionally, if consistent with state law, the Commission may by majority vote decide to

conduct its meetings virtually, or in a hybrid manner where certain Commissioners attend a meeting from a physical location while others attend virtually.

Section 10. COMPOSITION

The Commission shall consist of seven regular members and four alternate members (Government Code sections 56325 and 56332). All Commissioners must be residents of Monterey County.

Section II. SELECTION/APPOINTMENT OF MEMBERS

- A. County: The County Board of Supervisors shall appoint two regular Commissioners and one alternate Commissioner from the Board's membership to serve on the Commission (Government Code section 56325).
- B. City: The City Selection Committee shall appoint two regular Commissioners and one alternate Commissioner to serve on the Commission, each of whom shall be a mayor or city council member from one of the County's incorporated communities (Government Code section 56325). Such appointments shall be made in accordance with the procedure established by the City Selection Committee and described in the rules and regulations of that body.
- C. Special Districts: The Special Districts Selection Committee shall appoint two regular Commissioners and one alternate Commissioner from the special districts within the County (Government Code section 56332). Such appointments shall be made in accordance with the procedure established by the Special Districts Selection Committee and described in the rules and regulations of that body. The Independent Special Districts Selection Committee serves as the Special Districts Selection Committee and is comprised of one representative from each independent special district in Monterey County. The Independent Special Districts Selection Committee makes Special District Member appointments to LAFCO through elections in accordance with its Commissioner Selection Process and Criteria.
- D. Public Member: The public member and one alternate public member are appointed by a majority vote of the Commission in accordance with Government Code section 56325(d) and in the manner detailed in Section 14 of these bylaws.

Section 12. CHAIR AND CHAIR PRO TEMPORE

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

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

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

The Chair shall be the parliamentarian of the Commission, upon consultation with the General Counsel, and shall have the powers, and perform the duties necessary, to preserve order and decorum, and to ensure the orderly discharge of the Commission's business.

In the event of a disruption or disturbance, the Chair is authorized, in consultation with General Counsel, to take all appropriate steps, including calling a recess, and to curtail behavior which substantially impairs the conduct of the meeting.

Section 13. TEMPORARY CHAIR PRO TEMPORE

In the absence of the Chair or Chair Pro Tempore at any meeting, the Commissioners present and constituting a quorum may, by majority vote, select a Commissioner to serve as temporary Chair Pro Tempore to serve in the absence of the Chair or Chair Pro Tempore.

Section 14. APPOINTMENT OF REGULAR AND ALTERNATE PUBLIC MEMBERS

Immediately upon the vacancy or tendered resignation of the Commission's regular or alternate public member, the Executive Officer shall prepare a press release and distribute it to the various newspapers circulated within the county and shall mail to each person on the LAFCO agenda distribution list, or other such interested persons requesting a copy, a notice of such vacancy. Said notice shall request that interested persons submit to the Executive Officer by a specified date a letter of interest and resume. Said letters of interest and resumes shall be provided to each regular and alternate city, district and county LAFCO Commissioner. The Commission shall review the qualifications of all interested persons by reviewing the submitted letters of interest and resumes and may determine to hold interview sessions with the most qualified applicants. The Commission may appoint an ad hoc committee to review applications, interview candidates, and present recommendations to the full Commission. Selection of the regular and alternate public member shall be subject to the affirmative vote of at least one of the Commissioners selected by each of the appointing authorities of the cities, the districts and the county. The Commission shall make such appointments by the confirmation of at least four votes of those Commissioners qualified to vote on the matter.

The Commission may appoint a person to any vacant public member position who is currently an officer or an employee of the County, or of any city or district with territory in the County, conditional upon receiving written verification that the person has resigned from the local agency position that causes the conflict of interest.

If the position of regular public member becomes vacant prior to the expiration of a term, the Commission may appoint the alternate public member to fill the unexpired term. If either position becomes vacant prior to the expiration of a term, the Commission may appoint a qualified candidate who has applied in the previous 12 months in response to a notice of vacancy for either position. These alternate application procedures can be implemented following a 21-day public notice of the vacancy.

Section 15. ALTERNATE MEMBERS

In each member category, the alternate member shall serve and vote in place of a regular member who is absent or who disqualifies herself or himself from participating on a specific matter before the Commission at a regular/special Commission meeting or in closed session. Alternate members shall be entitled and encouraged to attend all meetings of the Commission, even if the regular member(s) is (are) present. Alternate members may attend and participate in closed session meetings of the Commission.

Section 16. TERMS OF OFFICE

The terms of office of Commissioners and Alternates shall be four years unless otherwise prescribed by law. If a Commissioner leaves the Commission prior to the completion of his/her term, the appointment of his/her successor shall be for the remainder of the unexpired term of his/her predecessor.

Section 17. COMPENSATION

Commissioners attending CALAFCO functions (e.g., conferences, workshops, executive board meetings) shall be compensated for the expenses associated with conference registration, accommodations, parking, mileage, and car rental. Commissioners shall not receive a LAFCO stipend for attending such functions.

Section 18. COMMITTEES OF THE COMMISSION

The Commission may establish committees from time to time. The composition of committees should be at least two Commissioners, but no more than three Commissioners, and may include Alternates. The Commission may establish standing committees which have broad and continuing subject matter, such as the Budget & Finance Committee, or ad hoc committees which are formed for a specific purpose and a limited time, such as the Executive Officer Evaluation and Compensation Review Committee.

Committees may be appointed by any of the following methods:

- a. Nominations from the floor (open nominations) with viva voce election;
- b. Nominations by the chair (with confirmation by voice vote);
- c. Appointment by the chair; and
- d. Appointment by adoption of a motion naming members of a committee.

Section 19. QUORUM

Four Commissioners, including any Alternate in attendance in the place and stead of any absent or disqualified Commissioner, shall constitute a quorum for the transaction of any business of the Commission. Any resolution or minute order shall be adopted by the affirmative votes of at least four Commissioners, including any such Alternate(s). In the absence of a quorum, the Executive Officer may adjourn the meeting to a stated time and place in accordance with Section 54955 of the Government Code.

Section 20. MAJORITY

Actions of the Commission shall be by a majority vote of Commissioners present and voting on the issue. If a Commissioner is recused or prohibited from voting due to an actual or perceived conflict of interest under the California Political Reform Act (Government Code section 8700 *et seq.*) or Government Code section 1090 *et seq.*, the Commissioner shall leave the dais and the chambers, and his or her presence shall not be counted towards a quorum. If the recusal of a Commissioner on a certain item will upset the quorum, such item shall be trailed to the end of the meeting and continued to a future meeting when a quorum can be obtained. The presence of any Commissioner who otherwise abstains from voting shall be counted for purposes of determining a quorum, but the vote of such abstaining Commissioners shall not be counted either for or against a measure in determining whether a majority vote has been obtained.

Section 21. MEETING PROCEDURE

All meetings of the Commission shall be open to the public. If a Commissioner appears after any public testimony or presentations have been given during a public hearing, such Commissioner shall abstain from voting unless the matter is continued to another meeting. If the public hearing is continued, the Commissioner may participate after reviewing all recordings and materials of the proceedings missed. Unless otherwise ordered by the Chair, the business shall be taken up for consideration and disposition in the following order:

- a. Roll Call
- b. Pledge of Allegiance
- c. Public Comment
- d. Closed Session
- e. Consent Agenda
- f. Continued Matters
- g. New Matters
- h. Other Matters
- i. Executive Officer's Report
- j. Commissioner Comments
- k. Adjournment

Section 22. SUSPENSION OF REGULAR ORDER OF BUSINESS

The regular order of business may be suspended at the discretion of the Chair, unless a majority of the Commission is opposed thereto.

Section 23. ROSENBERG'S RULES OF ORDER

Except as may otherwise specifically be provided in these regulations, all meetings of the Commission shall be conducted pursuant to Rosenberg's Rules of Order, revised.

Section 24. CODE OF CONDUCT AND RULES OF DECORUM

Commissioners and staff will adhere to the following principles:

1. Treat each other and everyone with courtesy and refrain from inappropriate behavior and derogatory comments.
2. Provide fair and equal treatment for all persons.
3. Avoid making negative or offensive comments about Commissioners, staff, and members of the public.
4. Inform the Chair of the desire to speak and be acknowledged by the Chair before speaking.
5. Work together to preserve order and decorum during meetings.
6. Not delay or interrupt the proceedings or the peace of the Commission, nor disturb any Commissioner while speaking, by conversation or otherwise.

Section 25. VOTING

Except upon demand of a Commissioner or voting Alternate, roll need not be called upon voting on a motion, order, or resolution. All members shall vote audibly either "aye" or "nay" as the case may be.

Section 26. PUBLIC PARTICIPATION AT MEETINGS

- a. Each agenda of the Commission shall provide an opportunity for members of the public to address the Commissioners on any agenda item of interest to the public, before the Commissioners' consideration of the item. The Chair may limit the time allowed for each person to speak.
- b. Each agenda for regular meetings will include a regular time near the beginning of the agenda to receive public comment on items that are within the jurisdiction of the Commission but are not on the agenda. Directors are not required to respond to any issues raised during the public comment period and may not take any action on such issues other than to refer the item to Staff or schedule action for a future agenda.

