

**2024**

**Commissioners**

**Chair**

Matt Gourley  
*Public Member*

**Vice Chair**

Kimbley Craig  
*City Member*

Mary Adams  
*County Member*

Wendy Root Askew  
*County Member*

Mike Bikle  
*Public Member, Alternate*

David Kong  
*Special District Member, INTERIM*

Mary Ann Leffel  
*Special District Member*

Chris Lopez  
*County Member, Alternate*

Ian Oglesby  
*City Member*

**VACANT**

*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](http://www.monterey.lafco.ca.gov)

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

**Regular Meeting**  
**Monday, March 25, 2024**  
**3:00 P.M.**

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

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

## Instructions for Remote Public Participation

1. **To Participate in the Meeting:** Use the Zoom app on your smart phone, laptop, tablet or desktop and click on this link: <https://montereycty.zoom.us/j/98228893780>  
  
The meeting ID is: [982 2889 3780](https://montereycty.zoom.us/j/98228893780). There is no password. To make a public comment, please “Raise your Hand.” Please state your first and last name before addressing the Commission.
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: [982 2889 3780](https://montereycty.zoom.us/j/98228893780) 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. Please state your first and last name before addressing the Commission.
4. **To Make Public Comments Via Email:** Written comments can be emailed to the Clerk to the Commission at: [malukis@monterey.lafco.ca.gov](mailto: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, March 25, 2024

### Call to Order

### Roll Call

### Pledge of Allegiance

### General Public Comments

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

### Special Business

1. [Resolution of Appreciation – Warren E. Poitras for Distinguished Service \(pg. 6\).](#)  
Recommended Action: It is recommended that the Commission receive a presentation by Chair Gourley and adopt a Resolution.  
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

### Consent Agenda

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

2. [Approve Draft Notes from the February 22, 2024 Budget & Finance Committee Meeting \(pg. 8\).](#)  
Recommended Action: Approve notes.  
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
3. [Approve Draft Minutes from the February 26, 2024 Regular LAFCO Commission Meeting \(pg. 14\).](#)  
Recommended Action: Approve minutes.  
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
4. [Accept the Draft Financial Statements for Period Ending December 31, 2023 \(pg. 19\).](#)  
Recommended Action (By Budget & Finance Committee): Accept the Draft Financial Statements for the Period ending December 31, 2023.  
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
5. [Accept the January 31, 2024 Draft Balance Sheet and Income Statement \(pg. 34\).](#)  
Recommended Action (By Budget & Finance Committee): Accept statements for information only.  
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
6. [Accept the February 29, 2024 Draft Balance Sheet and Income Statement \(pg. 39\).](#)  
Recommended Action: Accept statements for information only.  
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).
7. [Adopt Resolution Approving Amendment No. 1 to the Current \(Fiscal Year 2023-2024\) Budget, Transferring a Total of \\$25,000 with no Net Change to the Overall Budget \(pg. 44\).](#)  
Recommended Action (By Budget & Finance Committee): Adopt Resolution approving Amendment No. 1 to the Current (Fiscal Year 2023-24) Budget.  
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

8. [Accept Report on Anticipated Agenda Items and Progress Report on LAFCO Special Studies \(pg. 48\).](#)

Recommended Action: Accept report for information only.

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

9. [Accept Report on Legislative Activities of the California Association of Local Agency Formation Commissions \(pg. 52\).](#)

Recommended Action: Accept report for information only.

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

### **New Business**

10. [Consider Authorizing a Comment Letter for the Draft Environmental Impact Report for the Proposed Vista Lucia Project \(City of Gonzales\) \(pg. 57\).](#)

Recommended Action: Authorize the Executive Officer to send a Comment Letter for the Draft Environmental Impact Report for the Proposed Vista Lucia Project (City of Gonzales).

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

11. [Consider the Draft Annual Work Program for Fiscal Year 2024 -2025 \(pg. 66\).](#)

Recommended Action (By Budget & Finance Committee): Discuss and adopt a Resolution approving the annual Work Program for Fiscal Year 2024 – 2025.

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

### **Public Hearing**

12. [Conduct a Public Hearing to Consider a Proposed Annual Budget for Fiscal Year 2024 – 2025 \(First Hearing\) \(pg. 73\).](#)

Recommended Actions (By Budget & Finance Committee):

- (1) Receive a report from the Executive Officer;
- (2) Open the first public hearing and receive any public comments;
- (3) Provide for questions or follow-up discussion by the Commission;
- (4) Close the first public hearing;
- (5) Discuss and adopt a motion to adopt a Proposed Budget for Fiscal Year 2024 – 2025;
- (6) Direct the Executive Officer to distribute the Adopted Proposed Budget to the County, Cities and Independent Special Districts for review and comments, and
- (7) Direct the Executive Officer to schedule a second Public Hearing on April 22, 2024 to consider adoption of a Final Budget for Fiscal Year 2024 – 2025, continue to monitor economic conditions and adjust the budget as may be necessary during the year.

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

### **Executive Officer's Communications**

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

13. [Communications \(pg. 80\).](#)

- a. Independent Special District Representation on LAFCO.
- b. Independent Special District Representation on Countywide Consolidated Oversight Board.
- c. Spreckels Community Services District.

### **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.*

## Public Comments on Closed Session Items

### Closed Session

◆ Commissioner Oglesby is recused from the Closed Session item for this meeting and all future meetings as a member of the Monterey Peninsula Water Management District Board of Directors.

◆ Commissioner Adams is recused from the Closed Session item for this meeting and all future meetings as Chair of the Monterey Peninsula Water Management District Board of Directors.

14. [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, \(Monterey County Superior Court Case No. 22CV000925\) \(pg. 82\).](#)  
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

### 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.*

### 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).*

### Adjournment to the Next Meeting

The next regular LAFCO Meeting is scheduled for **Monday, April 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](http://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](http://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.

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: March 25, 2024  
TO: Chair and Members of the Formation Commission  
FROM: Kate McKenna, AICP, Executive Officer  
SUBJECT: Resolution of Appreciation for Commissioner Warren “Pete” Poitras  
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378.

SUMMARY OF RECOMMENDATION:

Receive a presentation by Chair Gourley and adopt a Resolution.

EXECUTIVE OFFICER’S REPORT:

Following the February 26 LAFCO meeting, Commissioner Pete Poitras announced that he would no longer be serving on the Monterey County Regional Fire District Board of Directors as of March 1, and so is no longer eligible to continue as a Special District representative on LAFCO. To acknowledge his distinguished service, the Commission will act on a Resolution of Appreciation.

Commissioner Pete Poitras served nearly 12 years in Alternate and Regular Special Business seats on LAFCO. His commitment to public service and community is also exemplified by many years in other leadership positions. These include the Monterey County Regional Fire District Board, the former Carmel Valley Fire Protection District Board, the Special Districts Association of Monterey County, the Consolidated Oversight Board of Monterey County, the Carmel Youth Center Board, and the Rotary Club of Carmel Valley. Commissioner Poitras is a graduate of the FBI National Academy, served more than 40 years in law enforcement as an investigator, and is a professional nature photographer.

On behalf of the staff and Commission, we thank Commissioner Poitras for his many contributions to public service in Monterey County and extend our wishes for his continued health and happiness. Commissioner Poitras will attend the March 25 meeting to receive the presentation of a ceremonial Resolution from Chair Gourley.

Respectfully Submitted,



Kate McKenna, AICP  
Executive Officer

Attachment:

1.1 Resolution of Appreciation

Attachment 1.1

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY  
RESOLUTION 24-04 IN APPRECIATION AND COMMENDATION  
OF  
**WARREN “PETE” POITRAS**  
FOR DISTINGUISHED SERVICE AS SPECIAL DISTRICT COMMISSIONER

WHEREAS, Commissioner Pete Poitras served with distinction as a Special District (Alternate and Regular) Member to the Local Agency Formation Commission from August 2012 to August 2016 and from August 2016 to February 2024, respectively, working to encourage the orderly growth of local government agencies, to preserve agricultural lands, to discourage urban sprawl, and to ensure efficient delivery of local government services; and

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

WHEREAS, the Commission also desires to publicly recognize Commissioner Pete Poitras for his contributions to the Monterey County Regional Fire District, former Carmel Valley Fire Protection District, Special Districts Association of Monterey County, Countywide Consolidated Oversight Board, his devotion to other community causes, and to law enforcement as an investigator for over 40 years.

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



\_\_\_\_\_  
MATT GOURLEY,  
LAFCO CHAIR

MARCH 25, 2024  
SALINAS, CALIFORNIA

\_\_\_\_\_  
KATE MCKENNA, AICP,  
EXECUTIVE OFFICER





**2024  
Committee**

**Chair**

Mary Ann Leffel  
*Special District Member*

Chris Lopez  
*County Member, Alternate*

Ian Oglesby  
*City Member*

**Counsel**

Reed Gallogly  
*General Counsel*

**Executive Officer**

Kate McKenna, AICP

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*Draft* Meeting Notes  
**LAFCO Budget & Finance Committee  
Meeting**

*Scheduled for Approval on March 25, 2025*

**Thursday, February 22, 2024  
2:00 p.m. – 4:00 p.m.**

**LAFCO OFFICE  
132 W. Gabilan Street, Suite #102  
Salinas, California**

**Or**

**District 3 Office  
599 El Camino Real  
Greenfield, CA 93927**



Budget & Finance Committee Meeting Agenda  
February 22, 2024

*The Commissioners participated in the meeting on Monday, February 22, 2024 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 2:08 p.m.

**Roll Call**

Commissioner Leffel  
Commissioner Lopez

**Members Present**

Commissioner Leffel  
Commissioner Lopez

**Members Absent (Excused Absence)**

Commissioner Oglesby

**Staff and Contractors Present**

Kate McKenna, AICP, Executive Officer  
Mike Briley, CPA, CGMA, Managing Principal, CliftonLarsonAllen, LLP  
Darren McBain, Principal Analyst  
Jonathan Brinkmann, Senior Analyst  
Safarina Maluki, Clerk to the Commission/Office Administrator

**Public Comments**

*Anyone may address the Committee briefly concerning items not already on the agenda.*

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

**Special Business**

1. Consider Selection of Budget and Finance Committee Chair.  
Recommended Action: Select a Committee Chair for calendar year 2024.  
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

**Committee Action:**

Upon nomination and motion by Commissioner Lopez, seconded by Commissioner Leffel the Committee selected Commissioner Leffel as Chair of the Budget and Finance Committee for calendar year 2024.

Motion Carried (Voice Vote)

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

New Business

2. Consider Draft Financial Statements for Period Ending December 31, 2023.  
Recommended Action: Discuss report and recommend that the quarterly financial statements for the period ending December 31, 2023 be approved by the full Commission at the March 25, 2024 regular LAFCO meeting.  
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).  
  
Executive Officer McKenna and Mike Briley, CPA presented the report.  
  
There were no comments from the Committee or the public.  
  
The Committee recommended approval of this report.
3. Consider the January 31, 2024 Draft Balance Sheet and Income Statement.  
Recommended Action: Accept the statements for information only.  
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).  
  
Executive Officer McKenna and Mike Briley, CPA presented the report.  
  
There were no comments from the Committee or the public.  
  
The Committee accepted this report for information only.
4. Consider Profit/Loss Budget vs. Actual Report dated February 14, 2024.  
Recommended Action: Accept report for information only.  
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).  
  
Executive Officer McKenna and Mike Briley, CPA presented the report.  
  
There were no comments from the public. Chair Leffel requested that staff just provide the end-of-month reports in the future.  
  
The Committee accepted this report for information only.
5. Consider Budget Amendment No. 1 for Fiscal Year 2023-2024.  
Recommended Action: Discuss report and recommend that the Commission approve a resolution to adopt Amendment No. 1 to the current (Fiscal Year 2023-24) budget, transferring a total of \$20,200 with no net change to the overall budget, at the next regular LAFCO meeting on March 25, 2024.  
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).  
  
Principal Analyst McBain presented the report and requested modification from the Committee to increase the amendment amount to \$25,000. The additional \$5,000 would be transferred to #7245 General Legal Services.  
  
There were no public comments.

Budget & Finance Committee Meeting Agenda  
February 22, 2024

Committee Action:

Upon motion by Commissioner Lopez, seconded by Commissioner Leffel, the Budget and Finance Committee unanimously accepted and unanimously recommended that the Commission approve a resolution to adopt Amendment No. 1 to the current (Fiscal Year 2023-2024) budget, transferring at total of \$25,000.00 with no net change to the overall budget, at the next regular LAFCO meeting on March 25, 2024.

Motion Carried. (Voice Vote)

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

6. Consider Preliminary Draft Annual Work Program for Fiscal Year 2024-2025.  
Recommended Action: Discuss report and recommend that the Commission approve the proposed Fiscal Year 2024-2025 annual work program, at the March 25, 2024 regular LAFCO meeting.  
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

Principal Analyst McBain presented the report.

Staff answered questions from the Commissioners. Discussion ensued.

Upon motion by Commissioner Leffel, seconded by Commissioner Lopez, the Budget and Finance Committee unanimously recommended that the Commission approve a modified Fiscal Year 2024-2025 annual work program, at the next regular LAFCO meeting on March 25, 2024.

Motion Carried. (Voice Vote)

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

7. Consider Preliminary Draft Annual Budget for Fiscal Year 2024-2025.  
Recommended Action: Discuss report and recommend that the Commission: (1) Conduct a public hearing on March 25 to consider adoption of a proposed budget for Fiscal Year 2024-2025, and (2) Distribute the proposed budget to local agencies for review and comment prior to final adoption at a second hearing on April 22.  
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

Principal Analyst McBain presented the report.

Staff answered questions from the Commissioners. Executive Officer McKenna advised that staff will be doing a review of the fee schedule and will bring back recommendations to the Committee in May 2024.

The Budget & Finance Committee recommended that the Commission:

1. Conduct a public hearing on March 25, 2024 to consider the adoption of a proposed budget for Fiscal Year 2024-2025, and

2. Distribute the proposed budget to local agencies for review and comment prior to final adoption at a second hearing on April 22.
  
8. Consider Three -Year Financial Forecast (FY 2024-2025 through FY 2026-2027).  
Recommended Action: Discuss report for information only.  
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378)

Executive Officer McKenna presented the report.

There were no comments from the public.

The Committee accepted this report for information only.

9. Consider Accounting Services.  
Recommended Action: Direct the Executive Officer to negotiate and execute a professional services agreement amendment with CliftonLarsonAllen, LLP (CLA) for accounting and related services to reduce costs by \$1,000 per month, approximately 16%.  
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378)

Executive Officer McKenna presented the report.

The Committee reviewed and discussed the report with the Executive Officer and Mr. Briley.

There were no comments from the public.

The Committee directed the Executive Office to move forward with the agreement amendment.

### Executive Officer Announcements

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

None

### Adjournment

Chair Leffel adjourned the meeting at 3:07 pm.

The next Budget & Finance Committee Meeting is scheduled for **Monday, May 6, 2024 – 2:00 PM at the LAFCO Office, 132 W. Gabilan Street, Suite #102, Salinas, CA.**

*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

**2024**

**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*

David Kong

*Special District Member, Alternate*

Mary Ann Leffel

*Special District Member*

Chris Lopez

*County Member, Alternate*

Ian Oglesby

*City Member*

Warren Poitras

*Special District Member*

Anna Velazquez

*City Member, Alternate*

**Counsel**

Reed Gallogly

*General Counsel*

**Executive Officer**

Kate McKenna, AICP

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*Regular Meeting DRAFT MINUTES*  
**LOCAL AGENCY FORMATION COMMISSION  
OF MONTEREY COUNTY**  
*Scheduled for Adoption March 25, 2024*

Monday, February 26, 2024

All Commissioners and public participated in the meeting on Monday, February 26, 2024 in person or by Zoom video conference.

**Call to Order**

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

**Roll Call**

Commissioner Root Askew  
Commissioner Bikle  
Commissioner Kong  
Commissioner Leffel  
Commissioner Lopez  
Commissioner Oglesby  
Commissioner Poitras  
Commissioner Velazquez  
Vice Chair Craig  
Chair Gourley

**Members Absent (Excused Absence)**

Commissioner Adams

**Staff Present**

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

**Also Present**

Reed Gallogly, General Counsel

**Pledge of Allegiance**

Commissioner Poitras led the Pledge of Allegiance.

## General Public Comments

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

There were no public comments.

## Special Business

1. Oath of Office for City Member Commissioner (Alternate) Anna Velazquez. (pg. 6)  
Recommended Action: It is recommended that Chair Gourley administer the Oath of Office to Commissioner Anna Velazquez upon her re-appointment to LAFCO for a term ending on May 1, 2028.  
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

Executive Officer McKenna presented the report.

Chair Gourley administered the Oath of Office to Commissioner Anna Velazquez.

## Consent Agenda

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

2. Approve Draft Minutes from the January 22, 2024 Regular LAFCO Commission Meeting (pg. 9)  
Recommended Action: Approve minutes.  
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378)
3. Approve Draft Minutes from the February 8, 2024 Special LAFCO Commission Meeting. (pg. 17)  
Recommended Action: Approve minutes.  
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378)
4. Accept Report on Anticipated Agenda Items and Progress Report on LAFCO Special Studies. (pg. 20)  
Recommended Action: Accept report for information only.  
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378)
5. Accept Report on Activities of the California Association of Local Agency Formation Commissions and Authorize the Executive Officer to convey support for SB 1209 (Cortese), which would add language to State law to explicitly allow LAFCOs to require indemnification by applicants. (pg. 24)  
Recommended Actions:
  1. Accept report, and
  2. Authorize the Executive Officer to convey support for SB 1209 (Cortese).  
(CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378).

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

### Commissioner Action:

Upon motion by Commissioner Leffel, seconded by Commissioner Oglesby the Commission approved Consent Agenda Items #2 – #5 by a Voice Vote.



Motion Carried (Voice Vote):

AYES: Commissioners: Root Askew, Leffel, Lopez, 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 (Continued from the January 22, 2024 meeting)**

6. Adoption of a Resolution Amending the Commission’s Adopted Policy for Preservation of Open-Space and Agricultural Lands.

Recommended Actions:

1. Receive a report from staff and legal counsel;
2. Receive public comments;
3. Review and discuss revised draft Policy Implementation Guidelines for Agricultural Mitigation, and related policy refinements; and
4. Adopt the Guidelines and policy refinements.

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

Executive Officer McKenna and Principal Analyst McBain made introductory comments.

There were comments of support from three members of the public.

Commissioner Root Askew expressed concerns about some provisions of the revised draft guidelines, including the appeal process for the executive officer’s decision, removal of the phrase “no less than” from the one-to-one agricultural mitigation ratio, and the possibility that the guidelines may allow too many exceptions from the mitigation requirements.

Commissioner Velazquez also expressed concern about the appeal provisions as currently written.

Commissioners Leffel and Craig made comments in support of the revised draft guidelines as presented.

Commissioner Action:

Upon motion by Commissioner Craig, seconded by Commissioner Leffel, the Commission unanimously adopted the resolution amending LAFCO’s policy for preservation of open space and agricultural lands by adding policy implementation guidelines regarding agricultural mitigation actions for city annexations of farmland, and related policy refinements by a Roll Call Vote.

Motion Carried (Roll Call Vote):

AYES: Commissioners: Root Askew, Leffel, Lopez, 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.*

### 7. Communications

- a. Proposed Sale of 132 W. Gabilan Street, Salinas.
- b. Independent Special Districts Representative nomination and selection process.

Executive Officer McKenna presented the report.

## 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.

## Public Comments on Closed Session Items

There were no public comments.

## Closed Session

◆ Commissioner Oglesby is recused from the Closed Session item for this meeting and all future meetings as a member of the Monterey Peninsula Water Management District Board of Directors.

## The Commission Recesses for Closed Session Agenda Items

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

The Commission ADJOURNED to Closed Session at 3:22 p.m.

8. 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

The Commission RECONVENED to Open Session at 3:34 p.m.

## Roll Call

Commissioner Root Askew  
Commissioner Bikle  
Commissioner Kong  
Commissioner Leffel  
Commissioner Lopez  
Commissioner Oglesby  
Commissioner Poitras  
Commissioner Velazquez  
Vice Chair Craig  
Chair Gourley

## Read Out from Closed Session by LAFCO General Counsel

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

General Counsel Reed Gallogly advised that there were no reportable items.

## Adjournment to the Next Meeting

Chair Gourley adjourned the meeting at 3:35 p.m.

The next Regular LAFCO Meeting scheduled for Monday, March 25, 2024 at 3:00 p.m. at the Monterey County Government Center (168 W. Alisal Street, Salinas).

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

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

KATE McKENNA, AICP  
Executive Officer

DATE: March 25, 2024  
TO: Chair and Members of the Formation Commission  
FROM: Kate McKenna, AICP, Executive Officer  
SUBJECT: Draft Financial Statements for Period Ending December 31, 2023  
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378.

**SUMMARY OF RECOMMENDATION:**

The Budget and Finance Committee recommends that the Commission accept the quarterly financial statements for the period ending December 31, 2023.

**EXECUTIVE OFFICER'S REPORT:**

This matter was reviewed by the Budget and Finance Committee on February 22, 2024 and discussed with Mr. Mike Briley, CPA, CGMA, Regional Managing Principal, CliftonLarsonAllen, LLP.

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

Respectfully Submitted,



Kate McKenna, AICP,  
Executive Officer

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

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

**DRAFT**

**LOCAL AGENCY FORMATION COMMISSION  
OF MONTEREY COUNTY**

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## Accountant's Compilation Report

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

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

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

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

We are not independent with respect to LAFCO.

**CliftonLarsonAllen LLP**

February 6, 2024  
Salinas, CA



**LAFCO of Monterey County  
Balance Sheets  
December 31, 2023 and 2022**

ASSETS			
	ACCT #	2023	2022
<b>CURRENT ASSETS:</b>			
<b>Cash Held in Bank:</b>			
Wells Fargo Operating	1007	\$ 177,949.04	\$ 86,305.10
<b>Total Cash Held in Bank</b>		<u>177,949.04</u>	<u>86,305.10</u>
<b>Cash Held in County Treasury:</b>			
Cash Held for Operating Expenses	1010	666,560.77	987,597.00
Designated Cash for Reserve for Litigation	1012	288,789.20	202,469.03
Designated Cash for Accrued Leave	1013	94,982.78	84,624.31
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	350,168.66	345,627.78
<b>Total Cash Held in County Treasury</b>		<u>1,752,179.41</u>	<u>1,975,707.12</u>
Petty Cash	1100	300.00	300.00
<b>Total Cash</b>		<u>1,930,428.45</u>	<u>2,062,312.22</u>
<b>Other Current Assets:</b>			
Accounts Receivable - For Fiscal Yr Ending 6/24	1236	380.00	-
Prepaid Insurance	1400	6,899.28	6,353.95
Prepaid Expenses	1405	5,675.42	5,111.33
<b>Total Other Current Assets</b>		<u>12,954.70</u>	<u>11,465.28</u>
<b>Total Current Assets</b>		<u>1,943,383.15</u>	<u>2,073,777.50</u>
<b>NON-CURRENT ASSETS:</b>			
Equipment	1500	57,801.99	57,801.99
Accumulated Depreciation	1550	(55,266.69)	(51,343.69)
Operating Right-of-Use Assets	1900	139,900.38	-
<b>Total Non-Current Assets</b>		<u>142,435.68</u>	<u>6,458.30</u>
<b>DEFERRED OUTFLOWS OF RESOURCES (GASB 68):</b>			
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
<b>Total Deferred Outflows of Resources (GASB 68)</b>		<u>302,729.16</u>	<u>308,761.37</u>
<b>DEFERRED OUTFLOWS OF RESOURCES (GASB 75):</b>			
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>\$ 2,396,101.99</u>	<u>\$ 2,397,987.17</u>
<b>LIABILITIES AND EQUITY</b>			
	ACCT #	2023	2022
<b>CURRENT LIABILITIES:</b>			
Accounts Payable	2000	\$ 30,263.58	\$ 22,560.88
Payroll Liabilities	2200	168.00	168.00
Accrued Leave	2220	94,982.78	84,624.31
Dissolution of FORA Legal Liability	2380	350,168.66	345,074.28
Dissolution of FORA Admin Liability	2381	53,921.00	54,947.00
Current Portion of Operating Lease Obligations	2601	26,357.52	-
<b>Total Current Liabilities</b>		<u>555,861.54</u>	<u>507,374.47</u>
<b>NON-CURRENT LIABILITIES:</b>			
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	114,538.92	-
<b>Total Non-Current Liabilities</b>		<u>247,161.51</u>	<u>(176,724.19)</u>
<b>DEFERRED INFLOWS OF RESOURCES (GASB 68):</b>	2500	40,784.66	9,278.43
<b>DEFERRED INFLOWS OF RESOURCES (GASB 75):</b>	2505	56,930.00	52,790.00
<b>EQUITY:</b>			
Invested in Capital Assets	3700	2,535.30	6,458.30
Encumbered Funds	3710	70,749.02	70,749.02
Reserve for Litigation	3800	288,789.20	202,469.03
Reserve for Contingency	3810	276,614.00	269,914.00
Restricted for Pension	3825	-	262,199.19
Unreserved Fund*	3850	856,676.76	1,193,478.92
<b>Total Equity</b>		<u>1,495,364.28</u>	<u>2,005,268.46</u>
		<u>\$ 2,396,101.99</u>	<u>\$ 2,397,987.17</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**  
**December 31, 2023**

ACCT #	Income:	Dec 23	Dec 22	% of Budget		Dec 23	July 22-Dec 23	July 21-Dec 22	Adopted 23/24 Budget	Remaining Budget Balance	% of Remaining Budget Balance
				Received/ Spent							
4000	Fees: Project	\$ -	\$ 5,000.00	0.00%		\$ 29,874.04	\$ 15,330.00	\$ 10,000.00	\$ 19,874.04	198.74%	
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)	0.00%	
4220	District Contributions	-	-	0.00%		363,785.00	354,928.00	363,784.00	1.00	0.00%	
4249	FORA Administrative Revenue	85.50	85.50	0.00%		427.50	1,075.50	-	427.50	0.00%	
4300	Interest	7,870.63	11.09	154.17%		7,915.37	3,826.92	5,105.00	2,810.37	55.05%	
	<b>Total Income</b>	<b>7,956.13</b>	<b>5,096.59</b>	<b>0.72%</b>		<b>1,129,569.90</b>	<b>1,085,022.41</b>	<b>1,106,457.00</b>	<b>23,112.90</b>	<b>2.09%</b>	
	<b>Expense:</b>										
VAR	Employee Salaries	44,438.26	42,331.07	7.58%		285,796.99	271,886.82	586,475.00	300,678.01	51.27%	
VAR	Employee Benefits	23,831.35	20,461.82	9.09%		291,379.28	122,542.33	262,244.00	(29,135.28)	-11.11%	
7000	Postage and Shipping	1,010.75	286.87	25.31%		3,051.85	1,958.18	3,994.00	942.15	23.59%	
7010	Books and Periodical	361.29	799.70	36.13%		599.29	1,087.40	1,000.00	400.71	40.07%	
7030	Copy Machine	418.53	343.75	5.98%		2,912.70	2,357.51	7,000.00	4,087.30	58.39%	
7040	Outside Printers	-	-	0.00%		-	-	500.00	500.00	100.00%	
7060	Office Supplies	510.53	225.18	10.21%		2,613.66	2,105.99	5,000.00	2,386.34	47.73%	
7070	Office Equipment & Furnishings	-	-	0.00%		-	-	1,000.00	1,000.00	100.00%	
7080	Computer Hardware/Peripherals	128.93	-	3.22%		773.58	698.05	4,000.00	3,226.42	80.66%	
7085	Computer Support Svcs Fixed Costs	1,412.50	1,361.34	11.07%		8,475.00	8,168.04	12,763.00	4,288.00	33.60%	
7090	Computer Support Svcs Variable Costs	-	626.00	0.00%		160.00	1,095.50	5,000.00	4,840.00	96.80%	
7100	Computer Software	239.88	239.88	18.78%		559.85	554.85	1,277.00	717.15	56.16%	
7105	Meeting Broadcast Services	450.00	668.75	8.81%		2,250.00	668.75	5,106.00	2,856.00	55.93%	
7110	Property and Gen Liability Insurance	698.27	640.54	7.73%		4,189.62	3,843.24	9,032.00	4,842.38	53.61%	
7120	Office Maintenance Services	-	-	0.00%		-	168.00	486.00	486.00	100.00%	
7140	Travel	200.43	47.07	2.86%		2,651.25	9,447.74	7,000.00	4,348.75	62.13%	
7150	Training, Conferences & Workshops	-	(273.79)	0.00%		10,719.64	7,071.93	13,000.00	2,280.36	17.54%	
7160	Vehicle Mileage	53.71	78.38	5.37%		164.14	190.94	1,000.00	835.86	83.59%	
7170	Rental of Buildings	2,851.01	2,397.69	8.85%		17,106.06	14,386.14	32,220.00	15,113.94	46.91%	
7200	Telephone Communications	358.36	329.54	4.21%		2,229.58	2,098.36	8,509.00	6,279.42	73.80%	
7240	Outside Prof. Services: Other	-	2,625.00	0.00%		-	8,825.00	15,000.00	15,000.00	100.00%	
7242	Outside Prof. Services: Accounting	11,000.01	5,000.00	16.67%		38,000.01	34,800.00	66,000.00	27,999.99	42.42%	
7242A	Outside Prof. Services: General Admin and HR	800.00	400.00	13.33%		2,800.00	2,800.00	6,000.00	3,200.00	53.33%	
7245	General and Special Legal Services	6,758.80	6,494.60	74.14%		15,791.60	11,328.50	9,116.00	(6,675.60)	-73.23%	
7247	Outside Prof. Services: Human Resources	-	-	0.00%		-	-	5,789.00	5,789.00	100.00%	
7248	Outside Prof. Services: Annual Audit	-	6,000.00	0.00%		20,000.00	20,000.00	22,000.00	2,000.00	9.09%	
7250	Miscellaneous Office Expense	45.32	74.08	3.73%		555.90	325.86	1,216.00	660.10	54.28%	
7260	Legal Notices	-	-	0.00%		1,477.75	1,374.75	4,000.00	2,522.25	63.06%	
7270	Recruitment Advertising	-	-	0.00%		-	-	900.00	900.00	100.00%	
7280	LAFCO Memberships	-	-	0.00%		8,124.00	7,503.00	9,830.00	1,706.00	17.36%	
7290	Litigation Reserve	11,210.80	5,224.28	0.00%		39,426.90	62,118.98	-	(39,426.90)	0.00%	
7300	Depreciation	319.00	331.00	0.00%		1,916.00	2,009.95	-	(1,916.00)	0.00%	
	<b>Total Expense</b>	<b>107,097.73</b>	<b>96,712.75</b>	<b>9.68%</b>		<b>763,724.65</b>	<b>601,415.81</b>	<b>1,106,457.00</b>	<b>342,732.35</b>	<b>30.98%</b>	
	<b>Net Ordinary Income (Loss)</b>	<b>(99,141.60)</b>	<b>(91,616.16)</b>			<b>365,845.25</b>	<b>483,606.60</b>	<b>-</b>			
	<b>Other Income/(Expense):</b>										
8106	Prior Year Project Fees Returned	-	-			-	(2,697.50)	-			
	<b>Total Other Income/(Expense)</b>	<b>-</b>	<b>-</b>			<b>-</b>	<b>(2,697.50)</b>	<b>-</b>			
	<b>Net Income (Loss)</b>	<b>\$ (99,141.60)</b>	<b>\$ (91,616.16)</b>			<b>\$ 365,845.25</b>	<b>\$ 480,909.10</b>	<b>\$ -</b>			