Section 27. HEARINGS

All hearings shall be conducted by the Chair in the manner provided by law. All hearings of the Commission will be considered open for public participation. When a proposal is being considered by the Commission, the public hearing will be considered open when the item is referred to on the agenda by the Chair. The sequence of events relating to a proposal shall be as follows:

- a. By reference to agenda, the Chair announces the proposal to be heard or considered.
- b. The Executive Officer will present the "Executive Officer's Report" to the Commission.
- c. The Executive Officer will present or summarize any additional messages or communications regarding the proposal.
- d. The Chair inquires if Commissioners have any questions of staff.
- e. The Chair asks if there are any proponents in the audience who wish to be heard.
- f. Following the proponents' remarks, the Chair asks for opponents to be heard.
- g. The Chair may permit a brief period for rebuttal from proponents following all opponents being heard.
- h. The Chair shall receive public comments.
- i. After the public has been heard, the Chair may entertain a motion to close the public hearing.
- j. Following the successful passage of the motion to close the public hearing, the discussion would be limited to the Commission level and culminates in an action to approve or deny the proposal by resolution adopted by a vote of the Commission.
- k. The Chair may alter the order specified above, if the Chair believes such change in the order would facilitate the hearing process.

Section 28. RECORDS OF PROCEEDINGS

All proceedings of every meeting of the Commission shall be reported in writing and shall be permanently maintained in an appropriate Minute File. Minutes of the Commission meetings shall be presented to the Commission at its next regularly scheduled meeting and shall be approved by a majority of Commissioners present, but in no instance shall the affirmative vote be less than four. All orders of the Commission with reference to its final action upon any application or proposal resolutions will be maintained in full in the Minute File. The Executive Officer of the Commission shall keep a Resolution File in which all resolutions shall be entered in full. References in the Minute File to resolutions shall be made by number and name.

Section 29. PROPONENT

As used herein the term "proponent" shall refer to any person, firm, private corporation, or any local agency making application to or filing any proposal with the Commission.

Section 30. FORMS

In any proceeding with reference to which the Commission provides an established printed form, the application or proposal or other filing shall be made upon the particular form so provided. When any such printed form is so provided, all information and exhibits required by regularly adopted regulation of the Commission, except that upon finding good cause the Executive Officer may waive submission of certain of the information. In no instance shall waiver be given for submission of any information required by law. The Executive Officer may decline to receive any document or paper not complying with these regulations or the Commission may decline to proceed in the matter until such time as compliance is had with these regulations.

Section 31. FILINGS REQUESTED

A proponent shall file an original and 15 copies of any application/petition form, map and legal description. When an application consists of a petition, only two copies of the signature pages need be submitted. All filing shall be made with the Executive Officer or such designated person.

Section 32. ADDITIONAL STATEMENTS

Any application or proposal shall contain such data and information or maps or plats as may be required by any rule or regulation of the Commission, including Standards for the Evaluation of Proposals, and such additional data as may be required by the Executive Officer and which pertains to any of the matters or factors which may be considered by the Commission. Such additional statements, maps, plats and rezoning may be required and shall be furnished upon demand of the Executive Officer at any time either at the time of or subsequent to the initial filing of any application or proposal. The Executive Officer may decline to receive for filing any document or paper that does not comply with the requirements of this section. In the event any such additional data is required after an initial filing is made, further proceedings may be held in suspense pending the presentation of additional data.

Section 33. IDENTIFICATION OF PROPOSAL

The Executive Officer shall establish a file for each application or proposal and shall establish a LAFCO file number and distinctive name or title for each proposal.

Section 34. SUPERSESSION

These Rules and Regulations shall supersede any and all rules of procedure previously adopted by the Commission.

Attachment 11.02

Bylaws Update
(Tracked Changes)

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

RULES AND REGULATIONS (“BYLAWS”)

FOR THE ORDERLY AND FAIR CONDUCT OF HEARINGS

OF THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

December 4, 2023 Proposed Update – Tracked Changes Version
Amended: 2002, 2008, 2011, 2020, 2022, and 2023

Section 1. GENERAL APPLICATION

The Local Agency Formation Commission of Monterey County hereby declares that its procedures, and the procedures of its standing committees, shall be governed by the California Open Meeting Law, also known as the “Ralph M. Brown Act” or “Brown Act” (California Government Code section 54950 *et seq.*), and the regulations hereinafter set forth together with such other administrative regulations as may from time to time be prescribed by the Commission or its Executive Officer. Should these regulations conflict with the requirements of the Brown Act, the provisions of the Brown Act shall control. For purposes of these rules and, unless otherwise specified, the term “Commissioner” shall refer to regular members of the Commission, and the term “Alternate” shall refer to alternate members.

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Regular meetings of the Commission shall be held on the fourth Monday of each month commencing at the hour of 3:00 p.m., or as may be otherwise determined as part of the adoption of the annual calendar. If such a meeting falls upon a legal holiday, the regular meeting shall be held on the preceding or succeeding Monday that does not fall on a holiday as set forth in the annual calendar. If no matters have been filed, no other matters remain from previous meetings, or there is otherwise no business to transact, the Chair may cancel the regular meeting, directing the Executive Officer to so notify the members of the Commission.

Section 4. AGENDAS OF REGULAR MEETINGS

At least 72 hours before a regular meeting, an agenda shall be posted at the Commission's regular place of posting that contains a brief description of each item of business to be transacted or discussed at the meeting. The agenda will include a period of time on the agenda to receive public comment on items within the jurisdiction of the Commission. The Commission will not make a final determination on any issue raised during the public comment period that is not included on the agenda. The Commission may refer the item to staff or schedule action for a future agenda.

Section 5. ITEMS NOT ON THE POSTED AGENDA

No action is to be taken on items not set forth on the posted agenda unless:

- a. By a majority vote the Commission determines that an emergency situation exists (emergency situation means work stoppage or other activity which severely impairs health, safety, or both, or a crippling disaster which severely impairs public health, safety, or both);
- b. By a determination of two-thirds of the Commissioners, or if less than two-thirds of the Commissioners are present then by unanimous vote of the Commissioners present, that the need to take action arose subsequent to the agenda being posted; or
- c. By the item being continued from a prior meeting held less than five days previously at which time the item was posted.

Section 6. SPECIAL MEETINGS

Special meetings may be ordered at any time by the Chair, or by a majority of Commissioners calling for such a meeting in writing. Notice of a special meeting must be delivered to each Commissioner personally, or by mail, and to each local newspaper of general circulation, and any radio or television stations requesting notice in writing. Such notice must be received at least 24 hours before the time of such special meeting as specified in the notice. The order shall specify the time, date, and place of the special meeting and the business to be transacted. No other business shall be considered at such meeting by the Commission. The call and notice shall be posted at least 24 hours prior to the special meeting at the Commission's regular place of posting. The written notice may be dispensed with as to any Commissioner who at or prior to the time the meeting convenes files with the Executive Officer a written waiver of notice. The waiver may be given by email. The written notice may also be dispensed with as to any Commissioner who is actually present at the meeting at the time it convenes.

Section 7. EMERGENCY MEETINGS

An emergency meeting may be held without compliance with the 24 hour notice or posting requirement as provided in Section 6 when an emergency situation exists, as defined in Section 5(a). The Executive Officer shall notify by phone at least one hour prior to such meeting any media which has requested notice of special meetings. Any action taken at the meeting shall be posted for a minimum of ten days in a public place as soon after the meeting as possible.

Section 8. ADJOURNED MEETINGS

The Commissioners may continue any item to another meeting specified in the order of continuance, may adjourn any meeting without specifying a new meeting date, and may adjourn any meeting to a time and place specified in the order of adjournment. Less than a quorum may so continue an item or adjourn a meeting. If all members are absent from any meeting, the clerk or secretary may so adjourn the meeting, and shall provide notice of any new meeting date and time as required by law.

Section 9. LOCATION OF MEETINGS

Unless otherwise particularly ordered by the Commission, all meetings shall be held in the Board of Supervisors Chambers, Monterey County Government Center, 168 West Alisal Street, First Floor, Salinas, California. Additionally, if consistent with state law, the Commission may by majority vote decide to conduct its meetings virtually, or in a hybrid manner where certain Commissioners attend a meeting from a physical location while others attend virtually.

Section 10. COMPOSITION

The Commission shall consist of seven regular members and four alternate members (Government Code sections 56325 and 56332). All Commissioners must be residents of Monterey County.

Section 11. SELECTION/APPOINTMENT OF MEMBERS

- A. County: The County Board of Supervisors shall appoint two regular Commissioners and one alternate Commissioner from the Board's membership to serve on the Commission (Government Code section 56325).
- B. City: The City Selection Committee shall appoint two regular Commissioners and one alternate Commissioner to serve on the Commission, each of whom shall be a mayor or city council member from one of the County's incorporated communities (Government Code section 56325). Such appointments shall be made in accordance with the procedure established by the City Selection Committee and described in the rules and regulations of that body.
- C. Special Districts: The Special Districts Selection Committee shall appoint two regular Commissioners and one alternate Commissioner from the special districts within the County (Government Code section 56332). Such appointments shall be made in accordance with the procedure established by the Special Districts Selection Committee and described in the rules and regulations of that body. The Independent Special Districts Selection Committee serves as the Special Districts Selection Committee and is comprised of one representative from each independent special district in Monterey County. The Independent Special Districts Selection Committee makes Special District Member appointments to LAFCO through elections in accordance with its Commissioner Selection Process and Criteria.
- D. Public Member: The public member and one alternate public member are appointed by a majority vote of the Commission in accordance with Government Code section 56325(d) and in the manner detailed in Section 14 of these bylaws.

Section 12. CHAIR AND CHAIR PRO TEMPORE

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

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

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

The Chair shall be the parliamentarian of the Commission, upon consultation with the General Counsel, and shall have the powers, and perform the duties necessary, to preserve order and decorum, and to ensure the orderly discharge of the Commission's business.

In the event of a disruption or disturbance, the Chair is authorized, in consultation with General Counsel, to take all appropriate steps, including calling a recess, and to curtail behavior which substantially impairs the conduct of the meeting.

Section 13. TEMPORARY CHAIR PRO TEMPORE

In the absence of the Chair or Chair Pro Tempore at any meeting, the Commissioners present and constituting a quorum may, by majority vote, select a Commissioner to serve as temporary Chair Pro Tempore to serve in the absence of the Chair or Chair Pro Tempore.