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

ACCT #	Income:	Dec 23	Dec 22	% of Budget Received/Spent		July 22-Dec 23	July 21-Dec 22	Adopted 23/24 Budget	Remaining Budget Balance	% of Remaining Budget Balance
				Dec 23	July 22-Dec 23					
4000	Fees: Project	\$ -	\$ 5,000.00	0.00%	\$ 29,874.04	\$ 15,330.00	\$ 10,000.00	\$ 19,874.04	198.74%	
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)	0.00%	
4220	District Contributions	-	-	0.00%	363,785.00	354,928.00	363,784.00	1.00	0.00%	
4249	FORA Administrative Revenue	85.50	85.50	0.00%	427.50	1,075.50	-	427.50	0.00%	
4300	Interest	7,870.63	11.09	154.17%	7,915.37	3,826.92	5,105.00	2,810.37	55.05%	
	<b>Total Income</b>	<b>7,956.13</b>	<b>5,096.59</b>	<b>0.72%</b>	<b>1,129,569.90</b>	<b>1,085,022.41</b>	<b>1,106,457.00</b>	<b>23,112.90</b>	<b>2.09%</b>	
	<b>Expense:</b>									
6002	Regular Earnings	44,379.68	42,331.07		285,650.55	271,426.52				
6004	FORA Administrative Wages	58.58	-		146.44	460.30				
	<b>Employee Salaries</b>	<b>44,438.26</b>	<b>42,331.07</b>	<b>7.58%</b>	<b>285,796.99</b>	<b>271,886.82</b>	<b>586,475.00</b>	<b>300,678.01</b>	<b>51.27%</b>	
6007	Management Expense Allowance	50.00	50.00		300.00	300.00				
6010	Accrued Leave	3,916.07	3,851.48		14,563.46	16,520.18				
6011	Car Allowance	400.00	400.00		2,400.00	2,400.00				
6013	Post Retirement Healthcare Reserve	151.00	149.00		906.00	894.00				
6100	Employee Benefits - Other	-	-		700.00	700.00				
6101	Payroll Expenses	670.88	640.32		4,313.21	4,111.50				
6102	Worker's Compensation Insurance	199.06	179.37		1,349.18	632.28				
6103	Employee Memberships	-	-		374.00	96.75				
6104	Deferred Comp Plan Contribution	2,755.18	2,624.52		17,719.47	16,856.93				
6105	PERS Retirement	5,170.26	4,335.98		185,639.50	30,650.46				
6110	PERS Health - Other	33.95	27.50		204.76	158.33				
6111	PERS Health - Med ER Non-Elective	604.00	596.00		3,624.00	3,576.00				
6112	PERS Health - Med ER Pre Tax	8,365.69	6,173.28		50,194.14	37,039.68				
6131	LIFE	125.20	125.20		751.20	751.20				
6132	ADD	8.21	8.21		49.26	49.26				
6133	Dental	767.90	767.90		4,607.40	4,607.40				
6134	Vision	123.80	108.60		742.80	651.60				
6135	LTD	398.09	332.40		2,388.54	1,994.40				
6139	STD	92.06	92.06		552.36	552.36				
	<b>Employee Benefits</b>	<b>23,831.35</b>	<b>20,461.82</b>	<b>9.09%</b>	<b>291,379.28</b>	<b>122,542.33</b>	<b>262,244.00</b>	<b>(29,135.28)</b>	<b>-11.11%</b>	
7000	Postage and Shipping	1,010.75	286.87	25.31%	3,051.85	1,958.18	3,994.00	942.15	23.59%	
7010	Books and Periodical	361.29	799.70	36.13%	599.29	1,087.40	1,000.00	400.71	40.07%	
7030	Copy Machine	418.53	343.75	5.98%	2,912.70	2,357.51	7,000.00	4,087.30	58.39%	
7040	Outside Printers	-	-	0.00%	-	-	500.00	500.00	100.00%	
7060	Office Supplies	510.53	225.18	10.21%	2,613.66	2,105.99	5,000.00	2,386.34	47.73%	
7070	Office Equipment & Furnishings	-	-	0.00%	-	-	1,000.00	1,000.00	100.00%	
7080	Computer Hardware/Peripherals	128.93	-	3.22%	773.58	698.05	4,000.00	3,226.42	80.66%	
7085	Computer Support Svcs Fixed Costs	1,412.50	1,361.34	11.07%	8,475.00	8,168.04	12,763.00	4,288.00	33.60%	
7090	Computer Support Svcs Variable Costs	-	626.00	0.00%	160.00	1,095.50	5,000.00	4,840.00	96.80%	
7100	Computer Software	239.88	239.88	18.78%	559.85	554.85	1,277.00	717.15	56.16%	
7105	Meeting Broadcast Services	450.00	668.75	8.81%	2,250.00	668.75	5,106.00	2,856.00	55.93%	
7110	Property and Gen Liability Insurance	698.27	640.54	7.73%	4,189.62	3,843.24	9,032.00	4,842.38	53.61%	
7120	Office Maintenance Services	-	-	0.00%	-	168.00	486.00	486.00	100.00%	
7140	Travel	200.43	47.07	2.86%	2,651.25	9,447.74	7,000.00	4,348.75	62.13%	
7150	Training, Conferences & Workshops	-	(273.79)	0.00%	10,719.64	7,071.93	13,000.00	2,280.36	17.54%	
7160	Vehicle Mileage	53.71	78.38	5.37%	164.14	190.94	1,000.00	835.86	83.59%	
7170	Rental of Buildings	2,851.01	2,397.69	8.85%	17,106.06	14,386.14	32,220.00	15,113.94	46.91%	
7200	Telephone Communications	358.36	329.54	4.21%	2,229.58	2,098.36	8,509.00	6,279.42	73.80%	
7240	Outside Prof. Services: Other	-	2,625.00	0.00%	-	8,825.00	15,000.00	15,000.00	100.00%	
7242	Outside Prof. Services: Accounting	11,000.01	5,000.00	16.67%	38,000.01	34,800.00	66,000.00	27,999.99	42.42%	
7242A	Outside Prof. Services: General Admin and HR	800.00	400.00	13.33%	2,800.00	2,800.00	6,000.00	3,200.00	53.33%	
7245	General and Special Legal Services	6,758.80	6,494.60	74.14%	15,791.60	11,328.50	9,116.00	(6,675.60)	-73.23%	
7247	Outside Prof. Services: Human Resources	-	-	0.00%	-	-	5,789.00	5,789.00	100.00%	
7248	Outside Prof. Services: Annual Audit	-	6,000.00	0.00%	20,000.00	20,000.00	22,000.00	2,000.00	9.09%	
7250	Miscellaneous Office Expense	45.32	74.08	3.73%	555.90	325.86	1,216.00	660.10	54.28%	
7260	Legal Notices	-	-	0.00%	1,477.75	1,374.75	4,000.00	2,522.25	63.06%	
7270	Recruitment Advertising	-	-	0.00%	-	-	900.00	900.00	100.00%	
7280	LAFCO Memberships	-	-	0.00%	8,124.00	7,503.00	9,830.00	1,706.00	17.36%	
7290	Litigation Reserve	11,210.80	5,224.28	0.00%	39,426.90	62,118.98	-	(39,426.90)	0.00%	
7300	Depreciation	319.00	331.00	0.00%	1,916.00	2,009.95	-	(1,916.00)	0.00%	
	<b>Total Expense</b>	<b>107,097.73</b>	<b>96,712.75</b>	<b>9.68%</b>	<b>763,724.65</b>	<b>601,415.81</b>	<b>1,106,457.00</b>	<b>342,732.35</b>	<b>30.98%</b>	
	<b>Net Ordinary Income (Loss)</b>	<b>(99,141.60)</b>	<b>(91,616.16)</b>		<b>365,845.25</b>	<b>483,606.60</b>	<b>-</b>			
	<b>Other Income/(Expense):</b>									
8106	Prior Year Project Fees Returned	-	-		-	(2,697.50)	-			
	<b>Total Other Income/(Expense)</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>(2,697.50)</b>	<b>-</b>			
	<b>Net Income (Loss)</b>	<b>\$ (99,141.60)</b>	<b>\$ (91,616.16)</b>		<b>\$ 365,845.25</b>	<b>\$ 480,909.10</b>	<b>\$ -</b>			

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

	July 23	Aug 23	Sept 23	Oct 23	Nov 23	Dec 23	Total
<b>Ordinary Income/Expense</b>							
<b>Income:</b>							
4000 · Fees: Project	\$ -	\$ -	\$ 550.00	\$ 16,987.50	\$ -	\$ -	\$ 17,537.50
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	-	85.50	85.50	85.50	427.50
4300 · Interest	10.38	12.15	10.05	10.77	1.99	7,870.63	7,915.37
<b>Total Income</b>	<b>1,091,363.37</b>	<b>12,519.69</b>	<b>560.05</b>	<b>17,083.77</b>	<b>86.89</b>	<b>7,956.13</b>	<b>1,129,569.90</b>
<b>Expense:</b>							
6000 · Employee Salaries	42,896.00	43,465.76	66,292.69	44,732.27	43,952.01	44,438.26	285,796.99
6100 · Employee Benefits	20,533.39	23,064.48	28,866.69	172,732.57	22,350.80	23,831.35	291,379.28
7000 · Postage and Shipping	115.17	423.56	389.64	932.92	479.81	1,010.75	3,051.85
7010 · Books and Periodical	238.00	-	-	-	-	361.29	599.29
7030 · Copy Machine	419.96	337.67	418.53	418.54	699.47	418.53	2,912.70
7060 · Office Supplies	-	76.58	307.39	121.29	1,602.47	510.53	2,613.66
7080 · Computer Hardware/Peripherals	-	-	-	515.72	128.93	128.93	773.58
7085 · Computer Support Svcs Fixed Costs	-	-	-	5,650.00	1,412.50	1,412.50	8,475.00
7090 · Computer Support Svcs Variable Costs	219.98	-	-	160.00	-	-	379.98
7100 · Computer Software	-	-	-	99.99	-	239.88	339.87
7105 · Meeting Broadcast Services	698.27	698.27	698.27	1,350.00	450.00	450.00	2,250.00
7110 · Property and Gen Liability Insurance	-	698.27	-	698.27	698.27	698.27	2,651.25
7140 · Travel	-	-	-	2,450.82	-	200.43	2,651.25
7150 · Training, Conferences & Workshops	-	575.00	-	10,044.64	-	-	10,719.64
7160 · Vehicle Mileage	-	110.43	-	-	-	53.71	164.14
7170 · Rental of Buildings	2,685.00	2,685.80	3,183.03	2,851.01	2,851.01	2,851.01	17,106.06
7200 · Telephone Communications	471.16	349.94	349.94	350.09	350.09	358.36	2,229.58
7242 · Outside Prof. Services: Accounting	5,000.00	5,500.00	5,500.00	5,500.00	5,500.00	11,000.01	38,000.01
7242A · Outside Prof. Services: Gen Admin & HR Assistance	400.00	400.00	400.00	400.00	400.00	800.00	2,800.00
7245 · General and Special Legal Services	-	1,395.00	1,620.70	2,825.40	3,001.70	6,758.80	15,791.60
7248 · Outside Prof. Services: Annual Audit	1,500.00	-	-	18,500.00	-	-	20,000.00
7250 · Miscellaneous Office Expense	73.94	36.74	289.24	36.74	73.92	45.32	555.90
7260 · Legal Notices	958.00	231.00	-	-	288.75	-	1,477.75
7280 · LAFCO Memberships	8,124.00	-	-	-	-	-	8,124.00
7290 · Litigation Reserve	-	12,278.81	554.00	11,386.98	3,996.21	11,210.80	39,426.90
7300 · Depreciation	321.00	814.00	321.00	322.00	319.00	319.00	1,916.00
<b>Total Expense</b>	<b>84,653.87</b>	<b>91,872.31</b>	<b>109,496.55</b>	<b>282,099.25</b>	<b>88,554.94</b>	<b>107,097.73</b>	<b>763,724.65</b>
<b>Net Income/(Loss)</b>	<b>\$ 1,006,709.50</b>	<b>\$ (79,302.62)</b>	<b>\$ (108,936.50)</b>	<b>\$ (265,015.48)</b>	<b>\$ (88,468.05)</b>	<b>\$ (99,141.60)</b>	<b>\$ 365,845.25</b>

**LAFCO of Monterey County  
Accounts Receivable Summary  
As of December 31, 2023**

**Accounts Receivable-For Fiscal Year Ending 6/2024:**

<u>Description</u>	<u>Date</u>	<u>Amount</u>
Gonzales Rural FPD	7/1/23	<u>380.00</u>
	<b>ACCT # 1236</b>	<b>\$ <u><u>380.00</u></u></b>

**DRAFT**

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

**Equipment and Accumulated Depreciation:**

Description	Fiscal Year In Service (6/30)	Cost	Amount Depreciated
Furniture & Fixtures	2010	\$ 502.51	\$ 502.51
Furniture & Fixtures	2017	29,396.72	28,376.00
Furniture & Fixtures	2018	10,618.39	9,507.00
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	2,050.00
Office Equipment	2020	2,054.53	1,745.00

	ACCT # 1500	\$ 57,801.99
DRAFT	ACCT # 1550	\$ 55,266.69

# LAFCO of Monterey County Accounts Payable Summary As of December 31, 2023

Accounts Payable:

Vendor	Description	Date	Inv#/Acct#	Amount
AT&T	Credit	12/10/2021		\$ (42.77)
AT&T	Telephone Services	12/17/2023	317277339	226.34
Best, Best & Krieger	MPWMD Service Activation Services through 12/31/23	12/31/2023	986013	2,333.40
CliftonLarsonAllen LLP	Accounting Services for November/December 2023	12/31/2023	L241006338	11,800.01
Comcast	Telephone Services from 12/27/23-1/26/24	12/22/2023	8155100301512806	132.02
County of Monterey, Information Technology	Computer Support Services through 12/31/23	12/31/2023	Dept 812 P/E 12/31/23	1,991.43
David Kong	2023 Calafco Conference Mileage Reimbursement	12/1/2023		200.43
MBS Business Systems	Copy Machine Rental	12/18/2023	460921	745.56
MBS Business Systems	Copy Machine Rental	12/22/2023	461490	111.48
MBS Business Systems	Copy Machine Rental	12/22/2023	461511	70.00
Office of County Counsel-Co of Monterey	General Legal Services through 11/30/23	12/20/2023	23-003287	4,542.80
Office of County Counsel-Co of Monterey	LAFCO-MPWMD, Latent Power Legal Services through 11/30/23	12/20/2023	23-003295	3,545.60
Office of County Counsel-Co of Monterey	LAFCO-MPWMD, Latent Power Legal Services through 12/31/23	12/31/2023	24-001040	969.50
Office of County Counsel-Co of Monterey	General Legal Services through 12/31/23	12/31/2023	24-001032	2,216.00
Principal Life	Jan 2024 Benefits: LTD, ADD, STD, Life	12/17/2023	1095234-10001	623.56
Safarina Maluki	Mileage Reimbursement 7/1/23-12/31/23	12/31/2023		53.71
Wells Fargo Bank Credit Card	Monterey Herald \$361.29; Culligan Water \$45.32; Amazon \$98.02; Adobe \$239.88	12/31/2023		744.51
			ACCT # 2000	<u>\$ 30,263.58</u>





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

**Executive Officer and Analyst Positions:**

Employee	Title	Total Hours of Accrued Annual Leave *	Hourly Rate	Annual Leave Book Value
Kate McKenna	Executive Officer	625.29	100.76	\$ 63,004.22
Darren McBain	Principal Analyst	241.70	74.85	18,091.25
Jonathan Brinkmann	Senior Analyst	173.86	58.57	10,182.98
				\$ 91,278.45

**Clerk / Administrative Secretary Position:**

Employee	Accrued Sick Leave	Accrued Vacation **	Hourly Rate	Sick Leave Book Value	Vacation Book Value
Safarina Maluki	78.68	12.74	40.52	\$ 3,188.11	\$ 516.22
				\$ 3,188.11	\$ 516.22

Annual Leave	\$ 91,278.45
Sick Leave	3,188.11
Vacation	516.22
<b>ACCT # 2220</b>	<b>\$ 94,982.78</b>

**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 December 31, 2023**

**Encumbered Funds:**

Subject	Invoice Date/ Inv. No.	Funds Received/(Paid)
<b>Recruitment Advertising Encumbered Funds:</b>		
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>
<b>Human Resources Encumbered Funds:</b>		
	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>
<b>Temp Professional Services Encumbered Funds:</b>		
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>
<b>Computer Support Services-Variable Encumbered Funds:</b>		
18-19 Budget Carryover		<u>12,623.28</u>
		<u>12,623.28</u>
	<b>ACCT # 3710</b>	<b>\$ 70,749.02</b>

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

**Reserve for Litigation:**

Date	Vendor/Description	Invoice #	Amount
	Beginning Balance as of 7/1/22		\$ 264,588.01
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)
10/13/2023	Best, Best & Krieger	977680	(9,863.48)
10/18/2023	Office of County Counsel-Co. of Monterey	23-003213	(1,523.50)
11/9/2023	Best, Best & Krieger	979801	(3,248.31)
11/16/2023	Office of County Counsel-Co. of Monterey	23-003268	(747.90)
12/4/2023	Reserve Replenishment		192,730.36 *
12/4/2023	Best, Best & Krieger	982356	(4,362.30)
12/20/2023	Office of County Counsel-Co. of Monterey	23-003295	(3,545.60)
12/31/2023	Best, Best & Krieger	986013	(2,333.40)
12/31/2023	Office of County Counsel-Co. of Monterey	24-001040	(969.50)
	<b>ACCT # 3800</b>		<b>\$ 288,789.20</b>

\*Replenish reserve to \$300,000 balance, per commission meeting on 12/4/23.

**LAFCO of Monterey County  
Detail of Reserve for Contingency  
As of December 31, 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>
		<b>ACCT # 3810</b>	<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 132 W. Gabilan Street, Suite 102  
Salinas, CA 93902 Salinas, CA 93901  
Telephone (831) 754-5838 [www.monterey.lafco.ca.gov](http://www.monterey.lafco.ca.gov)

KATE MCKENNA, AICP  
Executive Officer

DATE: March 25, 2024  
TO: Chair and Members of the Formation Commission  
FROM: Kate McKenna, AICP, Executive Officer  
SUBJECT: **January 31, 2024 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 January 31, 2024 draft balance sheet and income statements for information only.

### EXECUTIVE OFFICER'S REPORT:

This matter was reviewed by the Budget and Finance Committee on February 22, 2024 and discussed with Mr. Mike Briley, CPA, CGMA, Regional Managing Principal, CliftonLarsonAllen, LLP.

Attached are the January 2024 draft balance sheet and income statement. These statements are prepared monthly for the Commission's information by CliftonLarsonAllen, LLP. Overall third quarter revenue and expenses are on target for the period.

Respectfully Submitted,



Kate McKenna, AICP  
Executive Officer

### Attachments:

1. Draft Balance Sheet as for January 31, 2024, prepared by CliftonLarsonAllen, LLP.
2. Draft Income Statement for January 31, 2024, prepared by CliftonLarsonAllen, LLP.