Section 14. APPOINTMENT OF REGULAR AND ALTERNATE PUBLIC MEMBERS

Immediately upon the vacancy or tendered resignation of the Commission's regular or alternate public member, the Executive Officer shall prepare a press release and distribute it to the various newspapers circulated within the county and shall mail to each person on the LAFCO agenda distribution list, or other such interested persons requesting a copy, a notice of such vacancy. Said notice shall request that interested persons submit to the Executive Officer by a specified date a letter of interest and resume. Said letters of interest and resumes shall be provided to each regular and alternate city, district and county LAFCO Commissioner. The Commission shall review the qualifications of all interested persons by reviewing the submitted letters of interest and resumes and may determine to hold interview sessions with the most qualified applicants. The Commission may appoint an ad hoc committee to review applications, interview candidates, and present recommendations to the full Commission. Selection of the regular and alternate public member shall be subject to the affirmative vote of at least one of the Commissioners selected by each of the appointing authorities of the cities, the districts and the county. The Commission shall make such appointments by the confirmation of at least four votes of those Commissioners qualified to vote on the matter.

The Commission may appoint a person to any vacant public member position who is currently an officer or an employee of the County, or of any city or district with territory in the County, conditional upon receiving written verification that the person has resigned from the local agency position that causes the conflict of interest.

If the position of regular public member becomes vacant prior to the expiration of a term, the Commission may appoint the alternate public member to fill the unexpired term. If either position becomes vacant prior to the expiration of a term, the Commission may appoint a qualified candidate who has applied in the previous 12 months in response to a notice of vacancy for either position. These alternate application procedures can be implemented following a 21-day public notice of the vacancy.

Section 15. ALTERNATE MEMBERS

In each member category, the alternate member shall serve and vote in place of a regular member who is absent or who disqualifies herself or himself from participating on a specific matter before the Commission at a regular/special Commission meeting or in closed session. Alternate members shall be entitled and encouraged to attend all meetings of the Commission, even if the regular member(s) is (are) present. Alternate members may attend and participate in closed session meetings of the Commission.

Section 16. TERMS OF OFFICE

The terms of office of Commissioners and Alternates shall be four years unless otherwise prescribed by law. If a Commissioner leaves the Commission prior to the completion of his/her term, the appointment of his/her successor shall be for the remainder of the unexpired term of his/her predecessor.

Section 17. COMPENSATION

Commissioners attending CALAFCO functions (e.g., conferences, workshops, executive board meetings) shall be compensated for the expenses associated with conference registration, accommodations, parking, mileage, and car rental. Commissioners shall not receive a LAFCO stipend for attending such functions.

Section 18. COMMITTEES OF THE COMMISSION

The Commission may establish committees from time to time. The composition of committees should be at least two Commissioners, but no more than three Commissioners, and may include Alternates. The Commission may establish standing committees which have broad and continuing subject matter, such as the Budget & Finance Committee, or ad hoc committees which are formed for a specific purpose and a limited time, such as the Executive Officer Evaluation and Compensation Review Committee.

Committees may be appointed by any of the following methods:

- a. Nominations from the floor (open nominations) with viva voce election;
- b. Nominations by the chair (with confirmation by voice vote);
- c. Appointment by the chair; and
- d. Appointment by adoption of a motion naming members of a committee.

Section 19. QUORUM

Four Commissioners, including any Alternate in attendance in the place and stead of any absent or disqualified Commissioner, shall constitute a quorum for the transaction of any business of the Commission. Any resolution or minute order shall be adopted by the affirmative votes of at least four Commissioners, including any such Alternate(s). In the absence of a quorum, the Executive Officer may adjourn the meeting to a stated time and place in accordance with Section 54955 of the Government Code.

Section 20. MAJORITY

Actions of the Commission shall be by a majority vote of Commissioners present and voting on the issue. If a Commissioner is recused or prohibited from voting due to an actual or perceived conflict of interest under the California Political Reform Act (Government Code section 8700 *et seq.*) or Government Code section 1090 *et seq.*, the Commissioner shall leave the dais and the chambers, and his or her presence shall

not be counted towards a quorum. If the recusal of a Commissioner on a certain item will upset the quorum, such item shall be trailed to the end of the meeting and continued to a future meeting when a quorum can be obtained. The presence of any Commissioner who otherwise abstains from voting shall be counted for purposes of determining a quorum, but the vote of such abstaining Commissioners shall not be counted either for or against a measure in determining whether a majority vote has been obtained.

Section 21. MEETING PROCEDURE

All meetings of the Commission shall be open to the public. If a Commissioner appears after any public testimony or presentations have been given during a public hearing, such Commissioner shall abstain from voting unless the matter is continued to another meeting. If the public hearing is continued, the Commissioner may participate after reviewing all recordings and materials of the proceedings missed. Unless otherwise ordered by the Chair, the business shall be taken up for consideration and disposition in the following order:

- a. Roll Call
- b. Pledge of Allegiance
- c. Public Comment
- d. Closed Session
- e. Consent Agenda
- f. Continued Matters
- g. New Matters
- h. Other Matters
- i. Executive Officer's Report
- j. Commissioner Comments
- k. Adjournment

Section 22. SUSPENSION OF REGULAR ORDER OF BUSINESS

The regular order of business may be suspended at the discretion of the Chair, unless a majority of the Commission is opposed thereto.

Section 23. ROSENBERG ROBERT'S RULES OF ORDER

Except as may otherwise specifically be provided in these regulations, all meetings of the Commission shall be conducted pursuant to Rosenberg Robert's Rules of Order, revised. ~~The Chair shall be the parliamentarian of the Commission, upon consultation with the General Counsel.~~

Section 24. CODE OF CONDUCT AND RULES OF DECORUM

Commissioners and staff will adhere to the following principles:

1. Treat each other and everyone with courtesy and refrain from inappropriate behavior and derogatory comments.
2. Provide fair and equal treatment for all persons.
3. Avoid making negative or offensive comments about Commissioners, staff, and members of the public.
4. Inform the Chair of the desire to speak and be acknowledged by the Chair before speaking.
5. Work together to preserve order and decorum during meetings.
6. Not delay or interrupt the proceedings or the peace of the Commission, nor disturb any Commissioner while speaking, by conversation or otherwise.

Section 2524. VOTING

Except upon demand of a Commissioner or voting Alternate, roll need not be called upon voting on a motion, order, or resolution. All members shall vote audibly either “aye” or “nay” as the case may be.

Section 2625. PUBLIC PARTICIPATION AT MEETINGS

a. Each agenda of the Commission shall provide an opportunity for members of the public to address the Commissioners on any agenda item of interest to the public, before the Commissioners’ consideration of the item. The Chair may limit the time allowed for each person to speak.

b. Each agenda for regular meetings will include a regular time near the beginning of the agenda to receive public comment on items that are within the jurisdiction of the Commission but are not on the agenda. Directors are not required to respond to any issues raised during the public comment period and may not take any action on such issues other than to refer the item to Staff or schedule action for a future agenda.

Section 2726. HEARINGS

All hearings shall be conducted by the Chair in the manner provided by law. All hearings of the Commission will be considered open for public participation. When a proposal is being considered by the Commission, the public hearing will be considered open when the item is referred to on the agenda by the Chair. The sequence of events relating to a proposal shall be as follows:

- a. By reference to agenda, the Chair announces the proposal to be heard or considered.
- b. The Executive Officer will present the “Executive Officer’s Report” to the Commission.
- c. The Executive Officer will present or summarize any additional messages or communications regarding the proposal.
- d. The Chair inquires if Commissioners have any questions of staff.
- e. The Chair asks if there are any proponents in the audience who wish to be heard.
- f. Following the proponents’ remarks, the Chair asks for opponents to be heard.
- g. The Chair may permit a brief period for rebuttal from proponents following all opponents being heard.
- h. The Chair shall receive public comments.
- i. After the public has been heard, the Chair may entertain a motion to close the public hearing.
- j. Following the successful passage of the motion to close the public hearing, the discussion would be limited to the Commission level and culminates in an action to approve or deny the proposal by resolution adopted by a vote of the Commission.
- k. The Chair may alter the order specified above, if the Chair believes such change in the order would facilitate the hearing process.

Section 2827. RECORDS OF PROCEEDINGS

All proceedings of every meeting of the Commission shall be reported in writing and shall be permanently maintained in an appropriate Minute File. Minutes of the Commission meetings shall be presented to the Commission at its next regularly scheduled meeting and shall be approved by a majority of Commissioners present, but in no instance shall the affirmative vote be less than four. All orders of the Commission with reference to its final action upon any application or proposal resolutions will be maintained in full in the Minute File. The Executive Officer of the Commission shall keep a Resolution

File in which all resolutions shall be entered in full. References in the Minute File to resolutions shall be made by number and name.

Section 2928. PROPONENT

As used herein the term “proponent” shall refer to any person, firm, private corporation, or any local agency making application to or filing any proposal with the Commission.

Section 3029. FORMS

In any proceeding with reference to which the Commission provides an established printed form, the application or proposal or other filing shall be made upon the particular form so provided. When any such printed form is so provided, all information and exhibits required by regularly adopted regulation of the Commission, except that upon finding good cause the Executive Officer may waive submission of certain of the information. In no instance shall waiver be given for submission of any information required by law. The Executive Officer may decline to receive any document or paper not complying with these regulations or the Commission may decline to proceed in the matter until such time as compliance is had with these regulations.

Section 3130. FILINGS REQUESTED

A proponent shall file an original and 15 copies of any application/petition form, map and legal description. When an application consists of a petition, only two copies of the signature pages need be submitted. All filing shall be made with the Executive Officer or such designated person.