LAFCO of Monterey County

Balance Sheet

As of January 31, 2024

02/14/24

Accrual Basis

Jan 31, 24

ASSETS

Current Assets

Checking/Savings

1100 · Petty Cash	300.00
1007 · Wells Fargo Checking	75,155.07
1010 · Cash Co. Treasury	
1012 · Designated Cash Litigation Resv	288,789.20
1013 · Designated Cash - Accrued Leave	80,832.95
1014 · Designated Cash-Post Retirement	75,064.00
1015 · Designated Cash-Contingency	276,614.00
1020 · Resticted Cash-FORA Litigation	350,168.66
1010 · Cash Co. Treasury - Other	680,710.60

Total 1010 · Cash Co. Treasury 1,752,179.41

Total Checking/Savings 1,827,634.48

Accounts Receivable

1236 · A/R Fiscal Year Ending 6/2024 380.00

Total Accounts Receivable 380.00

Other Current Assets

1400 · Prepaid Insurance	6,001.95
1405 · Prepaid Expenses	1,877.87

Total Other Current Assets 7,879.82

Total Current Assets 1,835,894.30

Fixed Assets

1500 · Equipment	2,185.00
1525 · Computer Equipment	15,099.37
1530 · Office Furniture	40,517.62
1550 · Accumulated Depreciation	-55,587.69

Total Fixed Assets 2,214.30

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	137,534.29

Total Other Assets 447,817.45

**TOTAL ASSETS 2,285,926.05**

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

2000 · Accounts Payable 10,297.02

Total Accounts Payable 10,297.02

Credit Cards

WFB Visa X2064 (Kate) 733.35

Total Credit Cards 733.35



LAFCO of Monterey County

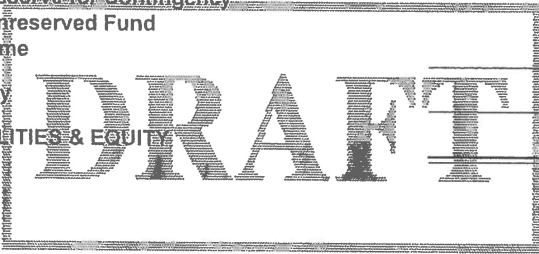
Balance Sheet

As of January 31, 2024

02/14/24

Accrual Basis

	Jan 31, 24
<b>Other Current Liabilities</b>	
2220 · Accrued Leave	80,832.95
2410 · Post Retirement (GASB 75)	75,064.00
2200 · Payroll Liabilities	597.50
2380 · Dissolution of FORA Legal Liab.	350,168.66
2381 · Dissolution of FORA Admin Liab.	53,921.00
2601 · Current Portion Lease Obligat.	26,357.52
<b>Total Other Current Liabilities</b>	<b>586,941.63</b>
<b>Total Current Liabilities</b>	<b>597,972.00</b>
<b>Long Term Liabilities</b>	
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	112,338.84
<b>Total Long Term Liabilities</b>	<b>267,612.09</b>
<b>Total Liabilities</b>	<b>865,584.09</b>
<b>Equity</b>	
3700 · Invested in Capital Assets	2,214.30
3710 · Encumbered Funds	70,749.02
3800 · Reserve for Litigation	288,789.20
3810 · Reserve for Contingency	276,614.00
3850 · Unreserved Fund	491,152.51
Net Income	290,822.93
<b>Total Equity</b>	<b>1,420,341.96</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>2,285,926.05</b>





**LAFCO of Monterey County**  
**Profit & Loss**  
**July 2023 through January 2024**

02/14/24  
 Accrual Basis

Jul '23 - Jan 24

<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4000 · Fees	
4005 · Project	29,874.04
<b>Total 4000 · Fees</b>	<b>29,874.04</b>
4205 · County Contributions	363,784.00
4210 · City Contributions	363,783.99
4220 · District Contributions	363,785.00
4249 · FORA Admin Revenue	427.50
4300 · Interest	7,916.46
<b>Total Income</b>	<b>1,129,570.99</b>
<b>Expense</b>	
7300 · Depreciation	2,237.00
6000 · Employee Salaries	
6002 · Regular Earnings	329,278.40
6004 · FORA Admin Earnings	146.44
<b>Total 6000 · Employee Salaries</b>	<b>329,424.84</b>
6100 · Employee Benefits	
6013 · Post Retirement Healthcare	1,063.00
6010 · Accrued Leave	413.63
6007 · Management Expense Allowance	
6011 · Management Car Allowance	2,800.00
6007 · Management Expense Allowance - Other	350.00
<b>Total 6007 · Management Expense Allowance</b>	<b>3,150.00</b>
6102 · Worker's Compensation Insurance	1,548.24
6101 · Payroll Expenses	5,984.60
6103 · Employee Memberships	374.00
6104 · Deferred Comp Plan Contribution	20,424.41
6105 · PERS Retirement	190,784.86
6110 · PERS Health	
6111 · Med ER Non-Ele	4,252.00
6112 · Med ER Pre Tax	59,367.74
6110 · PERS Health - Other	241.56
<b>Total 6110 · PERS Health</b>	<b>63,861.30</b>
6130 · Insurance	
6139 · STD	644.42
6131 · LIFE	876.40
6132 · ADD	57.47
6133 · Dental	5,375.30
6134 · Vision	866.60
6135 · LTD	2,786.63
<b>Total 6130 · Insurance</b>	<b>10,606.82</b>
7294 · Accrued Leave Reserve	16,121.60
6100 · Employee Benefits - Other	700.00
<b>Total 6100 · Employee Benefits</b>	<b>315,032.46</b>

LAFCO of Monterey County  
**Profit & Loss**  
 July 2023 through January 2024

Jul '23 - Jan 24

7000 · Postage and Shipping	3,131.47
7010 · Books and Periodical	599.29
7030 · Copy Machine	3,331.24
7060 · Office Supplies	2,958.36
7080 · Computer Hardware/Peripherals	773.58
7085 · Computer Support Svc Fixed Cost	8,475.00
7090 · Computer Support Svc Variable	160.00
7100 · Computer Software	559.85
7105 · Meeting Broadcast Services	3,250.00
7110 · Property and Gen Liability Ins	4,887.89
7140 · Travel	2,651.25
7150 · Training, Conferences & Wrkshps	10,719.64
7160 · Vehicle Mileage	164.14
7170 · Rental of Buildings	19,957.07
7200 · Telephone Communications	2,427.46
7242 · Outside Prof Svc-Accounting	38,000.01
7242 A · Gen Admin Svcs & HR Assistance	2,800.00
7248 · Outside Prof Svc-Annual Audit	20,000.00
7245 · General Legal Services	15,791.60
7250 · Miscellaneous Office Expense	672.26
7260 · Legal Notices	1,477.75
7280 · LAFCO Memberships	9,839.00
7290 · Litigation Reserve	39,426.90
<b>Total Expense</b>	<b>838,748.06</b>
<b>Net Ordinary Income</b>	<b>290,822.93</b>
<b>Net Income</b>	<b>290,822.93</b>

**DRAFT**

# 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](http://www.monterey.lafco.ca.gov)

KATE McKENNA, AICP  
Executive Officer

DATE: March 25, 2024  
TO: Chair and Members of the Formation Commission  
FROM: Kate McKenna, AICP, Executive Officer  
SUBJECT: **February 29, 2024 Draft Balance Sheet and Income Statement**  
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378.

### SUMMARY OF RECOMMENDATION:

Accept statements for information only.

### EXECUTIVE OFFICER'S REPORT:

Attached are the February 2024 draft balance sheet and income statement. These statements are prepared monthly for the Commission's information by CliftonLarsonAllen, LLP. Overall third quarter revenue and expenses are on target for the period.

Respectfully Submitted,



Kate McKenna, AICP  
Executive Officer

### Attachments:

1. Draft Balance Sheet for February 29, 2024, prepared by CliftonLarsonAllen, LLP.
2. Draft Income Statement for February 29, 2024, prepared by CliftonLarsonAllen, LLP.

LAFCO of Monterey County

Balance Sheet

As of February 29, 2024

03/13/24

Accrual Basis

Feb 29, 24

ASSETS

Current Assets

Checking/Savings

1100 · Petty Cash	300.00
1007 · Wells Fargo Checking	124,776.42
1010 · Cash Co. Treasury	
1012 · Designated Cash Litigation Resv	285,019.10
1013 · Designated Cash - Accrued Leave	84,629.68
1014 · Designated Cash-Post Retirement	75,064.00
1015 · Designated Cash-Contingency	276,614.00
1020 · Resticted Cash-FORA Litigation	351,655.94
1010 · Cash Co. Treasury - Other	537,690.21

Total 1010 · Cash Co. Treasury 1,610,672.93

Total Checking/Savings 1,735,749.35

Other Current Assets

1400 · Prepaid Insurance	5,104.62
1405 · Prepaid Expenses	1,474.56

Total Other Current Assets 6,579.18

Total Current Assets 1,742,328.53

Fixed Assets

1500 · Equipment	2,185.00
1525 · Computer Equipment	15,099.37
1530 · Office Furniture	40,517.62
1550 · Accumulated Depreciation	-55,904.69

Total Fixed Assets 1,897.30

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	135,160.63

Total Other Assets 445,443.79

TOTAL ASSETS 2,189,669.62

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

2000 · Accounts Payable	11,447.47
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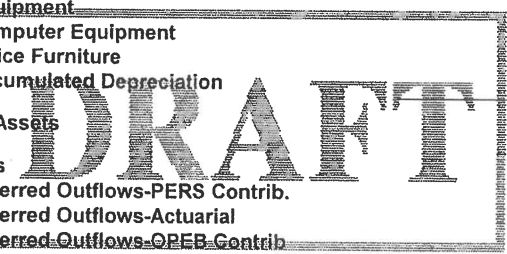
Total Accounts Payable 11,447.47

Other Current Liabilities

2220 · Accrued Leave	84,629.68
2410 · Post Retirement (GASB 75)	75,064.00
2200 · Payroll Liabilities	616.00
2210 · Direct Deposit Liabilities	-13,909.94
2380 · Dissolution of FORA Legal Liab.	351,655.94
2381 · Dissolution of FORA Admin Liab.	53,835.50
2601 · Current Portion Lease Obligat.	26,357.52

Total Other Current Liabilities 578,248.70

Total Current Liabilities 589,696.17



**LAFCO of Monterey County**  
**Balance Sheet**  
**As of February 29, 2024**

03/13/24

Accrual Basis

	<u>Feb 29, 24</u>
<b>Long Term Liabilities</b>	
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	110,131.19
<b>Total Long Term Liabilities</b>	<u>265,404.44</u>
<b>Total Liabilities</b>	855,100.61
<b>Equity</b>	
3700 · Invested in Capital Assets	1,897.30
3710 · Encumbered Funds	70,749.02
3800 · Reserve for Litigation	285,019.10
3810 · Reserve for Contingency	276,614.00
3850 · Unreserved Fund	495,239.61
Net Income	205,049.98
<b>Total Equity</b>	<u>1,334,569.01</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>2,189,669.62</u></u>

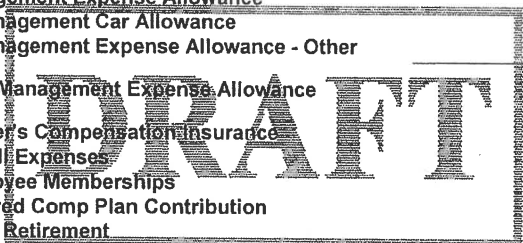
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**LAFCO of Monterey County**  
**Profit & Loss**  
**July 2023 through February 2024**

03/13/24  
 Accrual Basis

Jul '23 - Feb 24

<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4000 · Fees	
4005 · Project	29,874.04
<b>Total 4000 · Fees</b>	<b>29,874.04</b>
4205 · County Contributions	363,784.00
4210 · City Contributions	363,783.99
4220 · District Contributions	363,785.00
4249 · FORA Admin Revenue	513.00
4300 · Interest	14,543.85
<b>Total Income</b>	<b>1,136,283.88</b>
<b>Expense</b>	
7300 · Depreciation	2,554.00
6000 · Employee Salaries	
6002 · Regular Earnings	373,201.12
6004 · FORA Admin Earnings	175.73
<b>Total 6000 · Employee Salaries</b>	<b>373,376.85</b>
6100 · Employee Benefits	
6013 · Post Retirement Healthcare	1,220.00
6010 · Accrued Leave	4,210.36
6007 · Management Expense Allowance	
6011 · Management Car Allowance	3,200.00
6007 · Management Expense Allowance - Other	400.00
<b>Total 6007 · Management Expense Allowance</b>	<b>3,600.00</b>
6102 · Workers Compensation Insurance	1,747.30
6101 · Payroll Expenses	6,703.93
6103 · Employee Memberships	374.00
6104 · Deferred Comp Plan Contribution	23,149.45
6105 · PERS Retirement	195,955.11
6110 · PERS Health	
6111 · Med ER Non-Ele	4,880.00
6112 · Med ER Pre Tax	68,541.34
6110 · PERS Health - Other	278.36
<b>Total 6110 · PERS Health</b>	<b>73,699.70</b>
6130 · Insurance	
6139 · STD	736.48
6131 · LIFE	1,001.60
6132 · ADD	65.68
6133 · Dental	6,143.20
6134 · Vision	990.40
6135 · LTD	3,184.72
<b>Total 6130 · Insurance</b>	<b>12,122.08</b>
7294 · Accrued Leave Reserve	16,121.60
6100 · Employee Benefits - Other	700.00
<b>Total 6100 · Employee Benefits</b>	<b>339,603.53</b>



LAFCO of Monterey County  
Profit & Loss  
July 2023 through February 2024

	<u>Jul '23 - Feb 24</u>
7000 · Postage and Shipping	3,479.16
7010 · Books and Periodical	599.29
7030 · Copy Machine	3,893.79
7060 · Office Supplies	2,958.36
7080 · Computer Hardware/Peripherals	902.51
7085 · Computer Support Svc Fixed Cost	9,733.00
7090 · Computer Support Svc Variable	800.00
7100 · Computer Software	559.85
7105 · Meeting Broadcast Services	5,250.00
7110 · Property and Gen Liability Ins	5,586.16
7140 · Travel	2,651.25
7150 · Training, Conferences & Wrkshps	10,719.64
7160 · Vehicle Mileage	164.14
7170 · Rental of Buildings	22,808.08
7200 · Telephone Communications	2,889.02
7242 · Outside Prof Svc-Accounting	43,500.01
7242 A · Gen Admin Svcs & HR Assistance	3,200.00
7248 · Outside Prof Svc-Annual Audit	20,000.00
7245 · General Legal Services	20,556.00
7250 · Miscellaneous Office Expense	672.26
7260 · Legal Notices	1,741.00
7280 · LAFCO Memberships	9,839.00
7290 · Litigation Reserve	43,197.00
<b>Total Expense</b>	<b>931,233.90</b>
<b>Net Ordinary Income</b>	<b>205,049.98</b>
<b>Net Income</b>	<b>205,049.98</b>

**DRAFT**

# LAFCO *of Monterey County*

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## 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](http://www.monterey.lafco.ca.gov)

KATE McKENNA, AICP  
Executive Officer

DATE: March 25, 2024  
TO: Chair and Members of the Formation Commission  
FROM: Kate McKenna, AICP, Executive Officer  
PREPARED BY: Darren McBain, Principal Analyst  
SUBJECT: Budget Amendment No. 1 for Fiscal Year 2023-2024  
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 a resolution approving Amendment No. 1 to the current (Fiscal Year 2023-24) budget, transferring a total of \$25,000 with no net change to the overall budget.

### EXECUTIVE OFFICER'S REPORT:

#### Committee Approval

This matter was reviewed and recommended for approval, with minor changes as reflected herein, by the Budget and Finance Committee on February 22, 2024.

#### Mid-Year Budget Review

As part of a mid-year budget review, a need has been identified to increase funding for two line items through June 30, 2024.

Actual expenses to date for account 7245 (*General Legal Services*) are higher than budgeted for in the current fiscal year. This is largely because of Counsel's engagement in regular and special LAFCO meeting agenda items regarding the update of LAFCO's agricultural mitigation policies.

Line item 7105 (*Meeting Broadcast Services*) actual expenses are also higher than anticipated. This is due to an increase in the audiovisual service provider's fees and a higher-than-usual number of Commission meetings in this fiscal year.

#### Proposed Amendment to FY 2023-2024 Budget

A total of \$25,000 is recommended to be moved between line items, with no overall net change to the adopted budget:

- from nine separate line items as identified in the attached worksheet,
- to 7245 and 7105 – General Legal Services and Meeting Broadcast Services

Please see the draft resolution's worksheet exhibit for details.

#### Fiscal Impact

None.



Respectfully Submitted,

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

Kate McKenna, AICP,  
Executive Officer

Attachment:

Draft resolution approving Budget Amendment No. 1 for FY 2023-2024

THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY  
RESOLUTION NO. 24-XX

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION

BUDGET AMENDMENT NO. 1 FOR FISCAL YEAR 2023-2024

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

WHEREAS, the Local Agency Formation Commission of Monterey County adopted the Fiscal Year (FY) 2023-2024 budget on April 24, 2023, and

WHEREAS, the Budget & Finance Committee of the Local Agency Formation Commission of Monterey County met on February 2, 2024 to conduct a periodic review of the adopted budget, and recommended a mid-year amendment as specified below, to address needs in Fiscal Year 2023-2024;

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

1. Adopt Amendment No. 1 to the Fiscal Year 2023-2024 Budget, to transfer \$25,000 from various line items to Line Items 7245 (General Legal Services) and 7105 (Meeting Broadcast Services), as provided in Exhibit A, with no net change to the overall budget.

UPON MOTION of Commissioner \_\_\_\_\_, seconded by Commissioner \_\_\_\_\_, the foregoing resolution is adopted this 25th day of March, 2024 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 25th day of March, 2024.