Section 3231. ADDITIONAL STATEMENTS

Any application or proposal shall contain such data and information or maps or plats as may be required by any rule or regulation of the Commission, including Standards for the Evaluation of Proposals, and such additional data as may be required by the Executive Officer and which pertains to any of the matters or factors which may be considered by the Commission. Such additional statements, maps, plats and rezoning may be required and shall be furnished upon demand of the Executive Officer at any time either at the time of or subsequent to the initial filing of any application or proposal. The Executive Officer may decline to receive for filing any document or paper that does not comply with the requirements of this section. In the event any such additional data is required after an initial filing is made, further proceedings may be held in suspense pending the presentation of additional data.

Section 3332. IDENTIFICATION OF PROPOSAL

The Executive Officer shall establish a file for each application or proposal and shall establish a LAFCO file number and distinctive name or title for each proposal.

Section 3433. SUPERSESSION

These Rules and Regulations shall supersede any and all rules of procedure previously adopted by the Commission.

Attachment 11.03

Rosenberg's Rules of Order



Rosenberg's Rules of Order

REVISED 2011

Simple Rules of Parliamentary Procedure for the 21st Century

By Judge Dave Rosenberg



MISSION AND CORE BELIEFS

To expand and protect local control for cities through education and advocacy to enhance the quality of life for all Californians.

VISION

To be recognized and respected as the leading advocate for the common interests of California's cities.

About the League of California Cities

Established in 1898, the League of California Cities is a member organization that represents California's incorporated cities. The League strives to protect the local authority and autonomy of city government and help California's cities effectively serve their residents. In addition to advocating on cities' behalf at the state capitol, the League provides its members with professional development programs and information resources, conducts education conferences and research, and publishes Western City magazine.

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ABOUT THE AUTHOR

Dave Rosenberg is a Superior Court Judge in Yolo County. He has served as presiding judge of his court, and as presiding judge of the Superior Court Appellate Division. He also has served as chair of the Trial Court Presiding Judges Advisory Committee (the committee composed of all 58 California presiding judges) and as an advisory member of the California Judicial Council. Prior to his appointment to the bench, Rosenberg was member of the Yolo County Board of Supervisors, where he served two terms as chair. Rosenberg also served on the Davis City Council, including two terms as mayor. He has served on the senior staff of two governors, and worked for 19 years in private law practice. Rosenberg has served as a member and chair of numerous state, regional and local boards. Rosenberg chaired the California State Lottery Commission, the California Victim Compensation and Government Claims Board, the Yolo-Solano Air Quality Management District, the Yolo County Economic Development Commission, and the Yolo County Criminal Justice Cabinet. For many years, he has taught classes on parliamentary procedure and has served as parliamentarian for large and small bodies.



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INTRODUCTION

The rules of procedure at meetings should be simple enough for most people to understand. Unfortunately, that has not always been the case. Virtually all clubs, associations, boards, councils and bodies follow a set of rules — *Robert's Rules of Order* — which are embodied in a small, but complex, book. Virtually no one I know has actually read this book cover to cover. Worse yet, the book was written for another time and for another purpose. If one is chairing or running a parliament, then *Robert's Rules of Order* is a dandy and quite useful handbook for procedure in that complex setting. On the other hand, if one is running a meeting of say, a five-member body with a few members of the public in attendance, a simplified version of the rules of parliamentary procedure is in order.

Hence, the birth of *Rosenberg's Rules of Order*.

What follows is my version of the rules of parliamentary procedure, based on my decades of experience chairing meetings in state and local government. These rules have been simplified for the smaller bodies we chair or in which we participate, slimmed down for the 21st Century, yet retaining the basic tenets of order to which we have grown accustomed. Interestingly enough, *Rosenberg's Rules* has found a welcoming audience. Hundreds of cities, counties, special districts, committees, boards, commissions, neighborhood associations and private corporations and companies have adopted *Rosenberg's Rules* in lieu of *Robert's Rules* because they have found them practical, logical, simple, easy to learn and user friendly.

This treatise on modern parliamentary procedure is built on a foundation supported by the following four pillars:

1. **Rules should establish order.** The first purpose of rules of parliamentary procedure is to establish a framework for the orderly conduct of meetings.
2. **Rules should be clear.** Simple rules lead to wider understanding and participation. Complex rules create two classes: those who understand and participate; and those who do not fully understand and do not fully participate.
3. **Rules should be user friendly.** That is, the rules must be simple enough that the public is invited into the body and feels that it has participated in the process.
4. **Rules should enforce the will of the majority while protecting the rights of the minority.** The ultimate purpose of rules of procedure is to encourage discussion and to facilitate decision making by the body. In a democracy, majority rules. The rules must enable the majority to express itself and fashion a result, while permitting the minority to also express itself, but not dominate, while fully participating in the process.

Establishing a Quorum

The starting point for a meeting is the establishment of a quorum. A quorum is defined as the minimum number of members of the body who must be present at a meeting for business to be legally transacted. The default rule is that a quorum is one more than half the body. For example, in a five-member body a quorum is three. When the body has three members present, it can legally transact business. If the body has less than a quorum of members present, it cannot legally transact business. And even if the body has a quorum to begin the meeting, the body can lose the quorum during the meeting when a member departs (or even when a member leaves the dais). When that occurs the body loses its ability to transact business until and unless a quorum is reestablished.

The default rule, identified above, however, gives way to a specific rule of the body that establishes a quorum. For example, the rules of a particular five-member body may indicate that a quorum is four members for that particular body. The body must follow the rules it has established for its quorum. In the absence of such a specific rule, the quorum is one more than half the members of the body.

The Role of the Chair

While all members of the body should know and understand the rules of parliamentary procedure, it is the chair of the body who is charged with applying the rules of conduct of the meeting. The chair should be well versed in those rules. For all intents and purposes, the chair makes the final ruling on the rules every time the chair states an action. In fact, all decisions by the chair are final unless overruled by the body itself.

Since the chair runs the conduct of the meeting, it is usual courtesy for the chair to play a less active role in the debate and discussion than other members of the body. This does not mean that the chair should not participate in the debate or discussion. To the contrary, as a member of the body, the chair has the full right to participate in the debate, discussion and decision-making of the body. What the chair should do, however, is strive to be the last to speak at the discussion and debate stage. The chair should not make or second a motion unless the chair is convinced that no other member of the body will do so at that point in time.

The Basic Format for an Agenda Item Discussion

Formal meetings normally have a written, often published agenda. Informal meetings may have only an oral or understood agenda. In either case, the meeting is governed by the agenda and the agenda constitutes the body's agreed-upon roadmap for the meeting. Each agenda item can be handled by the chair in the following basic format:

First, the chair should clearly announce the agenda item number and should clearly state what the agenda item subject is. The chair should then announce the format (which follows) that will be followed in considering the agenda item.

Second, following that agenda format, the chair should invite the appropriate person or persons to report on the item, including any recommendation that they might have. The appropriate person or persons may be the chair, a member of the body, a staff person, or a committee chair charged with providing input on the agenda item.

Third, the chair should ask members of the body if they have any technical questions of clarification. At this point, members of the body may ask clarifying questions to the person or persons who reported on the item, and that person or persons should be given time to respond.

Fourth, the chair should invite public comments, or if appropriate at a formal meeting, should open the public meeting for public input. If numerous members of the public indicate a desire to speak to the subject, the chair may limit the time of public speakers. At the conclusion of the public comments, the chair should announce that public input has concluded (or the public hearing, as the case may be, is closed).

Fifth, the chair should invite a motion. The chair should announce the name of the member of the body who makes the motion.

Sixth, the chair should determine if any member of the body wishes to second the motion. The chair should announce the name of the member of the body who seconds the motion. It is normally good practice for a motion to require a second before proceeding to ensure that it is not just one member of the body who is interested in a particular approach. However, a second is not an absolute requirement, and the chair can proceed with consideration and vote on a motion even when there is no second. This is a matter left to the discretion of the chair.

Seventh, if the motion is made and seconded, the chair should make sure everyone understands the motion.

This is done in one of three ways:

1. The chair can ask the maker of the motion to repeat it;
2. The chair can repeat the motion; or
3. The chair can ask the secretary or the clerk of the body to repeat the motion.

Eighth, the chair should now invite discussion of the motion by the body. If there is no desired discussion, or after the discussion has ended, the chair should announce that the body will vote on the motion. If there has been no discussion or very brief discussion, then the vote on the motion should proceed immediately and there is no need to repeat the motion. If there has been substantial discussion, then it is normally best to make sure everyone understands the motion by repeating it.

Ninth, the chair takes a vote. Simply asking for the “ayes” and then asking for the “nays” normally does this. If members of the body do not vote, then they “abstain.” Unless the rules of the body provide otherwise (or unless a super majority is required as delineated later in these rules), then a simple majority (as defined in law or the rules of the body as delineated later in these rules) determines whether the motion passes or is defeated.

Tenth, the chair should announce the result of the vote and what action (if any) the body has taken. In announcing the result, the chair should indicate the names of the members of the body, if any, who voted in the minority on the motion. This announcement might take the following form: “The motion passes by a vote of 3-2, with Smith and Jones dissenting. We have passed the motion requiring a 10-day notice for all future meetings of this body.”

Motions in General

Motions are the vehicles for decision making by a body. It is usually best to have a motion before the body prior to commencing discussion of an agenda item. This helps the body focus.

Motions are made in a simple two-step process. First, the chair should recognize the member of the body. Second, the member of the body makes a motion by preceding the member’s desired approach with the words “I move ...”

A typical motion might be: “I move that we give a 10-day notice in the future for all our meetings.”

The chair usually initiates the motion in one of three ways:

1. **Inviting the members of the body to make a motion**, for example, “A motion at this time would be in order.”
2. **Suggesting a motion to the members of the body**, “A motion would be in order that we give a 10-day notice in the future for all our meetings.”
3. **Making the motion**. As noted, the chair has every right as a member of the body to make a motion, but should normally do so only if the chair wishes to make a motion on an item but is convinced that no other member of the body is willing to step forward to do so at a particular time.

The Three Basic Motions

There are three motions that are the most common and recur often at meetings:

The basic motion. The basic motion is the one that puts forward a decision for the body’s consideration. A basic motion might be: “I move that we create a five-member committee to plan and put on our annual fundraiser.”

The motion to amend. If a member wants to change a basic motion that is before the body, they would move to amend it. A motion to amend might be: “I move that we amend the motion to have a 10-member committee.” A motion to amend takes the basic motion that is before the body and seeks to change it in some way.

The substitute motion. If a member wants to completely do away with the basic motion that is before the body, and put a new motion before the body, they would move a substitute motion. A substitute motion might be: “I move a substitute motion that we cancel the annual fundraiser this year.”

“Motions to amend” and “substitute motions” are often confused, but they are quite different, and their effect (if passed) is quite different. A motion to amend seeks to retain the basic motion on the floor, but modify it in some way. A substitute motion seeks to throw out the basic motion on the floor, and substitute a new and different motion for it. The decision as to whether a motion is really a “motion to amend” or a “substitute motion” is left to the chair. So if a member makes what that member calls a “motion to amend,” but the chair determines that it is really a “substitute motion,” then the chair’s designation governs.

A “friendly amendment” is a practical parliamentary tool that is simple, informal, saves time and avoids bogging a meeting down with numerous formal motions. It works in the following way: In the discussion on a pending motion, it may appear that a change to the motion is desirable or may win support for the motion from some members. When that happens, a member who has the floor may simply say, “I want to suggest a friendly amendment to the motion.” The member suggests the friendly amendment, and if the maker and the person who seconded the motion pending on the floor accepts the friendly amendment, that now becomes the pending motion on the floor. If either the maker or the person who seconded rejects the proposed friendly amendment, then the proposer can formally move to amend.

Multiple Motions Before the Body

There can be up to three motions on the floor at the same time. The chair can reject a fourth motion until the chair has dealt with the three that are on the floor and has resolved them. This rule has practical value. More than three motions on the floor at any given time is confusing and unwieldy for almost everyone, including the chair.

When there are two or three motions on the floor (after motions and seconds) at the same time, the vote should proceed *first* on the *last* motion that is made. For example, assume the first motion is a basic “motion to have a five-member committee to plan and put on our annual fundraiser.” During the discussion of this motion, a member might make a second motion to “amend the main motion to have a 10-member committee, not a five-member committee to plan and put on our annual fundraiser.” And perhaps, during that discussion, a member makes yet a third motion as a “substitute motion that we not have an annual fundraiser this year.” The proper procedure would be as follows:

First, the chair would deal with the *third* (the last) motion on the floor, the substitute motion. After discussion and debate, a vote would be taken first on the third motion. If the substitute motion *passed*, it would be a substitute for the basic motion and would eliminate it. The first motion would be moot, as would the second motion (which sought to amend the first motion), and the action on the agenda item would be completed on the passage by the body of the third motion (the substitute motion). No vote would be taken on the first or second motions.

Second, if the substitute motion *failed*, the chair would then deal with the second (now the last) motion on the floor, the motion to amend. The discussion and debate would focus strictly on the amendment (should the committee be five or 10 members). If the motion to amend *passed*, the chair would then move to consider the main motion (the first motion) as *amended*. If the motion to amend *failed*, the chair would then move to consider the main motion (the first motion) in its original format, not amended.

Third, the chair would now deal with the first motion that was placed on the floor. The original motion would either be in its original format (five-member committee), or if *amended*, would be in its amended format (10-member committee). The question on the floor for discussion and decision would be whether a committee should plan and put on the annual fundraiser.

To Debate or Not to Debate

The basic rule of motions is that they are subject to discussion and debate. Accordingly, basic motions, motions to amend, and substitute motions are all eligible, each in their turn, for full discussion before and by the body. The debate can continue as long as members of the body wish to discuss an item, subject to the decision of the chair that it is time to move on and take action.

There are exceptions to the general rule of free and open debate on motions. The exceptions all apply when there is a desire of the body to move on. The following motions are not debatable (that is, when the following motions are made and seconded, the chair must immediately call for a vote of the body without debate on the motion):

Motion to adjourn. This motion, if passed, requires the body to immediately adjourn to its next regularly scheduled meeting. It requires a simple majority vote.

Motion to recess. This motion, if passed, requires the body to immediately take a recess. Normally, the chair determines the length of the recess which may be a few minutes or an hour. It requires a simple majority vote.

Motion to fix the time to adjourn. This motion, if passed, requires the body to adjourn the meeting at the specific time set in the motion. For example, the motion might be: “I move we adjourn this meeting at midnight.” It requires a simple majority vote.

Motion to table. This motion, if passed, requires discussion of the agenda item to be halted and the agenda item to be placed on “hold.” The motion can contain a specific time in which the item can come back to the body. “I move we table this item until our regular meeting in October.” Or the motion can contain no specific time for the return of the item, in which case a motion to take the item off the table and bring it back to the body will have to be taken at a future meeting. A motion to table an item (or to bring it back to the body) requires a simple majority vote.

Motion to limit debate. The most common form of this motion is to say, “I move the previous question” or “I move the question” or “I call the question” or sometimes someone simply shouts out “question.” As a practical matter, when a member calls out one of these phrases, the chair can expedite matters by treating it as a “request” rather than as a formal motion. The chair can simply inquire of the body, “any further discussion?” If no one wishes to have further discussion, then the chair can go right to the pending motion that is on the floor. However, if even one person wishes to discuss the pending motion further, then at that point, the chair should treat the call for the “question” as a formal motion, and proceed to it.

When a member of the body makes such a motion (“I move the previous question”), the member is really saying: “I’ve had enough debate. Let’s get on with the vote.” When such a motion is made, the chair should ask for a second, stop debate, and vote on the motion to limit debate. The motion to limit debate requires a two-thirds vote of the body.

NOTE: A motion to limit debate could include a time limit. For example: “I move we limit debate on this agenda item to 15 minutes.” Even in this format, the motion to limit debate requires a two-thirds vote of the body. A similar motion is a *motion to object to consideration of an item*. This motion is not debatable, and if passed, precludes the body from even considering an item on the agenda. It also requires a two-thirds vote.

Majority and Super Majority Votes

In a democracy, a simple majority vote determines a question. A tie vote means the motion fails. So in a seven-member body, a vote of 4-3 passes the motion. A vote of 3-3 with one abstention means the motion fails. If one member is absent and the vote is 3-3, the motion still fails.

All motions require a simple majority, but there are a few exceptions. The exceptions come up when the body is taking an action which effectively cuts off the ability of a minority of the body to take an action or discuss an item. These extraordinary motions require a two-thirds majority (a super majority) to pass:

Motion to limit debate. Whether a member says, “I move the previous question,” or “I move the question,” or “I call the question,” or “I move to limit debate,” it all amounts to an attempt to cut off the ability of the minority to discuss an item, and it requires a two-thirds vote to pass.

Motion to close nominations. When choosing officers of the body (such as the chair), nominations are in order either from a nominating committee or from the floor of the body. A motion to close nominations effectively cuts off the right of the minority to nominate officers and it requires a two-thirds vote to pass.

Motion to object to the consideration of a question. Normally, such a motion is unnecessary since the objectionable item can be tabled or defeated straight up. However, when members of a body do not even want an item on the agenda to be considered, then such a motion is in order. It is not debatable, and it requires a two-thirds vote to pass.

Motion to suspend the rules. This motion is debatable, but requires a two-thirds vote to pass. If the body has its own rules of order, conduct or procedure, this motion allows the body to suspend the rules for a particular purpose. For example, the body (a private club) might have a rule prohibiting the attendance at meetings by non-club members. A motion to suspend the rules would be in order to allow a non-club member to attend a meeting of the club on a particular date or on a particular agenda item.

Counting Votes

The matter of counting votes starts simple, but can become complicated.

Usually, it’s pretty easy to determine whether a particular motion passed or whether it was defeated. If a simple majority vote is needed to pass a motion, then one vote more than 50 percent of the body is required. For example, in a five-member body, if the vote is three in favor and two opposed, the motion passes. If it is two in favor and three opposed, the motion is defeated.

If a two-thirds majority vote is needed to pass a motion, then how many affirmative votes are required? The simple rule of thumb is to count the “no” votes and double that count to determine how many “yes” votes are needed to pass a particular motion. For example, in a seven-member body, if two members vote “no” then the “yes” vote of at least four members is required to achieve a two-thirds majority vote to pass the motion.

What about tie votes? In the event of a tie, the motion always fails since an affirmative vote is required to pass any motion. For example, in a five-member body, if the vote is two in favor and two opposed, with one member absent, the motion is defeated.

Vote counting starts to become complicated when members vote “abstain” or in the case of a written ballot, cast a blank (or unreadable) ballot. Do these votes count, and if so, how does one count them? The starting point is always to check the statutes.

In California, for example, for an action of a board of supervisors to be valid and binding, the action must be approved by a majority of the board. (California Government Code Section 25005.) Typically, this means three of the five members of the board must vote affirmatively in favor of the action. A vote of 2-1 would not be sufficient. A vote of 3-0 with two abstentions would be sufficient. In general law cities in

California, as another example, resolutions or orders for the payment of money and all ordinances require a recorded vote of the total members of the city council. (California Government Code Section 36936.) Cities with charters may prescribe their own vote requirements. Local elected officials are always well-advised to consult with their local agency counsel on how state law may affect the vote count.