By: \_\_\_\_\_  
Kate McKenna, AICP, Executive Officer

Local Agency Formation Commission of Monterey  
Draft Budget Worksheet - Amendment No. 1  
Fiscal Year 2023-2024  
Draft as of March 25, 2024

CODE	EXPENSE LINE ITEM	Adopted Budget FY 2023-2024	Proposed Budget Amendment No. 1	Proposed Amended Budget FY 2023-24
6000	Employee Salaries	\$ 586,475		\$ 586,475
6100	Employee Benefits	\$ 262,244		\$ 262,244
7000	Postage and Shipping	\$ 3,994		\$ 3,994
7010	Books and Periodicals	\$ 1,000		\$ 1,000
730	Copy Machine Charges	\$ 7,000		\$ 7,000
7040	Outside Printers	\$ 500	\$ (500.00)	\$ -
7060	Office Supplies	\$ 5,000		\$ 5,000
7070	Office Equipment and Furnishings	\$ 1,000	\$ (1,000.00)	\$ -
7080	Computer/Hardware/Peripherals	\$ 4,000		\$ 4,000
7085	Computer Support Services (Fixed Costs)	\$ 12,763		\$ 12,763
7090	Computer Support Services (Variable Costs)	\$ 5,000	\$ (4,000.00)	\$ 1,000
7100	Computer Software	\$ 1,277		\$ 1,277
7105	Meeting Broadcast Services	\$ 5,106	\$ 5,200.00	\$ 10,306
7110	Property and General Liability Insurance	\$ 9,032		\$ 9,032
7120	Office Maintenance Services	\$ 486	\$ (486.00)	\$ -
7140	Travel	\$ 7,000		\$ 7,000
7150	Training, Conferences, and Workshops	\$ 13,000		\$ 13,000
7160	Vehicle Mileage	\$ 1,000	\$ (500.00)	\$ 500
7170	Rental of Buildings	\$ 32,220		\$ 32,220
7200	Telephone Communications	\$ 8,509		\$ 8,509
7230	Temporary Help Services (Clerical)	\$ -		\$ -
7240	Outside Professional Services	\$ 15,000	\$ (15,000.00)	\$ -
7242	Accounting and Financial Services	\$ 66,000		\$ 66,000
7242A	General Admin Services and HR Assistance	\$ 6,000	\$ (1,200.00)	\$ 4,800
7245	General Counsel and Special Counsel	\$ 9,116	\$ 19,800.00	\$ 28,916
7247	Human Resources - other	\$ 5,789		\$ 5,789
7248	Annual Audit	\$ 22,000		\$ 22,000
7249	Temporary Professional Services-FORA Admin	\$ -		\$ -
7250	Miscellaneous Office Expenses	\$ 1,216		\$ 1,216
7260	Legal Notices	\$ 4,000	\$ (1,414.00)	\$ 2,586
7270	Recruitment Expenses	\$ 900	\$ (900.00)	\$ -
7280	LAFCO Memberships	\$ 9,830		\$ 9,830
	<b>Total Expenditure</b>	\$ 1,106,457	\$ -	\$ 1,106,457

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](http://www.monterey.lafco.ca.gov)

DATE: March 25, 2024  
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 I: Items Currently on File and In Progress**

- 1. **City of Greenfield** – Annexation proposal with two separately owned parcels – an existing elementary school site and a vacant parcel now owned by the City – on Apple Avenue west of the existing city limits. The application status is incomplete.

This application has been on file since 2017, in part due to the need for a property tax transfer agreement with the County. The intended use of the vacant parcel has changed from residential to a community center. City and LAFCO staff are coordinating to update, complete and bring the application to a hearing this year.

- 2. **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 providing a status report to the Board of Supervisors by May 2024. By June 30, 2024, staff anticipates a LAFCO agenda item to consider a dissolution resolution that would also authorize a return of FORA-related funds to former FORA jurisdictions.

- 3. **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. The application is largely inactive, although the District did re-engage in 2023 to address items in the completeness letter.

## Part 2: Potential Agenda Items under Discussion

1. **City of Gonzales: Vista Lucia, Puente del Monte and D'Arrigo Projects.** Status is pre-application.

- (a) Vista Lucia and Puente del Monte projects: Annexation of some or all of an approximately 1,300-acre area placed in the City's sphere in 2014. In total, the two projects would approximately double the existing City limits. The scope raises issues relevant to LAFCO's review.

In February 2024, the City of Gonzales released a Draft Environmental Impact Report (EIR) for the Vista Lucia project (Fanoe-owned lands of approximately 768 acres) for public review and comments. To meet the Draft EIR review schedule, staff submitted a comment letter on March 15, subject to the Commission's review and authorization on March 25. The City anticipates submitting an annexation application for the Vista Lucia project later in 2024.

The City is also working on a specific plan and an EIR for the Puente del Monte project (Jackson- and Rianda-owned lands, approximately 547 acres). There is currently no anticipated timeline for receiving an annexation application for this site.

- (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. One possible site, on Fanoe Road 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 to this unincorporated site would require the Commission's approval of either an annexation to the City or an out-of-agency service extension. An alternative site is already in the City limits and would not require any new LAFCO approvals. Staff participated in meetings with City and County staff in 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, most recently in January 2024.

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. Status is pre-application.

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 February 2024 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 Marina:** Annexation of California State University Monterey Bay (CSUMB) East Campus housing areas (Schoonover and Frederick Park neighborhoods between Reservation Road and Imjin Road), and detachment from Monterey County Regional Fire District. Status is pre-application.

Both CSUMB housing areas are in Marina’s sphere of influence and have a combined population of about 3,000. Among other considerations, LAFCO’s review will include the proposal’s potential effect on fire and emergency medical service delivery models and related revenues to the affected agencies. Initial discussions with the parties occurred in 2019 and recently restarted in February 2024. There is currently no specific schedule for the City to submit an application.

6. **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 2023, the Soledad City Council received a presentation from consultants regarding the 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. LAFCO staff participated in an initial meeting of City, County, Central Coast Water Board, and Rural Community Assistance Corporation (RCAC) staff in 2023.

### Part 3: Other LAFCO-Initiated Studies

An MSR/SOI study for Soledad area special districts is now 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 strategies for the Soledad Community Health Care District’s 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 may be prepared in 2024 to coincide with that City's anticipated Vista Lucia annexation application (see page 2 of this report). The timing will depend upon when we receive the application with information needed for the study.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Kate McKenna". The signature is fluid and cursive, with the first name "Kate" and last name "McKenna" clearly legible.

Kate McKenna, AICP  
Executive Officer

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

KATE MCKENNA, AICP  
Executive Officer

**LOCAL AGENCY FORMATION COMMISSION**  
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Salinas, CA 93902  
Telephone (831) 754-5838

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

DATE: March 25, 2024  
TO: Chair and Members of the Formation Commission  
FROM: Kate McKenna, AICP, Executive Officer  
PREPARED BY: Jonathan Brinkmann, Senior Analyst  
SUBJECT: Report on Legislative Activities of the California Association of Local Agency Formation Commissions (CALAFCO)  
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378.

**SUMMARY OF RECOMMENDATIONS:**

Accept this report for information only.

**EXECUTIVE OFFICER’S REPORT:**

**Legislative Committee**

The CALAFCO Legislative Committee met on March 22 to discuss: (1) AB 3277, the 2024 Omnibus Bill; (2) SB 1209 (Cortese) which would authorize LAFCOs to require indemnification from applicants; (3) (3) a CALAFCO legislative proposal regarding Government Code Section 56133 relating to out-of-agency service extensions, and (4) current bills tracked by CALAFCO. Supervisor/Commissioner Wendy Root Askew serves on the CALAFCO Board and Legislative Committee as a Coastal Region representative and is supported by staff.

This report addresses two of the legislative items.

**California Senate Bill 1209 - Support**

California Senator Cortese has agreed to carry a bill (SB 1209, Attachment 1), which would allow LAFCOs to require indemnification by applicants. This bill followed a 2021 San Luis Obispo court case decision in which the appellate court ruled against LAFCO with respect to indemnification. The court opined that LAFCOs function only under and within the authorities expressly given them by the legislature and, consequently, determined that LAFCO has no statutory authority to require an indemnity agreement as a condition of a LAFCO application.

Prior to the 2021 decision, Monterey LAFCO used its discretion to obtain indemnification agreements as part of some application submittals. After the court decision, such agreements are effectively unenforceable. However, regardless of the court decision, Monterey LAFCO continues to require indemnification as a condition of approval of a proposal since this constitutes consideration between LAFCO and the applicant to make an enforceable agreement. In the instance of a LAFCO denial, LAFCOs do not currently have statutory authority to require indemnification. SB 1209 seeks to provide LAFCOs with the ability to use this indemnification tool, which is already in use by counties and cities.



At its February meeting, the Commission authorized the Executive Officer to convey the Commission's support for the bill throughout the legislative process. The Executive Officer submitted a support letter (Attachment 2) to the State Senate Local Government Committee, and the bill passed through the Committee on March 20. We'll issue another support letter before the bill is heard by the Assembly Local Government Committee.

### 56133 Legislative Proposal - Oppose

In 2022, CALAFCO adopted a legislative proposal to clarify that LAFCOs determine applicability of exemptions for out-of-agency service extensions in Government Code Section 56133(e). Monterey LAFCO expressed opposition at that time. In a recent review of the legislative proposal by Assembly and Senate consultants and CALAFCO's legislative consultant, the overall view was that the legislative proposal would constitute an expansion of LAFCO authority, which would reduce chances of success for the proposal. The proposal failed to get traction in Sacramento.

Now the CALAFCO Legislative Committee is discussing if a different approach might address the identified problem that some LAFCOs have of districts and cities 'self-exempting' out-of-agency service extensions from LAFCO's review or approval. LAFCO of Monterey County is not experiencing problems with unauthorized extraterritorial service extensions by our cities and districts, and, in fact, enjoys excellent cooperative relationships in this regard. Any problems that other LAFCOs are experiencing can best be addressed at the local level.

CALAFCO's revised proposal would require cities and special districts to notify LAFCO of their exemptions to LAFCO review of out-of-agency service extensions within a specified number of days. This proposal would seek to place a new reporting mandate on cities and special districts. In addition, it could erode LAFCO's relationships with its cities and special districts and be seen as a "power grab" by LAFCO. LAFCO staff will attend the March 22 Legislative Committee to express continued concerns.

Respectfully Submitted,



Kate McKenna, AICP  
Executive Officer

#### Attachments:

1. SB 1209 (Cortese) text
2. SB 1209 Letter of Support to the Senate Local Government Committee dated March 19, 2024

**SENATE BILL****No. 1209**

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**Introduced by Senator Cortese**February 15, 2024

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An act to add Section 56383.5 to the Government Code, relating to local government.

## LEGISLATIVE COUNSEL'S DIGEST

SB 1209, as introduced, Cortese. Local agency formation commission: indemnification.

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts, except as specified. The act continues in existence in each county a local agency formation commission (LAFCO) that consists of members appointed, as specified, and oversees those changes of organization and reorganization. The act authorizes a LAFCO to, among other things, review and approve with or without amendment, wholly, partially, or conditionally, or disapprove proposals for changes of organization or reorganization, as specified.

This bill would authorize a LAFCO to require, as a condition for, among other things, processing a change of organization or reorganization, that the applicant agrees to defend, indemnify, and hold harmless the LAFCO, its agents, officers, and employees from and against any claim, action, or proceeding, as specified, arising from or relating to the action or determination by the LAFCO.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 56383.5 is added to the Government  
2 Code, to read:  
3 56383.5. The commission may require, as a condition for  
4 processing a change of organization or reorganization, a sphere  
5 amendment or a sphere update, or any other action or determination  
6 requested from the commission, that the applicant agrees to defend,  
7 indemnify, and hold harmless the commission, its agents, officers,  
8 and employees from any claim, action, or proceeding against the  
9 commission, its agents, officers, or employees arising from or  
10 relating to the action or determination by the commission.

O

# LAFCO *of Monterey County*

## LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

2024

March 19, 2024

**Commissioners****Chair**

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Public Member

**Vice Chair**

Kimbley Craig  
City Member

Mary Adams  
County Member

Wendy Root Askew  
County Member

Mike Bikle  
Public Member, Alternate

David Kong  
Special District Member, **INTERIM**

Mary Ann Leffel  
Special District Member

Chris Lopez  
County Member, Alternate

Ian Oglesby  
City Member

**VACANT**  
Special District Member

Anna Velazquez  
City Member, Alternate

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Honorable David Cortese  
California State Senate  
1021 O Street, Suite 6630  
Sacramento, CA 95814

RE: **SB 1209 (Cortese)**: Local Agency Formation Commission: Indemnification – **SUPPORT**  
Awaiting hearing – Senate Local Government Committee

Dear Senator Cortese:

I am writing on behalf of the Local Agency Formation Commission (LAFCO) of Monterey County to support Senate Bill 1209, sponsored by the California Association of Local Agency Formation Commissions (CALAFCO). SB 1209 would add a new section into Government Code authorizing LAFCOs to enter into an indemnification agreement with an applicant. Counties and cities are already empowered to require indemnification, and routinely do so with respect to discretionary land-use approvals. SB 1209 would merely provide LAFCOs with the same authority.

This bill addresses a 2022 decision of the Second District Court of Appeals, which found that existing State law does not provide explicit authority to require indemnification. Absent indemnification authority – and because LAFCO funding is statutorily required in a specified ratio from the county, cities, and special districts within a county – the costs to defend litigation must be absorbed by all of LAFCO's funding agencies.

Consequently, SB 1209 will:

- Provide LAFCOs with the ability to use a tool already in use by counties and cities;
- Prevent costs to defend litigation from being shifted to a county, its cities, and its special districts; and
- Remove the possibility that an applicant threatens litigation to coerce a desirable LAFCO determination.

Thus, for the above reasons, LAFCO of Monterey County is in strong **support of SB 1209**.

Sincerely,



Kate McKenna, AICP  
Executive Officer

cc: The Honorable Maria Elena Durazo, Chair, and Members, Senate Local Government Committee  
Anton Favorini-Csorba, Chief Consultant, Senate Local Government Committee  
Ryan Eisberg, Consultant, Senate Republican Caucus  
René LaRoche, Executive Director, California Association of Local Agency Formation Commissions

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**KATE McKENNA, AICP**  
Executive Officer

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Salinas, CA 93902 Salinas, CA 93901  
Telephone (831) 754-5838 [www.monterey.lafco.ca.gov](http://www.monterey.lafco.ca.gov)

DATE: March 25, 2024  
TO: Chair and Members of the Formation Commission  
FROM: Kate McKenna, AICP, Executive Officer  
PREPARED BY: Jonathan Brinkmann, Senior Analyst  
SUBJECT: **Comment Letter – Draft Environmental Impact Report (EIR) for the Proposed Vista Lucia Project (future City of Gonzales annexation proposal)**  
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378

**SUMMARY OF RECOMMENDATION:**

It is recommended that the Commission authorize a draft comment letter (Attachment 1) to the City of Gonzales regarding the proposed Vista Lucia project Draft EIR (Attachment 2).

**EXECUTIVE OFFICER’S REPORT:**

**Overview**

The attached comment letter, prepared by LAFCO staff in consultation with legal counsel, is provided for Commission action. The purpose of the letter is to provide formal comments as a Responsible Agency under CEQA on a Draft Environmental Impact Report prepared for a major future annexation proposal. In order to comply with the review period schedule, LAFCO staff submitted the draft comment letter to the City of Gonzales on March 15, subject to the Commission’s review and authorization on March 25.

The future Vista Lucia annexation proposal would dramatically increase the City’s current size and population by potentially adding 768 acres to the city limits (a 67% increase of the city’s inhabited area), adding 3,498 dwelling units (a 176% increase), and approximately 15,400 residents (a 182% increase). A city expansion on this scale has not occurred in recent Monterey LAFCO history.

The letter’s main focus is on impacts and mitigation for the agricultural lands. The development site consists almost entirely of state-designated farmland in active production. Fundamentally, the EIR needs to be revised to be consistent with LAFCO’s agricultural mitigation guidelines, which the Commission adopted on February 26, 2024.

Other comments in the letter emphasize the need for revisions to the EIR to adequately analyze impacts and mitigation measures related to transportation, fire protection, police protection, and wastewater facilities and services. Additional matters of conformance to state law and LAFCO policies will be addressed as part of the future annexation application submittal and review process.

**Background and EIR Process**

In February 2024, the City of Gonzales circulated a Draft EIR for the proposed Vista Lucia project, comprised mostly of prime farmlands and farmlands of statewide importance, northeast of the existing city limits. The project proposes primarily residential (3,498 dwelling units) and commercial (96,000 square feet of local serving retail) land uses on a 768-acre site. The project site is within the city’s existing LAFCO-

designated sphere of influence. A map showing the city's existing city limits and sphere is provided as Attachment 3.

LAFCO routinely provides comments on local public agencies' CEQA documents. In 2020 and 2021, LAFCO staff submitted comments on the City's Notice of Preparation (NOP) and revised NOP of an EIR, which are available as part of Appendix A to the Draft EIR. For CEQA purposes, LAFCO will be a Responsible Agency for this proposal, with regulatory authority for future applications for annexation of the site. It is in this role that LAFCO is now commenting on the project's Draft EIR. We anticipate that the City will prepare a Final EIR and submit an annexation application to LAFCO later this year.

### **LAFCO's Draft Comment Letter**

Prepared in consultation with LAFCO's general counsel, the draft letter remarks on environmental issues under LAFCO's purview with the main focus on impacts and mitigation for loss of agricultural lands. Under Section 5, Agricultural Resources, the Draft EIR does not adequately identify, discuss, or analyze mitigation measures for significant impacts to agricultural lands as required by CEQA. The Draft EIR describes that identification and discussion of agricultural mitigation will occur at some undefined time in the future, which is not consistent with the CEQA Guidelines. The draft letter conveys that, in order for LAFCO to use the EIR for its future actions, the EIR needs to use LAFCO's policy implementation guidelines for ag mitigation as the basis for determining mitigation measures.