After consulting state statutes, step number two is to check the rules of the body. If the rules of the body say that you count votes of “those present” then you treat abstentions one way. However, if the rules of the body say that you count the votes of those “present and voting,” then you treat abstentions a different way. And if the rules of the body are silent on the subject, then the general rule of thumb (and default rule) is that you count all votes that are “present and voting.”

Accordingly, under the “present and voting” system, you would NOT count abstention votes on the motion. Members who abstain are counted for purposes of determining quorum (they are “present”), but you treat the abstention votes on the motion as if they did not exist (they are not “voting”). On the other hand, if the rules of the body specifically say that you count votes of those “present” then you DO count abstention votes both in establishing the quorum and on the motion. In this event, the abstention votes act just like “no” votes.

How does this work in practice?

Here are a few examples.

Assume that a five-member city council is voting on a motion that requires a simple majority vote to pass, and assume further that the body has no specific rule on counting votes. Accordingly, the default rule kicks in and we count all votes of members that are “present and voting.” If the vote on the motion is 3-2, the motion passes. If the motion is 2-2 with one abstention, the motion fails.

Assume a five-member city council voting on a motion that requires a two-thirds majority vote to pass, and further assume that the body has no specific rule on counting votes. Again, the default rule applies. If the vote is 3-2, the motion fails for lack of a two-thirds majority. If the vote is 4-1, the motion passes with a clear two-thirds majority. A vote of three “yes,” one “no” and one “abstain” also results in passage of the motion. Once again, the abstention is counted only for the purpose of determining quorum, but on the actual vote on the motion, it is as if the abstention vote never existed — so an effective 3-1 vote is clearly a two-thirds majority vote.

Now, change the scenario slightly. Assume the same five-member city council voting on a motion that requires a two-thirds majority vote to pass, but now assume that the body DOES have a specific rule requiring a two-thirds vote of members “present.” Under this specific rule, we must count the members present not only for quorum but also for the motion. In this scenario, any abstention has the same force and effect as if it were a “no” vote. Accordingly, if the votes were three “yes,” one “no” and one “abstain,” then the motion fails. The abstention in this case is treated like a “no” vote and effective vote of 3-2 is not enough to pass two-thirds majority muster.

Now, exactly how does a member cast an “abstention” vote?

Any time a member votes “abstain” or says, “I abstain,” that is an abstention. However, if a member votes “present” that is also treated as an abstention (the member is essentially saying, “Count me for purposes of a quorum, but my vote on the issue is abstain.”) In fact, any manifestation of intention not to vote either “yes” or “no” on the pending motion may be treated by the chair as an abstention. If written ballots are cast, a blank or unreadable ballot is counted as an abstention as well.

Can a member vote “absent” or “count me as absent?” Interesting question. The ruling on this is up to the chair. The better approach is for the chair to count this as if the member had left his/her chair and is actually “absent.” That, of course, affects the quorum. However, the chair may also treat this as a vote to abstain, particularly if the person does not actually leave the dais.

The Motion to Reconsider

There is a special and unique motion that requires a bit of explanation all by itself; the motion to reconsider. A tenet of parliamentary procedure is finality. After vigorous discussion, debate and a vote, there must be some closure to the issue. And so, after a vote is taken, the matter is deemed closed, subject only to reopening if a proper motion to consider is made and passed.

A motion to reconsider requires a majority vote to pass like other garden-variety motions, but there are two special rules that apply only to the motion to reconsider.

First, is the matter of timing. A motion to reconsider must be made at the meeting where the item was first voted upon. A motion to reconsider made at a later time is untimely. (The body, however, can always vote to suspend the rules and, by a two-thirds majority, allow a motion to reconsider to be made at another time.)

Second, a motion to reconsider may be made only by certain members of the body. Accordingly, a motion to reconsider may be made only by a member who voted in the majority on the original motion. If such a member has a change of heart, he or she may make the motion to reconsider (any other member of the body — including a member who voted in the minority on the original motion — may second the motion). If a member who voted in the minority seeks to make the motion to reconsider, it must be ruled out of order. The purpose of this rule is finality. If a member of minority could make a motion to reconsider, then the item could be brought back to the body again and again, which would defeat the purpose of finality.

If the motion to reconsider passes, then the original matter is back before the body, and a new original motion is in order. The matter may be discussed and debated as if it were on the floor for the first time.

Courtesy and Decorum

The rules of order are meant to create an atmosphere where the members of the body and the members of the public can attend to business efficiently, fairly and with full participation. At the same time, it is up to the chair and the members of the body to maintain common courtesy and decorum. Unless the setting is very informal, it is always best for only one person at a time to have the floor, and it is always best for every speaker to be first recognized by the chair before proceeding to speak.

The chair should always ensure that debate and discussion of an agenda item focuses on the item and the policy in question, not the personalities of the members of the body. Debate on policy is healthy, debate on personalities is not. The chair has the right to cut off discussion that is too personal, is too loud, or is too crude.

Debate and discussion should be focused, but free and open. In the interest of time, the chair may, however, limit the time allotted to speakers, including members of the body.

Can a member of the body interrupt the speaker? The general rule is “no.” There are, however, exceptions. A speaker may be interrupted for the following reasons:

Privilege. The proper interruption would be, “point of privilege.” The chair would then ask the interrupter to “state your point.” Appropriate points of privilege relate to anything that would interfere with the normal comfort of the meeting. For example, the room may be too hot or too cold, or a blowing fan might interfere with a person’s ability to hear.

Order. The proper interruption would be, “point of order.” Again, the chair would ask the interrupter to “state your point.” Appropriate points of order relate to anything that would not be considered appropriate conduct of the meeting. For example, if the chair moved on to a vote on a motion that permits debate without allowing that discussion or debate.

Appeal. If the chair makes a ruling that a member of the body disagrees with, that member may appeal the ruling of the chair. If the motion is seconded, and after debate, if it passes by a simple majority vote, then the ruling of the chair is deemed reversed.

Call for orders of the day. This is simply another way of saying, “return to the agenda.” If a member believes that the body has drifted from the agreed-upon agenda, such a call may be made. It does not require a vote, and when the chair discovers that the agenda has not been followed, the chair simply reminds the body to return to the agenda item properly before them. If the chair fails to do so, the chair’s determination may be appealed.

Withdraw a motion. During debate and discussion of a motion, the maker of the motion on the floor, at any time, may interrupt a speaker to withdraw his or her motion from the floor. The motion is immediately deemed withdrawn, although the chair may ask the person who seconded the motion if he or she wishes to make the motion, and any other member may make the motion if properly recognized.

Special Notes About Public Input

The rules outlined above will help make meetings very public-friendly. But in addition, and particularly for the chair, it is wise to remember three special rules that apply to each agenda item:

Rule One: Tell the public what the body will be doing.

Rule Two: Keep the public informed while the body is doing it.

Rule Three: When the body has acted, tell the public what the body did.



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LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

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Executive Officer

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DATE: December 4, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
PREPARED BY: Jonathan Brinkmann, Senior Analyst
SUBJECT: Consider a Proposed Castroville Community Services District Minor Sphere of Influence Amendment and Out-of-Agency Service Extension for Existing Buildings on the West Side of Struve Road in the Moss Landing Area of Unincorporated Monterey County (Approximately 5.5-Acre Portion of APN: 413-012-014), LAFCO File 23-02.
CEQA: Exempt from the California Environment Quality Act under CEQA Guidelines Section 15061(b)(3) "General Rule" exception, as well as Statutory Exemption under CEQA for a pipeline less than one mile in length (CEQA Guidelines Section 15282[k]) and a Categorical Exemption pursuant to CEQA Guidelines Sections 15302 and 15303.

SUMMARY OF RECOMMENDATIONS:

It is recommended that the Commission:

1. Receive a report from the Executive Officer;
2. Open the public hearing and public comment period, receive any public comments and close the public hearing;
3. Provide for questions or follow-up discussion by the Commission; and
4. Consider a resolution (Attachment 1) approving Castroville Community Services District's proposed minor sphere of influence amendment and out-of-agency wastewater service extension to the subject site.

EXECUTIVE OFFICER'S REPORT:

Overview and Rationale for the Proposal

Castroville Community Services District (District) is requesting approval of a minor sphere of influence amendment and out-of-agency wastewater service extension for the developed portion of a larger agricultural parcel. The site is located on the west side of Struve Road, approximately one mile north of Moss Landing. The purpose of this proposal is to provide a District wastewater service connection to an existing single-family residence and office adjacent to the District's boundaries. The District has requested that the property owners (Ortega Berry Farms) grant an easement to allow the District to relocate and maintain wastewater facilities within the easement area. In exchange, the property owners have requested a wastewater service connection to existing agricultural-support facilities that are currently using an on-site septic system. The proposed action by LAFCO would support an expeditious response to the District's immediate needs. The developed portion of the property will eventually be included in a future, comprehensive annexation application to be initiated by the District.