The draft letter also discusses that improvements to portions of Associated Lane and Fanoe Road will provide access to the future development but are not part of the annexation and will remain in the unincorporated county. Impacts associated with these improvements will need to be addressed in the EIR. These County roadway improvements will need to involve City-County agreements and conform to the County's ag mitigation ordinance (adopted on March 12, 2024) and other County requirements.

Finally, we also commented that Sections 14, 15, and 16, Transportation, Public Services, and Wastewater of the Draft EIR do not adequately analyze impacts and feasible mitigation measures related to construction or provision of transportation, fire protection, police protection, and wastewater facilities and services in accordance with CEQA. LAFCO has a statutory role in serving to ensure that new development can feasibly provide the necessary public services.

### **Policy Conformance Requirements for Future Annexation Proposal**

As appropriate for an environmental review document, LAFCO's comments on the City's Draft EIR for the Vista Lucia project focus on environmental issues within LAFCO's purview. This is separate and distinct from LAFCO's review and consideration of a future reorganization proposal (City annexation and detachments from special districts) for the proposed project. When the City submits a future proposal, LAFCO will need to review and consider all aspects of the proposal as mandated by the Cortese-Knox-Hertzberg Act and LAFCO's local policies and procedures.

Over the past four years, LAFCO raised other concerns about the proposed Vista Lucia project in comment letters on the City's NOP and in a June 28, 2021 LAFCO staff report on proposed and anticipated city growth in Soledad and Gonzales.

We have raised a key concern that the proposed project would greatly increase the City's current size and population on a scale unparalleled in recent LAFCO history. If approved, the proposed project would increase the size of the city limits by 768 acres (67%, nearly doubling the City's urban footprint), increase the number of housing units within the City by 3,498 units (176%, nearly tripling the number of units), and increase the City's population by approximately 15,400 residents (182%, almost tripling the population). The City has also expressed its intention to proceed with another large annexation proposal known as the Puente del Monte project, which would further increase the city limits by another 540 acres (comprised of mostly farmlands), increase the number of dwelling units by an additional 2,623 units, and increase the population by another approximately 10,500 residents. As a reference point, the City of Soledad's Miramonte project annexation in 2022 was anticipated to increase the City's main urban area, housing units, and population by 44%, 58% and 51%, respectively. Although the anticipated growth in the City of Soledad would be a huge increase, by comparison, anticipated growth in the City of Gonzales would be on an even larger scale.

City growth on this scale presents important public policy considerations that are central to LAFCO's legislative purposes and mission "[to balance orderly] development with the sometimes competing state interests of discouraging urban sprawl, preserving open-space and prime agricultural lands, and efficiently extending government services." The proposed project appears to provide for a 20- to 40-year (or more) supply of development (primarily housing). Policies that are most relevant to LAFCO's consideration of a city sphere amendment or annexation are excerpted and summarized in Attachment 4.

We have raised other concerns about the proposed project's conformance to LAFCO's local policies. Among LAFCO's future considerations, annexation of such a large supply of future development lands potentially conflicts with LAFCO's adopted policies that treat annexation as being appropriate for lands that will be developed within five to seven years. Under LAFCO's local policy for Housing and Jobs, the proposal must demonstrate through both quantitative and qualitative methods the relationship between the proposal and the surplus or deficiency of local and county-wide housing supply and demand, and employment availability and creation. Consistent with this local policy, the proposal must also explain how its pattern of land use and transportation complements local and regional objectives and goals for the improvement of air quality and reduction of greenhouse gas emissions and local vehicle miles traveled. Regarding LAFCO's local policy for Efficient Urban Development Patterns, the Commission must consider whether the City has included certain goals, policies, and objectives into its General Plan that encourage mixed uses, mixed densities, and development patterns that will result in increased efficiency of land use, and that encourages and provides planned, well-ordered, efficient development patterns.

We have also noted that LAFCO has state-mandated considerations based on the Cortese-Knox-Hertzberg Act. Among these state-mandated considerations, under Government Code Section 56668 (a-q), LAFCO must consider the proposal's consistency with the City's General Plan (including the Housing Element) and how the project will affect achievement of the City's Regional Housing Needs Allocation (RHNA) from the Association of Monterey Bay Area Governments (AMBAG). Per Government Code Section 56653, the proposal must include a plan for services that describes the services to be provided to the annexation area (fire protection, police protection, healthcare, transportation, potable water, wastewater, etc.), describes the level and range of those services, and describes when and how those services will be provided and funded.

#### ALTERNATIVE ACTIONS:

The Commission may modify, add to the draft comment letter, or provide other direction to staff.

Respectfully Submitted,



Kate McKenna, AICP  
Executive Officer

#### Attachments:

1. Draft comment letter to the City of Gonzales, March 15, 2024
2. Link to the Vista Lucia Project Draft EIR, prepared for the City of Gonzales by EMC Planning Group: <https://gonzalesca.gov/services/community-development/development-activity-projects>
3. Map: project location, existing Gonzales city limits and sphere of influence
4. LAFCO of Monterey County's City-related locally adopted policies (excerpted and summarized)

cc:

Taven Kinison Brown, City of Gonzales Community Development Director  
Ron Sisseem, EMC Planning Group  
Glenn Pace, Pembroke Development, LLC

## LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

**2024**

March 15, 2024

**Commissioners**

**Chair**

Matt Gourley  
*Public Member*

**Vice Chair**

Kimbley Craig  
*City Member*

Mary Adams  
*County Member*

Wendy Root Askew  
*County Member*

Mike Bikle  
*Public Member, Alternate*

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*Special District Member, INTERIM*

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*County Member, Alternate*

Ian Oglesby  
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**VACANT**  
*Special District Member*

Anna Velazquez  
*City Member, Alternate*

**Counsel**

Reed Gallogly  
*General Counsel*

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

**RE: Vista Lucia Project Draft Environmental Impact Report (EIR)**

Dear Mr. Kinison Brown,

LAFCO appreciates your ongoing coordination on the review of the Vista Lucia project. LAFCO provided comments on the Notice of Preparation (NOP) and revised NOP of this EIR in April 2020 and October 2021, respectively. The project proposes primarily residential (3,498 dwelling units) and commercial (96,000 square feet of local serving retail) land uses on a 768-acre currently unincorporated site adjacent to current city limits and within the city's LAFCO-designated Sphere of Influence.

The purpose of this letter is to provide comments on the City of Gonzales' Vista Lucia project Draft EIR. LAFCO's comments are provided in consultation with LAFCO General Counsel. In order to comply with the deadline for commenting on the Draft EIR, I am providing the following comments in draft form. This letter is subject to review and authorization at the next regular meeting of the Local Agency Formation Commission on March 25, 2024.

### Background

Development of the project would include urban-type development on approximately 768 acres of lands designated as Prime Farmland and other farmland classifications on the State's Important Farmlands Map. State LAFCO law provides that "Among the purposes of a [LAFCO] are discouraging urban sprawl [and] preserving open-space and prime agricultural lands." Therefore, LAFCO's comments in this letter primarily address impacts and mitigation to agricultural resources.

Of note, on February 26, 2024, following extensive public outreach and numerous workshops, the Commission published interpretive guidelines for LAFCO's existing Policy for Preservation of Open-Space and Agricultural Lands. These provide instructive guidance for applicants regarding LAFCO's ag mitigation policy with respect to City annexation proposals and how their related CEQA documents should address and mitigate impacts to farmland. Both the City of Gonzales and the applicant/developer for the Vista Lucia project were in attendance and participated.

### Comments on the Draft EIR

#### Section 3.4, Plan Consistency

In reference to the plan for providing services to be included in the LAFCO application on pages 3-32 and 3-33, LAFCO requests that the City's application include a comprehensive financing plan, which provides financial feasibility information for the various public services needed to serve the proposed project. The financing plan should identify the facilities, infrastructure, equipment, and staffing needed to provide public services to the proposed project along with accurate costs associated with these services and how these costs will be funded.

LAFCO understands that the applicant intends to propose up to four phases for the timing of ag land mitigation in the project's LAFCO application, which is discussed in



LAFCO's implementation guidelines. On page 3-40, under Part E. Preservation of Open-Space and Agricultural Lands, LAFCO requests that the applicant include LAFCO's policy implementation guidelines in the table's analysis and describe how the application is consistent with the guidelines.

#### Section 4, Project Description

On page 4-5, under the sixth paragraph, the sentence that reads "LAFCO has discretionary approval over reorganizations of city and county boundaries..." ought to be corrected to state "city and special district boundaries." LAFCO regulates city and special district boundaries, but not county boundaries.

On page 4-39, under the heading 'Monterey County LAFCO Actions,' LAFCO requests the removal of the last bullet point since, as a factual matter, approval of a Property Tax Transfer Agreement is not a LAFCO action.

#### Section 5, Agricultural Resources

LAFCO has a number of comments regarding this issue. In sum, as presented, the Draft EIR does not adequately identify, discuss, or analyze feasible mitigation measures for significant impacts to agricultural lands as required by CEQA.

For example, State CEQA guidelines section 15126.4(a)(1)(B) clearly provide that formulation of mitigation measures should not be deferred until some future time, yet the Draft EIR refers to the City of Gonzales' recently adopted ordinance and asserts that identification and discussion of agricultural mitigation will occur at some undefined time in the future. The Draft EIR states the project's conversion of 767 acres of Prime Farmland and Farmland of Statewide Importance, as designated by the State Department of Conservation's Important Farmland Map, to non-agricultural use will be mitigated by implementing one or a combination of the mitigation options included in the City's farmland mitigation ordinance (Ordinance No. 2023-136). The mitigation measure also states (without any citation to any legal authority): "Mitigation shall not be required for planned uses that are exempt from mitigation requirements per Section 12.150.040(D) of the ordinance including schools, trails, public parks, and land planned for residential products that would be available to very low- and low-income residents."

This ordinance, CEQA's permitted exceptions, and the shortcomings and legal inadequacies of what is now the draft EIR's approach, were discussed during LAFCO's ag mitigation policy workshops.

LAFCO must also note that the City did not consult with LAFCO on the Draft EIR as required by PRC Sections 21104(a), 21153(a); and State CEQA Guidelines Section 15086. LAFCO requests that the City engage in the legally required consultation process. Consultation will foster an environment where the City can craft a legally sufficient CEQA document which contains appropriate identification, discussion, and analysis of feasible mitigation measures for significant impacts to agricultural lands.

The Draft EIR should use LAFCO's policy implementation guidelines as the basis for determining mitigation measures. If a different standard is used, LAFCO will not be able to rely on the EIR as a Responsible Agency. Neither CEQA nor LAFCO's policy implementation guidelines provide for broad exemptions from mitigation requirements as written in this mitigation measure.

As a responsible agency which must exercise independent discretion, LAFCO is requesting that the Draft EIR be revised to address these comments and be consistent with LAFCO's policy (e.g. the mitigation measure should include a specific agricultural mitigation proposal at least for the first annexation phase that the City will be requesting for recordation. In accordance with the guidelines, the first annexation phase must be at least 25% of the total acreage. If the applicant is planning to pay in-lieu fees, please be aware that the guidelines require a good-faith effort to identify and attempt to secure suitable conservation easement receiver sites before proceeding to the required steps to make an in-lieu fee payment. Etc.)

In the third paragraph of page 5-2, LAFCO notes the number '656 acres of "Farmlands"' appears inconsistent with the 767 acres of impacted farmland described on page 5-8. The two references should be made consistent. LAFCO further requests that the EIR clarify that portions of Associated Lane and Fanoe Road improvements (off-site improvements) are not part of the annexation since they will remain in the unincorporated county. Completion of these off-site improvements will involve a City-County agreement, which is separate from the LAFCO process and will be subject to County ag mitigation and other requirements.

Sections 14, 15, & 16, Transportation, Public Services, and Wastewater

With the exception of Vehicle Miles Traveled (VMT) impacts, the EIR does not adequately analyze impacts and feasible mitigation measures related to construction or provision of circulation, fire protection, police protection, and wastewater facilities and services in accordance with CEQA. The thresholds of significance would be met since increase in demand for provision of these services generated by the proposed project would trigger the need to construct (and operate) new public facilities. Such new facilities would include off-site roadway improvements, a new fire station, a new police substation, and wastewater collection and treatment facilities. As described in the EIR, the City's capacity to provide each of these services would reach its limits at various points before buildout of the project unless the City makes public facilities, infrastructure, and operational (staffing) investments.

As required by State CEQA guidelines 15126, the City must include impacts/significance conclusions for the provision of these services and include appropriate feasible mitigation measures. The mitigation measures should be designed to ensure that the City's service capacity is planned, built, and operational prior to implementation of the project's development phase when the City's existing service capacity limit will be reached. Other appropriate mitigation measures should include requiring development within the project site to pay the TAMC Regional Fee to mitigate impacts on the regional circulation network and pay the appropriate development impact fee to mitigate impacts to specific public facilities.

**Conclusion**

LAFCO looks forward to working with the City of Gonzales and the property owners in the future. Please continue to keep us informed throughout your process. City staff and consultants are welcome to contact LAFCO staff for further discussions.

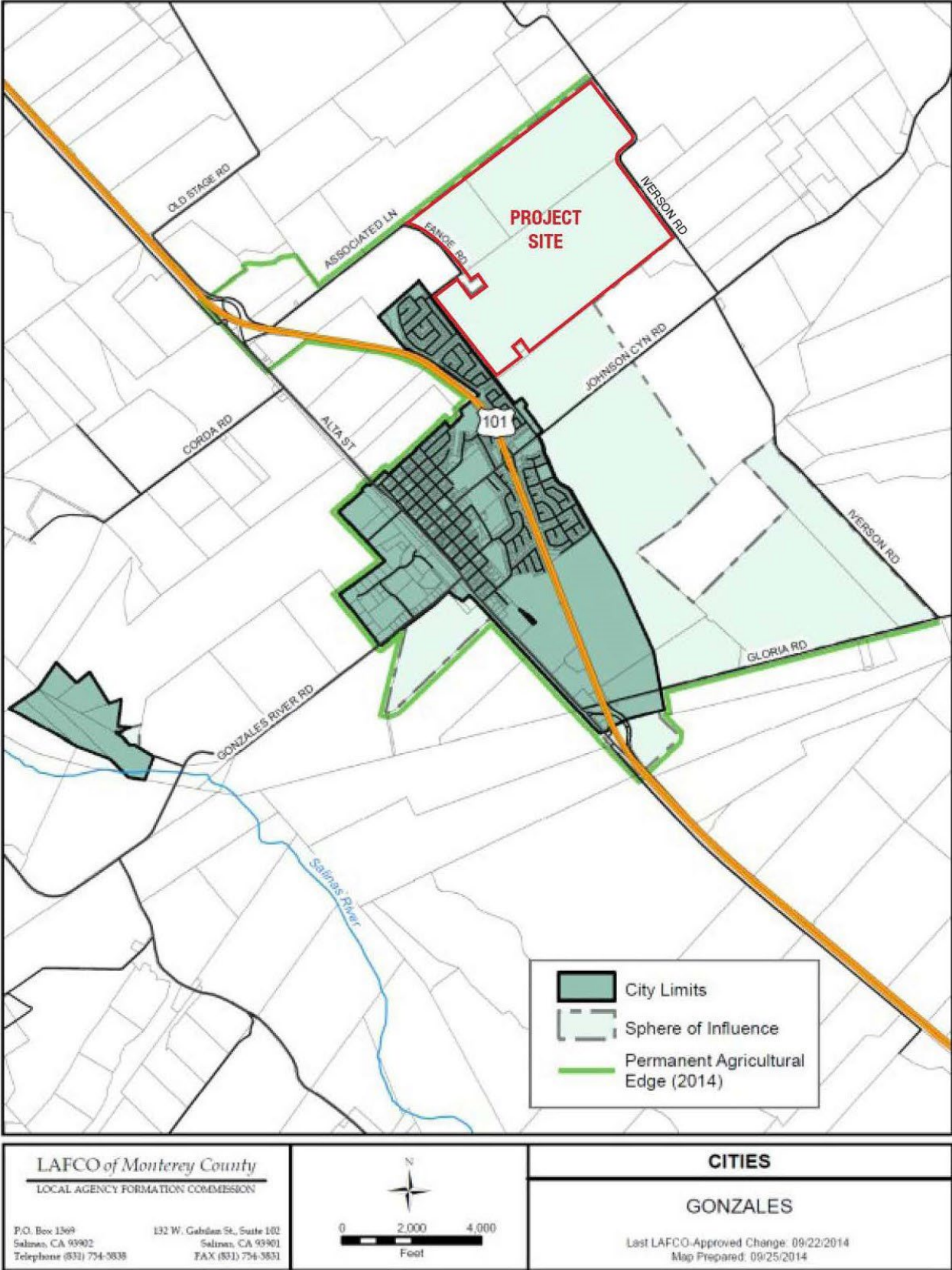
Sincerely,



Kate McKenna, AICP  
Executive Officer

The Vista Lucia Project Draft Environmental Impact Report and Appendices are available through the following link:

<https://gonzalesca.gov/services/community-development/development-activity-projects>



**Figure 1-5: City Sphere of Influence Map**

Source: Vista Lucia Administrative Draft Specific Plan, December 2023

**LAFCO of Monterey County – Policies Related to City Sphere of Influence Amendments and Annexation Proposals** *(selected and excerpted from the full text)*

**Economics, Service Delivery and Development Patterns**

- LAFCO shall discourage proposals that would have adverse financial impacts on the provision of governmental services or would create a relatively low revenue base in relationship to the cost of affected services.
- Applications must indicate that the affected agencies have the capability to provide service. Territory shall be annexed to a city or special district only if such agency has or soon will have the capability to provide service.
- LAFCO discourages proposals which will facilitate development that is not in the public interest due to topography, isolation from existing developments, premature intrusion of urban-type developments into a predominantly agricultural area, or other pertinent economic or social reason.