Land use safeguards are in place to avoid the growth inducing potential of this application. The application is intended to provide extraterritorial District wastewater services only to the approximately 5.5-acre developed portion of a larger agricultural parcel. The developed portion of APN 413-012-014 is shown below and in the

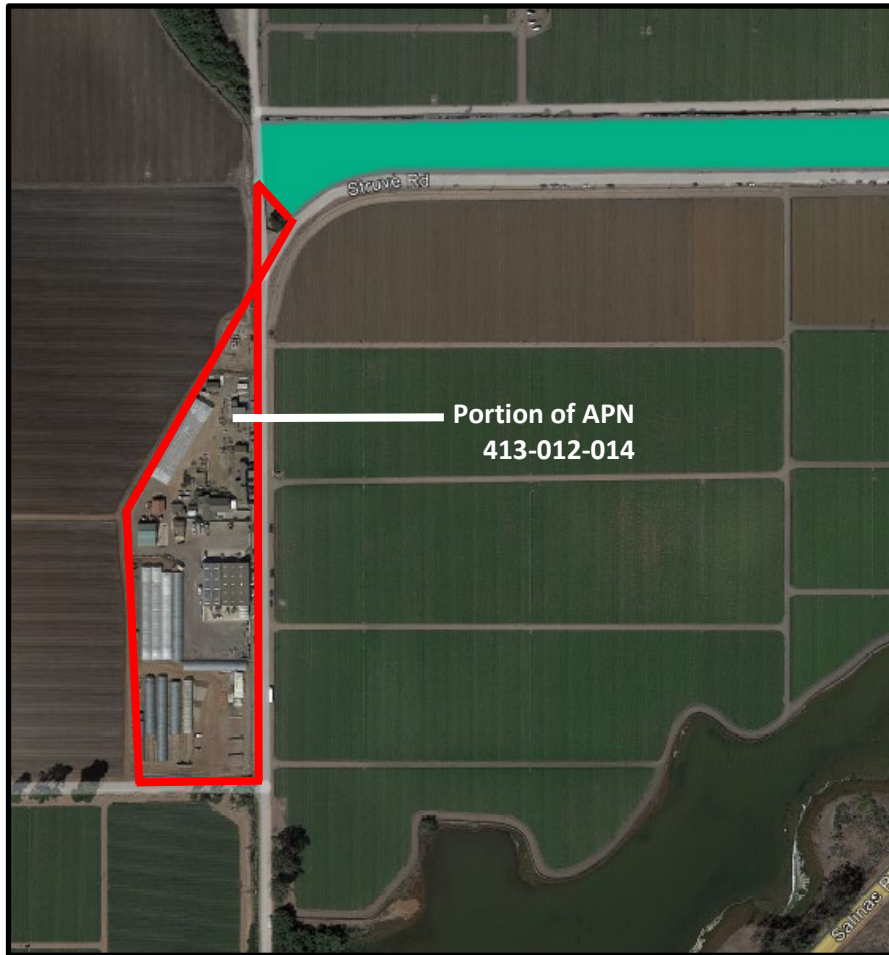


Exhibit A map attached to the draft resolution. County zoning designations for the site are Resource Conservation (Coastal Zone) and Coastal Agricultural Preserve (Coastal Zone), which limit future property uses to agricultural support type uses. Any change in land use would be subject to the County of Monterey's discretionary approval process. No such changes are contemplated at this time.

The 5.5-acre site is currently developed with agriculture-supporting buildings. Other portions of the parcel, outside of the requested minor sphere amendment and out-of-agency service extension, remain in active agricultural cultivation. The existing single-family residence and office would benefit from connection to the District's wastewater system, which would be less costly than future septic system replacement and would avoid

potential impacts to groundwater resources.

Statutory and Policy Framework

State law requires local public agencies to request and obtain LAFCO approval before extending municipal services outside of the agency's boundaries. Except in limited circumstances of an existing or impending threat to public health and safety, State law also requires sites receiving extraterritorial services to be within the providing agency's sphere of influence. The existing agricultural-supporting buildings on the subject site do not have a failing septic system, but have requested extension of District wastewater services.

The subject site is located outside the currently designated sphere of influence of Castroville Community Services District. A corner of the property is adjacent to the District boundaries. The attached draft resolution includes recommended determinations as required for amending the District's sphere of influence, pursuant to State law (Cortese-Knox-Hertzberg [CKH] Act, section 56425).

LAFCO's locally adopted policies define a minor sphere of influence amendment as an amendment that would be necessary to facilitate a project that meets the provisions of California Environmental Quality Act (CEQA) categorical exemptions for small structures and existing facilities. The current project fits within these parameters. Pursuant to the minor sphere amendment process, no update to the District's existing Municipal Service Review (MSR) is warranted in order for LAFCO to proceed with amending the District's sphere. LAFCO most recently updated Castroville Community Services District's MSR in 2014.

LAFCO has provided public noticing as required by the CKH Act for sphere amendments. Staff published a public hearing notice in the Monterey County Weekly, and mailed hearing notices to property owners within 300 feet of the site and to local affected agencies.

Analysis of the Proposal

Castroville Community Services District filed its application with LAFCO on September 26. As part of the proposal, the District, acting as the lead agency for CEQA purposes, has determined the proposal to be exempt from environmental review. The Executive Officer has reviewed and concurs with this determination.

The proposal is consistent with the requirements of State law (the CKH Act) and LAFCO's locally adopted policies, as discussed above and in the attached draft resolution. The proposed wastewater service extension will benefit both the District and property owner to advance an agreement, granting an easement to the District for performance of wastewater system maintenance in exchange for extension of District wastewater service to existing buildings on the subject site.

For purposes of this minor sphere of influence amendment and District wastewater service extension, the subject site is an approximately 5.5-acre portion of APN 413-012-014, as shown in the map attachment (Exhibit A) to the draft resolution. This portion of the parcel is developed with an agriculture-supporting single-family residence and office building. Other portions of this parcel, extending to the west, include farmland of statewide importance that remains in active cultivation.

Including all of the 5.5-acre developed portion of the site in the sphere amendment and wastewater service extension will allow existing agricultural-related buildings on the site to connect to the District wastewater system, which will avoid potential impacts to groundwater resources by eliminating the need to use an existing septic system.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachment: Draft Resolution

Attachment 12.01

Draft Resolution
Castroville CSD

THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

RESOLUTION NO. 23 – XX

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
APPROVING A PROPOSAL (LAFCO FILE 23-02) BY CASTROVILLE COMMUNITY
SERVICES DISTRICT CONSISTING OF:

- 1) MINOR SPHERE OF INFLUENCE AMENDMENT ON A SITE ON STRUVE RD
(APPROXIMATELY 5.5-ACRE PORTION OF ASSESSOR’S PARCEL NUMBER 413-012-
014), AND
- 2) EXTENSION OF SANITARY SEWER (WASTEWATER) SERVICE TO THE SUBJECT SITE

WHEREAS, the owners of the subject site have agreed to grant an easement to the District to allow the District to perform needed wastewater system maintenance in exchange for District extension of wastewater service to existing agricultural-support facilities, a single-family residence and office building, within the subject site; and

WHEREAS, State law requires local public agencies to request and obtain LAFCO approval before extending municipal services outside of the agency’s boundaries; and

WHEREAS, except in limited circumstances of an existing or impending threat to public health and safety, State law requires sites receiving extraterritorial services to be within the sphere of influence of the agency providing the extraterritorial services; and

WHEREAS, the subject site is located outside the currently designated sphere of influence of Castroville Community Services District; and

WHEREAS, the Castroville Community Services District, acting as the lead agency for purposes of the California Environmental Quality Act (CEQA) has determined the proposal to be exempt from CEQA under CEQA Guidelines Section 15061(b)(3) “General Rule” exception, as well as Statutory Exemption under CEQA for a pipeline less than one mile in length (CEQA Guidelines Section 15282[k]) and a Categorical Exemption pursuant to CEQA Guidelines Sections 15302 and 15303; and

WHEREAS, the Castroville Community Services District’s application for the proposed minor sphere of influence amendment and wastewater service extension to the subject site was heretofore filed and accepted for filing by the Executive Officer of this Local Agency Formation Commission, pursuant to Title 6, Division 1, commencing with Section 56000, et seq. of the Government Code; and

WHEREAS, the Executive Officer, pursuant to Government Code section 56133, set December 4, 2023 as the date for Commission consideration of this proposal; and

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

WHEREAS, adequate notice of this consideration was given pursuant to Government Code section 56133(d), and

WHEREAS, on December 4, 2023, the Commission heard from interested parties, considered the proposal and the report of the Executive Officer and considered the factors determined by the Commission to be relevant to this proposal.

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

Section 1. The foregoing recitals are true and correct.

Section 2. LAFCO, acting as a Responsible Agency under CEQA, has considered the District's CEQA exemption findings.

Section 3. The Commission approves the proposed minor sphere of influence amendment and out-of-agency extension of wastewater service to the subject site, as identified in the attached Exhibit A (a 5.5-acre portion of APN 413-012-014, currently developed with agricultural-support facilities). With respect to the sphere amendment, pursuant to State law (California Government Code, Section 56425), the Commission has considered the following factors and makes determinations as indicated below.

(1) The present and planned land uses in the area, including agricultural and open-space lands: *The purpose of this proposal is to provide a wastewater connection for an existing single-family residence and office building. The site is located in an agricultural area, is used for agriculture-supporting purposes, and no changes to these uses appear likely to occur in the foreseeable future.*

(2) The present and probable need for public facilities and services in the area: *Extension of wastewater service to the designated area will allow the existing single-family residence and office building to connect to a municipal sewer system instead of using an on-site septic system.*

(3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide: *The District is a Monterey One Water member agency. Monterey One Water's wastewater treatment plant has adequate wastewater treatment capacity to accommodate the subject site.*

(4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency. *No additional nearby sites appear to warrant inclusion in this proposal.*

(5) For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection [...] the present and probable need for those public facilities and services of any disadvantaged unincorporated communities [DUCs] within the existing sphere of influence: *There are no DUCs identified in the Castroville Community Services District's existing sphere.*

Section 4. The proposal is approved subject to the following terms and conditions:

- a) The current minor sphere of influence amendment applies to, and for LAFCO purposes is intended solely to accommodate extension of sewer service to, the area shown in attached Exhibit A.
- b) The District shall not allow future connections in the area and outside the District's boundaries without first requesting and securing approval from the Commission, and
- c) This approval will expire unless the sewer system connection is made by December 31, 2025, or unless this approval is extended by the Commission.
- d) The applicant and property owner agree as a condition of the approval of this application to defend at their sole expense any action brought against LAFCO, (Commission or staff), because of the approval of this application. The applicant and property owner will reimburse LAFCO for any court costs and attorneys' fees which may be required by a court to pay as a result of such action. LAFCO may, at its sole discretion, participate in the defense of any such action; but such participation shall

not relieve applicant of their obligations under this condition. The obligation on the part of the applicant to indemnify LAFCO is effective upon the adoption of this resolution and does not require any further action.