**Phasing [of Annexations]**

- LAFCO, in furtherance of its objectives of preserving prime agricultural land, containing urban sprawl, and in providing a reasonable assurance of a city/district's ability to provide services shall consider the appropriateness of phasing annexation proposals which include territory that[...] has an expected build-out over a period longer than five to seven years.

**Groundwater Standards**

- LAFCO will encourage those proposals which comply with adopted water allocation plans as established by applicable cities or water management agencies.
- LAFCO will discourage those boundary change proposals which, when considered individually and after taking into account all mitigation measures to be implemented with the project, still cause a significant adverse impact on the groundwater basin.

**Regional Traffic Impacts**

- LAFCO shall consider whether the proposal mitigates its regional traffic impacts by, for example, monetary contribution to a regional transportation improvement fund as established by the Transportation Agency of Monterey County or otherwise.

**Efficient Urban Development Patterns**

- LAFCO shall consider whether the city has included certain goals, policies, and objectives into its General Plan that encourage mixed uses, mixed densities, and development patterns that will result in increased efficiency of land use, and that encourages and provides planned, well-ordered, efficient urban development patterns.

**Preservation Of Open-Space and Agricultural Lands**

- A Proposal must discuss how it balances the state interest in the preservation of open space and prime agricultural lands against the need for orderly development.
- A Proposal must discuss its effect on maintaining the physical and economic integrity of agricultural lands.
- A Proposal must discuss whether it could reasonably be expected to induce, facilitate, or lead to the conversion of existing open-space land to uses other than open-space uses.
- Agricultural buffers provide an important means to preserve open-space and agricultural lands and preserve the integrity of planned, well-ordered, efficient urban development patterns.

**Housing and Jobs**

- Proposals must demonstrate through both quantitative and qualitative methods the relationship between the Proposal and the surplus or deficiency of local and county-wide housing supply and demand, and employment availability and creation.
- Additionally, the Proposal must demonstrate how its pattern of land use and transportation complements local and regional objectives and goals for the improvement of air quality and reduction of greenhouse gas (GHG) emissions and local vehicle miles traveled (VMT).

**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](http://www.monterey.lafco.ca.gov)

DATE: March 25, 2024  
TO: Chair and Members of the Formation Commission  
FROM: Kate McKenna, AICP, Executive Officer  
PREPARED BY: Darren McBain, Principal Analyst  
SUBJECT: **Draft Annual Work Program for Fiscal Year 2024-2025**  
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378

**SUMMARY OF RECOMMENDATION:**

The Budget and Finance Committee recommends that the Commission discuss and adopt the attached resolution approving the annual work program for Fiscal Year 2024–2025.

**EXECUTIVE OFFICER’S REPORT:**

This matter was reviewed and recommended for approval, with minor changes as reflected herein, by the Budget and Finance Committee on February 22, 2024.

**Introduction**

Attached is a draft work program for FY 2024-2025. The work program identifies essential services to accomplish the Commission’s legislative purposes, mandates and local priorities. LAFCO provides essential services to our communities in building strong local economies. By keeping annexations, sphere of influence amendments, municipal service reviews and other proposals and studies moving forward, LAFCO supports critical public needs for affordable housing, job growth, infrastructure improvements, fire protection and other municipal services. A capable and dedicated staff remain flexible to adjust the work program to meet local agency needs that arise during the year, with an overall focus on economic growth and resiliency.

**Discussion**

The work program is organized by six functions: (1) application processing; (2) municipal service reviews and sphere of influence studies; (3) government and community relations; (4) Commission and Committee functions; (5) administrative and human resources management, and (6) financial management. Our emphasis remains on the cost-efficient delivery of core services in a responsive, professional, and legally sound manner.

The current volume of annexations and other boundary change applications is relatively low to moderate. While it changes from month to month, we anticipate that the slowdown in application processing will continue in the coming year.

Meanwhile, there is a significant need to update LAFCO studies for our local agencies. Municipal Service Reviews and Sphere of Influence studies are one of LAFCO’s legal mandates. The proposed work program reflects a priority for staff to complete study updates for all cities and several special districts, as discussed with the Budget and Finance Committee.

Subsequent to the Budget and Finance Committee meeting, staff added one new item to the proposed work program: the preparation of a local Disadvantaged Unincorporated Communities (DUC) policy. Currently, the Commission's adopted policies simply restate the DUC-related criteria and requirements in the Cortese-Knox-Hertzberg Act. However, State law allows each LAFCO to adopt its own local criteria for defining and addressing DUCs. Consideration of a refined local DUC policy will provide for an efficient, clear and consistent process for our LAFCO to identify DUCs and respond to the needs of those communities as part of future studies and boundary changes.

As always, staff remains prepared to adjust timelines and priorities to help local agencies with specific needs that arise during the fiscal year.

#### **Fiscal Impact**

The proposed work program can reasonably be accomplished in-house with the current staffing level (4.0 FTE) and no outside professional services. The draft budget for Fiscal Year 2024-2025 (Agenda Item No. 12) anticipates a continuity of resources to support the Commission's work program.

#### **Alternative Actions**

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

Respectfully Submitted,

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

Kate McKenna, AICP,  
Executive Officer

Attachment: Draft Resolution, with Exhibit A (Annual Work Program, Fiscal Year 2024-2025)



THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

RESOLUTION NO. 24-XX

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION  
ADOPTING THE FISCAL YEAR 2024-2025 WORK PROGRAM

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

WHEREAS, on February 22, 2024 the Budget and Finance Committee of the Local Agency Formation Commission of Monterey County considered a preliminary draft annual work program and recommended minor refinements; and

WHEREAS, the Local Agency Formation Commission of Monterey County has considered the recommended work program at an agendized public meeting on March 25, 2024.

NOW, THEREFORE, the Local Agency Formation Commission of Monterey County does HEREBY RESOLVE, DETERMINE, AND ORDER the adoption of the annual work program for Fiscal Year 2024-2025 as shown in Exhibit A.

UPON MOTION of Commissioner \_\_\_\_\_, seconded by Commissioner \_\_\_\_\_, the foregoing resolution is adopted this 25th day of March 2024 by the following vote:

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

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

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

Witness my hand this 25th day of March, 2024.

By: \_\_\_\_\_  
Kate McKenna, AICP, Executive Officer



# LAFCO *of Monterey County*

## LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

### DRAFT WORK PROGRAM

### FISCAL YEAR 2024-2025

Draft as of March 25, 2024

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

2. MUNICIPAL SERVICE REVIEWS AND SPHERE OF INFLUENCE STUDIES		
TASK	STATUS	COMMENTS
<p>Prepare updated LAFCO studies (Municipal Service Reviews / Sphere of Influence Studies) for local agencies. Priorities for FY 24-25:</p> <ol style="list-style-type: none"> <li>1. Completion of LAFCO studies for Soledad-area local agencies and the seven Monterey Peninsula cities (carryover from the FY 23-24 work program, as needed).</li> <li>2. Update LAFCO studies for: <ul style="list-style-type: none"> <li>• Cities of Gonzales, Salinas, and King City</li> <li>• Water districts: San Lucas, San Ardo</li> <li>• Wastewater (sanitation) districts: Boronda, Pajaro, Seaside County, and Monterey Regional County (a function of MIW)</li> <li>• Monterey Regional Waste Management District</li> <li>• County Service Areas (all)</li> </ul> </li> <li>3. Update LAFCO studies for other agencies, as time permits</li> </ol>	Ongoing	<p>State law requires periodic LAFCO review of all local agencies' services and spheres of influence.</p> <p>Priorities and schedule are flexible to accommodate agencies' needs and other work program tasks, such as the processing of City, County, or District applications.</p>
Develop a local policy on Disadvantaged Urban Communities (DUCs) to support the Commission's work on municipal service reviews, spheres of Influence and annexations.	New	
Coordinate with local agencies and oversight agencies to follow up on LAFCo study determinations and recommendations	As Needed	Compliance follow-up is underway for Greenfield - area agencies (per a 2023 LAFCO study)
Develop and update Commission policies, procedures, applications, maps and flowcharts for spheres of influence, annexations, reorganizations, and other boundary changes for cities and districts.	As Needed	

### 3. GOVERNMENT AND COMMUNITY RELATIONS

TASK	STATUS	COMMENTS
Respond to daily requests for information and assistance from public and public agencies	Ongoing	
Continue to coordinate with Santa Cruz and Monterey County stakeholders on issues related to the new Pajaro Valley Health Care District.	As needed	Issues of boundaries, services and operations will affect North County residents and Salinas Valley Health.
Post public information on the LAFCO website. Review website layout, graphics, and content for an improved public experience and ADA compliance. Also review and update brochures and fact sheets.	Ongoing	
Initiate informal meetings to discuss budget and policy issues with Cities, Special Districts and County. Provide timely notice of issues and opportunities to participate in LAFCO process.	Ongoing	
Attend meetings as requested by the County of Monterey. Provide support for appointment of County members to LAFCO.	As needed	
Attend meetings as requested by Cities, the City Managers Group, and Mayors Association. Provide support for the appointment of City members to LAFCO.	As needed	
Attend meetings as requested by individual special districts. Attend quarterly Special Districts Association meetings. Attend quarterly Special Districts General Managers' Group meetings. Provide support for the nomination and election of special district LAFCO members.	Quarterly and as needed	
Provide support for appointment of public members to LAFCO.	As needed	
Encourage and initiate early LAFCO participation in sphere of influence updates, City general plan updates, City-County-District dialogues, and environmental review activities that affect government boundaries & services.	Ongoing	For example, LAFCO staff is participating in community meetings about the Salinas General Plan update process.
Participate in regional activities for which LAFCO has indirect or direct responsibilities, as required by State law.	Ongoing	For example, LAFCO staff engages in AMBAG processes for regional housing, growth forecasts, and transportation planning issues.
Participate in community and statewide educational opportunities to promote understanding and dialogue.	Ongoing	For example, the Civil Grand Jury requests an annual LAFCO presentation. Also, the EO presented at the California American Planning Association conference in 2023.
Facilitate constructive discussions with small cities & districts seeking options for governance and the efficient, effective delivery of services. LAFCO is a clearinghouse for technical, financial and legal resources.	Ongoing	In recent years, LAFCO has assisted agencies in Greenfield, Soledad, Spreckels, North Monterey County areas.

4. COMMISSION AND COMMITTEE FUNCTIONS		
TASK	STATUS	COMMENTS
Provide support to ten regularly scheduled Commission meetings, special meetings as needed, and Committee meetings, including the provision of public notices, agenda packets, meeting broadcasts, minutes and resolutions.	Ongoing	Commission and Committee meetings are held in-person, with in-person and remote options for the public.
Hold agenda review sessions with Chair.	Ongoing	
Conduct new Commissioner election, appointment, and orientation processes.	As needed	
Continue to participate in CALAFCO conferences, workshops, and courses. Continue to support Monterey LAFCO's representative on the CALAFCO Board of Directors. Continue to participate in the CALAFCO legislative process to ensure that local interests are coordinated with policies and activities of the statewide organization. Continue to monitor state legislation. Continue to provide feedback to legislators and CALAFCO. Continue to provide monthly CALAFCO report to Commission. Continue to update local policies and procedures for consistency with approved legislation.	Ongoing	
Support all required Commissioner needs for bi-annual ethics/harassment training and annual economic interests reporting.	As needed	Primary responsibility is for Public Members.

5. ADMINISTRATIVE AND HUMAN RESOURCES MANAGEMENT		
TASK	STATUS	COMMENTS
Maintain the staff timekeeping, cost tracking, and invoicing for applications.	Ongoing	
Conduct review of Policies and Procedures for all LAFCO administrative and human resources functions.	Annual	
Identify and support staff training needs and opportunities, including professional certification, technical training, and ethics/harassment compliance.	Ongoing	
Conduct a periodic review of job classifications and salary ranges.	As needed	
Conduct a periodic review and continue implementation of LAFCO's Records Management Policy, including conversion of paper records to searchable electronic format. This multi-year task is carried out by in-house staff.	As needed	Policy update is underway in FY 23-24. Completed conversion project for 60 years of files.

**6. FINANCIAL MANAGEMENT**

TASK	STATUS	COMMENTS
Review and update the application-processing fee schedule and hourly staffing rates.	As needed	Update is underway in FY 23-24.
Compile financial policies into a chapter of the LAFCO administrative policies and procedures.	As needed	Update is underway in FY 23-24.
Continue to coordinate with the County Auditor to obtain local agency contributions to LAFCO.	Annual	
Complete audit for Fiscal Year 2023-2024.	Annual	LAFCO has received the highest possible audit rating each year since 2005.
Conduct review of Benefits, Services and Supplies with the goal of continuing to control costs.	Annual	
Develop a three-year financial forecast to project upcoming needs and to provide the resources to meet these needs.	Annual	This tool is for informal use by the Budget & Finance Committee.

## 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](http://www.monterey.lafco.ca.gov)

DATE: March 25, 2024  
TO: Chair and Members of the Formation Commission  
FROM: Kate McKenna, AICP, Executive Officer  
PREPARED BY: Darren McBain, Principal Analyst  
SUBJECT: **Proposed Annual Budget FY 2024-2025 (First Hearing)**  
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378

### SUMMARY OF RECOMMENDATION:

The Budget and Finance Committee recommends the following actions:

1. Receive a report from the Executive Officer;
2. Open the first public hearing and receive any public comments;
3. Provide for questions or follow-up discussion by the Commission;
4. Close the first public hearing;
5. Discuss and adopt a motion to adopt a proposed budget for the Fiscal Year 2024–2025;
6. Direct the Executive Officer to distribute the adopted proposed budget to the County, cities and independent special districts for review and comment, and
7. Direct the Executive Officer to schedule a second public hearing on April 22, 2024 to consider adoption of a final budget.

### EXECUTIVE OFFICER'S REPORT:

This matter was reviewed and recommended for approval by the Budget and Finance Committee on February 22, 2024. The proposed budget includes a reduced cost for accounting services in FY 2024-2025, as approved by the Committee in a separate agenda action on February 22.

#### Introduction and Accomplishing the Commission's Work Program

LAFCO works responsibly to control its costs. The Budget and Finance Committee provides oversight and recommendations, resulting in lean and timely budgets and prudent financial policies and practices. These practices consistently receive the highest ratings from an independent auditor, while maintaining the essential services provided by LAFCO. The emphasis remains on the cost-efficient delivery of core services in a responsive, professional and legally defensible manner. Core services, and the anticipated tasks and priorities for FY 2024-2025, are described in the proposed work program (Agenda Item No. 11).

State law requires that the LAFCO budget be reasonable to accomplish the work program. By carefully managing service demands and available resources, the proposed budget will accomplish the Commission's work program for the new fiscal year.

#### Proposed Expenditures

## Overview

Recommended FY 2024-2025 total budget expenditures (\$1,131,054) are an overall 2% increase as compared to the current-year budget. Recommended expenditures for employee salaries and benefits, at \$861,748 combined, are also a 2% increase from the current year.

This modest increase is accomplished by containing staffing costs, by increasing employee contributions to health care costs, by no funding for economic professional services, and by reducing the scope and cost of accounting services.

## Staffing and Outside Professional Services

Funded staffing levels will be maintained at 4.0 FTE positions. No new benefits are proposed, some benefits will continue to not be offered, and employee contributions to health care costs will substantially increase as of July 1, 2024.

The proposed budget includes a 2.5% COLA for all staff and merit step increases, based on performance, for two eligible staff members (4% total increase for Salaries). Notably, the Benefits line-item is a net 3% reduction from the current year. CalPERS health insurance premiums for this region increased by approximately 10% for calendar 2024. However, for LAFCO's budget, this increase will be more than offset by employee contributions from all staff – hence the 2% overall increase for salaries and benefits.

No funding is proposed for Outside Professional Services for economic studies, in contrast to the current \$15,000 budget for that line item.

## Accounting Services Cost Savings

The proposed budget reflects a \$12,000-per-year cost reduction for LAFCO's accounting services provider CliftonLarsonAllen (CLA). These cost savings will be achieved by transferring some human resources, accounts payable, and related administrative tasks from the contractor back to in-house LAFCO staff. Specific cost-saving and efficiency measures were approved by the Budget and Finance Committee on February 22, and will take effect on July 1, 2024.

## Other

Total expenditures for services and supplies (\$269,306) are a 4% overall increase from the current year's adopted budget. The modest overall increase is driven by necessary increases for General Counsel services, Travel and Training (mostly to provide for full attendance by commissioners and staff at the CALAFCO annual conference), and Meeting Broadcast Services. These increases are largely being offset by the accounting services cost savings and by not funding the Outside Professional Services line-item, as discussed above.