Section 5. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution in the manner and as provided in Section 56882 of the Government Code.

UPON MOTION of Commissioner _____, seconded by Commissioner _____, the foregoing resolution is adopted this 4th day of December, 2023 by the following vote:

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

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

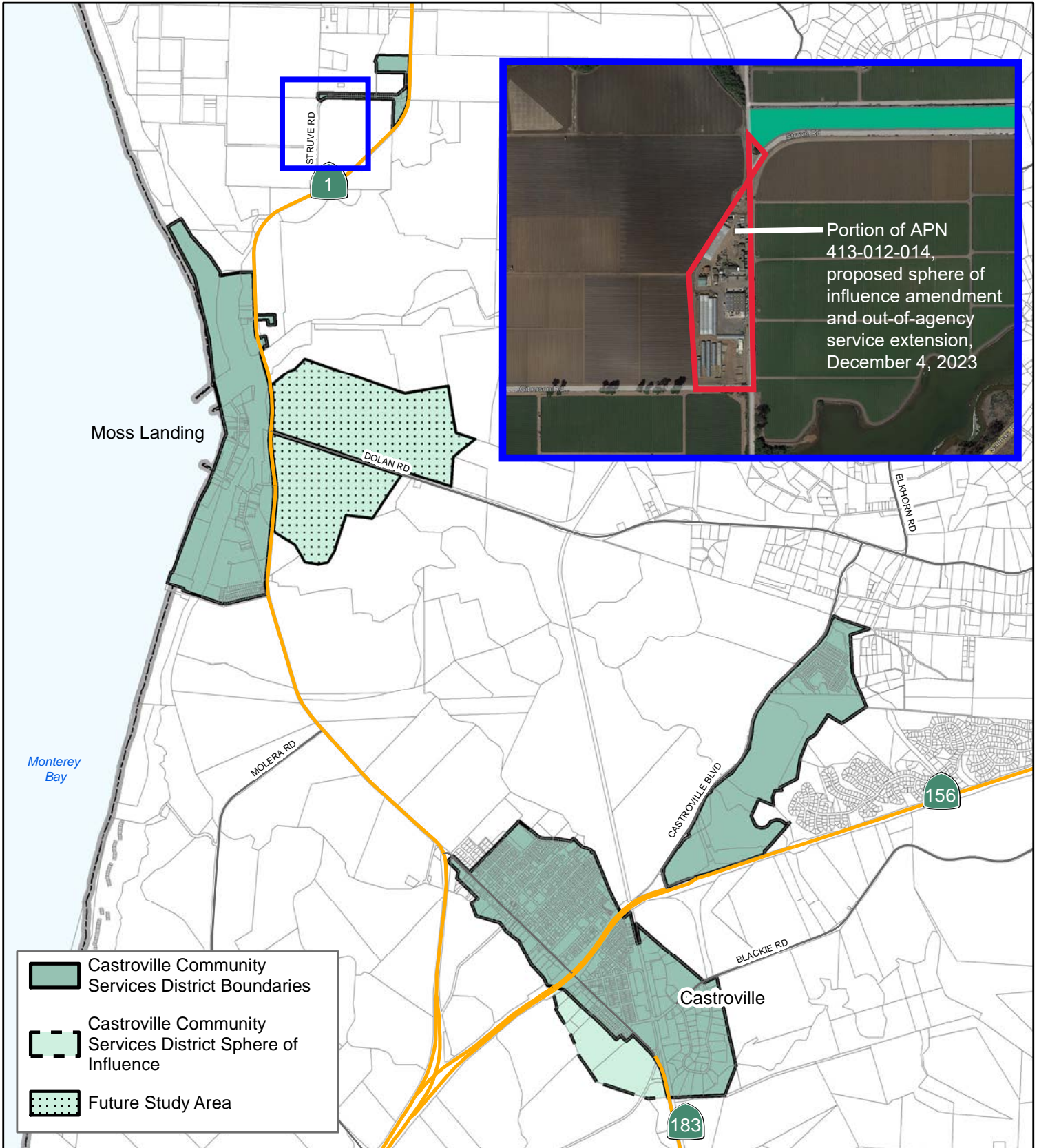
ATTEST: I certify that the within instrument is a true and complete copy of the original resolution of said Commission on file within this office.




Witness my hand this 4th day of December, 2023

By: _____
Kate McKenna, AICP, Executive Officer

Attachment 12.02

Exhibit A
SOI Amendment and OASE

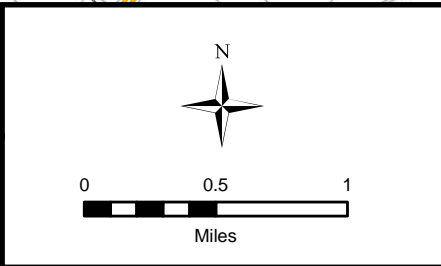


-  Castroville Community Services District Boundaries
-  Castroville Community Services District Sphere of Influence
-  Future Study Area

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SPECIAL DISTRICTS

CASTROVILLE COMMUNITY SERVICES DISTRICT

Map prepared: 03/14/2014
 Last LAFCO-approved change: 03/24/2014

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

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KATE McKENNA, AICP
Executive Officer

DATE: December 4, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
PREPARED BY: Darren McBain, Principal Analyst
SUBJECT: Continued from November 27, 2023: Commission Workshop on LAFCO's Policies and Implementation Practices for Agricultural Preservation and Mitigation
Commissioners: Please bring your Nov. 27 meeting packet (binder) to the Dec. 4 meeting
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378

SUMMARY OF RECOMMENDATIONS:

1. Receive any updated or new information from LAFCO staff and legal counsel;
2. Receive public comments;
3. Resume the discussion from the November 27, 2023 Commission workshop on LAFCO's policies and implementation practices for agricultural preservation and mitigation;
4. At the conclusion of the discussion, consider
 - a. Affirming the Commission's adopted (2010) Policy for Preservation of Open-Space and Agricultural Lands; **and**
 - b. Providing direction on a draft Policy Implementation Guidelines document to guide how the existing Policy should be applied to future City annexations of farmland;
5. Direct staff to bring back a refined Policy Implementation Guidelines document, reflecting outcomes of today's discussion, to the January 22, 2024 regular meeting for consideration and adoption; or
6. Provide other direction to staff.

EXECUTIVE OFFICER'S REPORT:

The purpose of today's meeting is to resume the Commission's workshop discussion from the November 27, 2023 special meeting. On the 27th, the Commission initiated a workshop on Monterey LAFCO's policies and implementation practices for agricultural preservation and mitigation. The Commission received a report from staff, received public input, and began a discussion of the Commission's adopted Policy and potential Policy Implementation Guidelines. The goal of the Guidelines is to provide more clarity and certainty as to how LAFCO will apply agricultural mitigation requirements to annexation proposals, going forward.

On November 27, among other discussion, commissioners requested additional information as to what mechanisms might exist that could enable LAFCO to enforce conditions of approval or other similar

requirements after LAFCO has recorded an annexation's certificate of completion. At the close of the meeting, the Commission continued the workshop to December 4 for additional review and discussion.

The meeting packet for the original (November 27) workshop included:

- An Executive Officer's report with recommendations;
- The Commission's adopted Policy (*Attachment 1*);
- Draft Policy Implementation Guidelines "menu of options" (*Attachment 2*);
- Written correspondence received by LAFCO; and
- Other attachments (#3 through #13).

The November 27 meeting packet remains an important resource for the continued discussion on December 4. Commissioners are asked to bring their November 27 hard-copy binders to the December 4 meeting.

The November 27 meeting packet also remains available on LAFCO's website, under the "Agendas & Minutes" pull-down tab:

www.co.monterey.ca.us/government/government-links/lafco/current-agenda-and-meeting-packet

Recommendation

Staff recommends that the Commission receive a brief update from staff and counsel; receive public input; continue to review and discuss the information and public testimony received; and consider 1) Affirming the adopted Policy, and 2) Providing direction to staff as to what policy implementation options the Commission desires to incorporate into a set of written Policy Implementation Guidelines for agricultural mitigation.

Staff further recommends that the Commission direct staff to bring back a refined Policy Implementation Guidelines document for consideration and adoption at the January 22, 2024 regular Commission meeting.

In lieu of these recommended actions, the Commission may provide other direction to staff.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments:

- November 27, 2023 workshop agenda – for continued discussion on December 4
- Other attachments, previously provided: Please see the list of 13 attachments on Page 5 of the Executive Officer's report for the November 27 workshop (Page 10 in the PDF version of the Nov. 27 meeting packet, linked above)

Commission Workshop on Agricultural Preservation and Mitigation

Monday, November 27, 2023

2:00 – 4:30 P.M.

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

Workshop Agenda

1. Welcome and introductory remarks by the Commission Chair
2. Staff presentation
3. Public comment period
4. Roundtable discussion (*Commissioners and staff/counsel*)
 - A. The Commission's adopted (2010) Policy for Preservation of Open-Space and Agricultural Lands
 - B. Draft Policy Implementation Guidelines: Agricultural Mitigation for City Annexations of Farmland
 1. Timing of implementing agricultural mitigation requirements
 2. Methods of implementing agricultural mitigation requirements
 - 2a: How mitigation should be provided (i.e., types of mitigation)
 - 2b: Where mitigation lands (conservation easement receiver sites) should be provided
 - 2c: How much agricultural mitigation should be provided (ratio and criteria)
 3. Potential exceptions from mitigation requirements
 4. Lands subject to agricultural mitigation requirements
 5. Other/additional topics/options
5. Discussion of next steps
6. Adjournment (4:30)