## **Proposed Revenues**

Proposed total revenues (\$1,131,054, matching expenditures) are a 2% increase from the current year. Primary funding is from the County of Monterey, the 12 cities, and independent special districts. The one-third cost share of the proposed total would be \$371,898 for each of these three groups; again, a 2% increase from the current-year contributions. Minor income is anticipated from fees for boundary changes and related proposals (\$10,000) and interest (\$5,360).

## **No Supplemental Funding Requested from LAFCO Member Agencies for Pending Litigation (Monterey Peninsula Water Management District Lawsuit)**

The recommended FY 2024-2025 budget does not propose or request any supplemental funding from LAFCO member agencies for litigation. To date, LAFCO has spent approximately \$210,000 in defending the lawsuit brought by the Water Management District, with an additional \$30,000 in court filing costs not yet paid. The District prevailed against LAFCO in the trial court in December 2023. In February, LAFCO filed an appeal. LAFCO's litigation counsel anticipates that the appeal will cost LAFCO approximately \$75,000, going forward.

Very importantly, LAFCO will not be liable for Water Management District attorney fees (approximately \$550,000 to date) that could potentially be awarded in the event the appeal is unsuccessful. California-American Water Company, the co-defendant/respondent, has indemnified LAFCO against any potential liability for the Water Management District's current or future attorney fees for this lawsuit.

LAFCO has been paying its legal expenses from the Litigation Reserve account. That account currently stands at approximately \$285,000 after being replenished in January to the \$300,000 level established by Commission policy. LAFCO's reserve accounts consist largely of unexpended operating funds that LAFCO rolls over into its reserves after the end of each fiscal year. LAFCO's reserves, thus, consist of funding contributed over time by LAFCO's constituent agencies – the County, Cities, and special districts – as part of the annual LAFCO budget. LAFCO's litigation costs are, in this very real sense, an indirect cost to local agencies. However, existing reserve levels are adequate to continue to cover LAFCO's anticipated litigation costs (\$75,000) in remaining FY 2023-2024 and in FY 2024-2025. LAFCO will not be liable for the District's legal fees as discussed above.

### Process and Schedule

State law requires two public hearings for a LAFCO budget. Commission hearings have been noticed for March 25 (to adopt proposed budget and distribute it to local agencies for review and comment), and April 22 (to adopt a final budget). Cost share estimates for individual cities and special districts will be calculated by formula by the County Auditor-Controller's Office, based on the LAFCO's adopted budget for FY 2024-2025. The Auditor-Controller will prepare and distribute invoices in June.

### Alternative Actions

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

Respectfully Submitted,



Kate McKenna, AICP  
Executive Officer

Attachment: Proposed Annual Budget summary for Fiscal Year 2024-2025 (First Hearing)

Local Agency Formation Commission of Monterey County			
Proposed Budget for Fiscal Year 2024-2025			
(First Hearing) Draft March 25, 2024			
(Second Hearing) Final Adoption on XX-XX-XX			
	Adopted Budget FY 2023-24	Proposed Budget for FY 2024-25	Change (%)
<b>REVENUE</b>			
4000 - Project Fees - <i>See Note 1</i>	\$ 10,000	\$ 10,000	0%
4001 - Pass-through Fees	\$ -	\$ -	
4205 - County Contribution	\$ 363,784	\$ 371,898	2%
4210 - City Contributions	\$ 363,784	\$ 371,898	2%
4220 - Independent Special District Contributions	\$ 363,784	\$ 371,898	2%
4249 - Fort Ord Reuse Authority (FORA)- <i>See Note 3</i>	\$ -	\$ -	0%
3850 - Unreserved Fund Balance Supplement (as needed) - <i>See Note 2</i>	\$ -	\$ -	0%
4300 - Interest	\$ 5,105	\$ 5,360	5%
<b>TOTAL REVENUES</b>	<b>\$ 1,106,457</b>	<b>\$ 1,131,054</b>	<b>2%</b>
<b>EXPENDITURES</b>			
6000 - Employee Salaries	\$ 586,475	\$ 607,036	4%
6100 - Employee Benefits	\$ 262,244	\$ 254,712	-3%
<b>Total Salaries &amp; Benefits</b>	<b>\$ 848,719</b>	<b>\$ 861,748</b>	<b>2%</b>
7000 - Postage and Shipping	\$ 3,994	\$ 7,000	75%
7010 - Books and Periodicals	\$ 1,000	\$ 1,000	0%
7030 - Copy Machine Charges	\$ 7,000	\$ 7,000	0%
7040 - Outside Printers	\$ 500	\$ 500	0%
7060 - Office Supplies	\$ 5,000	\$ 5,000	0%
7070 - Office Equipment and Furnishings	\$ 1,000	\$ 1,000	0%
7080 - Computer/Hardware/Peripherals	\$ 4,000	\$ 4,000	0%
7085 - Computer Support Services (Fixed Costs)	\$ 12,763	\$ 12,763	0%
7090 - Computer Support Services (Variable Costs)	\$ 5,000	\$ 5,000	0%
7100 - Computer Software	\$ 1,277	\$ 1,277	0%
7105 - Meeting Broadcast Services	\$ 5,106	\$ 12,000	135%
7110 - Property and General Liability Insurance	\$ 9,032	\$ 9,923	10%
7120 - Office Maintenance Services	\$ 486	\$ 486	0%
7140 - Travel	\$ 7,000	\$ 17,000	143%
7150 - Training, Conferences and Workshops	\$ 13,000	\$ 15,000	15%
7160 - Vehicle Mileage	\$ 1,000	\$ 1,000	0%
7170 - Rental of Buildings	\$ 32,220	\$ 34,212	6%
7200 - Telephone Communications	\$ 8,509	\$ 8,509	0%
7230 - Temporary Help Services (Clerical)	\$ -	\$ -	
<b>7240 - Outside Professional Services</b>	<b>\$ 123,905</b>	<b>\$ 110,189</b>	<b>-11%</b>
<b>Total for Line Items 7240-7249</b>			
7240 - Outside Professional Services	\$ 15,000	\$ -	-100%
7242 - Accounting and Financial Services	\$ 66,000	\$ 62,400	-5%
7242A -General Admin Services and HR Assistance	\$ 6,000	\$ -	-100%
7245 - General Counsel and Special Counsel	\$ 9,116	\$ 20,000	119%
7247 - Human Resources-Other	\$ 5,789	\$ 5,789	0%
7248 - Annual Audit	\$ 22,000	\$ 22,000	0%
7249 - Temporary Professional Services-FORA Admin- <i>See Note 3</i>	\$ -	\$ -	0%
7250 - Miscellaneous Office Expenses	\$ 1,216	\$ 1,216	0%
7260 - Legal Notices	\$ 4,000	\$ 4,000	0%
7270 - Recruitment Expenses	\$ 900	\$ 900	0%
7280 - LAFCO Memberships	\$ 9,830	\$ 10,331	5%
<b>Sub-total Services &amp; Supplies</b>	<b>\$ 257,738</b>	<b>\$ 269,306</b>	<b>4%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,106,457</b>	<b>\$ 1,131,054</b>	<b>2%</b>

**Please See Attachment 1 for Description of Budget Line Items.**

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

**Note 2 :** Per adopted local LAFCO policy, the proposed revenue for FY 2024-2025 is projected to be fully funded by the Cities, Districts, and County.

**Note 3:** These FORA income and expense items are for temporary professional assistance to perform FORA-related administrative tasks on an as-needed basis after FORA ceased operations on June 30, 2020. Due to insignificant activity, Lafco would like to give back the litigation and admin fees collected but not spent. Lafco would like to return these unspent funds to the Cities, Districts and County by June 30, 2024.



**DESCRIPTION OF FY2024-2025 BUDGET LINE ITEMS**

**SALARIES & BENEFITS**

Page 1 of 3

**6000 EMPLOYEE SALARIES**

This line item supports all work program activities of the Commission by 4 FTE positions. The part-time administrative position will remain vacant in 2024-2025. Assume merit and COLA increases for clerk and senior analyst positions and COLA increase for principal analyst and executive officer positions. Includes overtime allowances for non-exempt employee (per law).

**6100 EMPLOYEE BENEFITS**

This line item assumes no new benefits and no benefit changes for 4 full time employees. To help reduce increasing insurance premiums, it is proposed that LAFCO employees contribute toward their monthly insurance premiums based on how the County of Monterey calculates their employee portion. The County of Monterey 2024 Monthly Employee Health Contributions Schedule has been used to determine the employee's monthly share of health, dental and vision insurance. Employee pays 100% of the employee share of retirement plan contributions. LAFCO is responsible for 100% of the employer share of retirement plan contributions as well as the employer's share of payroll taxes.

**SERVICES & SUPPLIES**

**7000 Postage and Shipping**

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

**7010 Books & Periodicals**

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

**7030 Copy Machine Charges**

Includes copier machine leases, copies and maintenance. Assumes in-house production of LAFCO studies. Includes support of activities associated with pre-application and application processing functions. Includes production of resource maps, district election mailing materials, educational outreach materials, and other work program needs.

**7040 Outside Printers**

Includes copying of large maps and other occasional needs.

**7060 Office Supplies**

Includes annual consumable goods for office operations and work production.

**7070 Office Equipment & Furnishings**

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

**7080 Computer Hardware and Peripherals**

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

**7085 Computer Support Services (Fixed Costs)**

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

**7090 Computer Support Services (Variable Costs)**

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

**7100 Computer Software**

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

<b>7105 Meeting Broadcast Services</b>	
	This account funds the broadcast meeting support services for LAFCO meetings under contract with the County of Monterey's vendor. Cost is \$1,000 per meeting.
<b>7110 Property and General Liability Insurance</b>	
	Property and Errors & Omissions Insurance is obtained by contract with the Special Districts Risk Management Authority. Premiums reflect discounts for no claim history. Cost is fixed annually. The 2024-2025 budget reflects the current year gross package cost plus a 5% increase due to anticipated rising insurance costs. (\$9,450 plus a 5% increase of \$473)
<b>7120 Office Maintenance Services</b>	
	Includes general office cleaning, including blinds, cabinets and underneath furniture. (Basic janitorial service to empty trash and sweep floors is included in office lease.)
<b>7140 Travel</b>	
	Provides funding for employee, counsel and Commissioner travel for annual CALAFCO conference (October 2024), annual CALAFCO staff workshop (April 2025), and other professional development. Includes transportation, hotel and meal costs. The substantial increase is due to the location of the conference. In 2023, the conference occurred in Monterey and was hosted by Monterey LAFCO.
<b>7150 Training, Conferences and Workshops</b>	
	Provides funding for employee, counsel and Commissioner registrations at annual CALAFCO conference (October 2024), annual staff workshop (April 2025), and other professional development. The substantial increase is due to the location of the conference. In 2023, the conference was hosted by Lafco of Monterey in Monterey, CA.
<b>7160 Vehicle Mileage</b>	
	Reimbursement for use of personal vehicles, at the government rate.
<b>7170 Rental of Building</b>	
	Includes minor increase in office rent, and includes utilities. The monthly building rent for 2024-2025 is set at \$2,765.55. Due to accounting standard ASC 842, LAFCO recognizes the average monthly rent of the lease agreement as expense. This amount is \$2,851/month.
<b>7200 Telephone Communications</b>	
	Includes telephone, cell and fax charges, office wi-fi for laptop/visitor use, and system maintenance and repairs.
<b>7230 Temporary Help Services (Clerical)</b>	
	Not funded. All clerical work is generally done by in-house staff.
<b>7240 Outside Professional Services</b>	
	This line item includes:
	7240: <b>Outside Professional Services.</b> This line item has been budgeted at zero. LAFCO is no longer in need of services from Berkson and Associates who specializes in fiscal, financial and economic review.
	7242: <b>Accounting and Financial Services.</b> The current fixed-rate contract with CliftonLarsonAllen, LLP (CLA) was signed in August 2023. The contract goes through fiscal year 2025-2026 (24/25 \$74,400, 25/26 \$79,200). This line item reflects a fixed rate contract for payroll, accounting, financial reporting services, GASB 68 Compliance and assistance to auditor. The 24/25 agreed monthly fee was set at \$6,200. On February 22, 2024, the 24/25 monthly fee was adjusted to \$5,200/month due to the collaboration between CLA and LAFCO to reduce monthly costs by \$1,000. This will be accomplished by LAFCO taking on all Human Resources administrative services as well as taking on some of the duties in the accounts payable process previously fully handled by CLA. In addition, Mike Briley, Managing Principal at CLA, will only attend one Committee meeting per year instead of five.
	7242A: <b>General Admin Services and HR Assistance.</b> The existing contract with CLA includes a \$400/month retainer (\$4,800/annually) for human resource services provided by CLA, through June 30, 2024
	7245: <b>General Counsel and Special Legal Counsel Services (Not Litigation).</b> General Counsel costs are variable, with an annual cap of \$15,000 (per contract with County Counsel's Office). This line item fund is also intended for variable Special Legal Counsel costs, depending on need (per contract with BBK and others).
	7247: <b>Human Resources Services-Other.</b> Variable rate services from Liebert Cassidy Whitmore or other firm, on an as needed basis.
	7248: <b>Annual Audit.</b> The current fixed-rate contract with Bianchi, Kasavan & Pope, LLP was signed in June 2023. The contract goes through fiscal year 2026-2027 (24/25 \$22,000, 25/26 \$23,000, 26/27 \$24,000).

	7249: <b>Temporary Professional Services-FORA Admin.</b> These FORA income and expense items are for temporary professional assistance to perform FORA-related administrative tasks on an as-needed basis after FORA ceased operations on June 30, 2020. LAFCO plans to return unspent funds by June 30, 2024.
<b>7250</b>	<b>Miscellaneous Office Expenses</b>
	Minor expenses for office operations, Commission meetings and recording fees for LAFCO-initiated activities.
<b>7260</b>	<b>Legal Notices</b>
	Expenses for actions requiring public notices, such as annexations, Sphere of Influence updates, municipal service reviews and budgets. Some of these costs are reimbursable.
<b>7270</b>	<b>Recruitment Expenses</b>
	To fill any vacant position.
<b>7280</b>	<b>LAFCO Memberships</b>
	This line item includes the CALAFCO Membership and California Special Districts Association. The CALAFCO membership provides access to legislative and educational activities. CSDA membership is required in order to get the Special District Authority's Workers Compensation Insurance and Property & Liability Insurance (Acct.# 7110).
<b>7290</b>	<b>Litigation Reserve</b>
	Per Commission policy, the target funding for the litigation defense reserve is \$300,000. This target would be sufficient for one-year's estimated expenses. The balance sheet reserve is currently funded to target level for FY 2023-2024. LAFCO is indemnified by Cal-Am in current litigation (MPWMD). Accordingly, no fund supplement is proposed for FY 2024-2025.
<b>7285</b>	<b>Records Management</b>
	Not funded for outside help. Records management is by in-house clerical staff.
<b>7295</b>	<b>Contingency Reserve</b>
	Per Commission policy, the target funding for the general contingency reserve is 25 percent of the annual budget. This balance sheet reserve is currently funded at \$276,614, which is 100% of the target level for FY 2023-2024. No fund supplement is proposed for FY 2024-2025.

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: March 25, 2024  
TO: Chair and Members of the Formation Commission  
FROM: Kate McKenna, AICP, Executive Officer  
SUBJECT: Executive Officer Communications  
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378.

**SUMMARY OF RECOMMENDATION:**

Receive report for information only.

**EXECUTIVE OFFICER'S REPORT:**

**Independent Special District Representation on LAFCO**

The term of office for the LAFCO seat previously held by Commissioner Warren "Pete" Poitras will expire in May 2024. Commissioner David Kong, Special District Alternate Member, is filling this vacancy on a temporary basis until the Independent Special Districts Selection Committee nomination and selection process concludes in May. LAFCO staff issued a Call for Nominations that resulted in two candidates. We are conducting a mail-in election process through April. The selected representative will be sworn in and seated at the May 20 Commission meeting.

**Independent Special District Representation on Countywide Consolidated Oversight Board**

In 2018, state law consolidated more than 400 redevelopment agency oversight boards into just one oversight board per county. Each county's Independent Special Districts Selection Committee may appoint a special district representative to that county's respective oversight board. LAFCO is tasked under the law with assisting special districts in this effort. Pete Poitras was selected as the primary Special District representative to Monterey County's oversight board in 2018, and there was no alternate representative.

The Special District seat on the oversight board was vacated on March 1. Eighteen independent special districts in Monterey County are eligible to nominate and select a regular and alternate district representative to serve on the board. To assist those districts, LAFCO staff issued a Call for Nominations in March and will conduct an election process in April-May. The new representative(s) will be seated after LAFCO adopts a resolution declaring the election results, which is anticipated for the May 20 LAFCO meeting. If no representatives are selected because no nominations are made, as provided in state law, the appointment will be made by California Governor Gavin Newsom.

**Spreckels Community Services District**

Earlier this month, the Spreckels Community Services District contacted LAFCO to express interest in exploring a potential connection of the District's storm water drainage system, and potentially Cal-Am's privately owned Spreckels sanitary sewer system, to the Monterey One Water regional wastewater treatment facility in Marina. LAFCO's 2016 Municipal Service Review and Sphere of Influence Study for Spreckels Community Services District recommended this potential opportunity for future consideration. If the District requests our assistance, LAFCO staff will facilitate a meeting of the parties

to discuss ways to promote environmental benefits, efficiency, and cooperation in the delivery of government services.

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

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).