

2015

Commissioners

Chair

Steve Snodgrass
Special District Member

Vice Chair

Sherwood Darington
Public Member

Fernando Armenta
County Member, Alternate

Matt Gourley
Public Member, Alternate

Joe Gunter
Alternate, City Member

Maria Orozco
City Member

John M. Phillips
County Member

Warren E. Poitras
*Special District Member,
Alternate*

Ralph Rubio
City Member

Simón Salinas
County Member

Graig R. Stephens
Special District Member

Counsel

Leslie J. Girard
General Counsel

Staff

Kate McKenna, AICP
Executive Officer

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

P. O. Box 1369
Salinas, CA 93902

Voice: 831-754-5838
Fax: 831-754-5831

www.monterey.lafco.ca.gov

AGENDA

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

Monday, April 27, 2015
4:00 p.m.

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

The Local Agency Formation Commission welcomes you to its meetings. This meeting has been noticed according to the Brown Act. If you want to submit documents, please bring 15 copies for distribution. The meeting will be broadcast live on Comcast Cable TV Channel 28, and is rebroadcast every Monday at 4:00 p.m. Agendas and reports are available on our website at least 72 hours before each meeting.

Roll Call

Call to Order

Pledge of Allegiance

Public Comments

Anyone may address the Commission briefly about items not already on the Agenda. Please fill out a Speaker Request Form available on the rostrum.

Consent Agenda

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

1. Approve Draft Minutes from the March 30, 2015 LAFCO Regular Meeting.
Recommended Action: Approve minutes.
2. Accept Report on Anticipated Agenda Items and Progress Report on LAFCO Special Studies.
Recommended Action: Accept report.
3. Authorize a Draft Letter of Opposition to Pending Legislation (Senate Bill 239 - Fire Protection Services Contracts).
Recommended Action: Authorize Chair Snodgrass to execute a letter of opposition.
4. Accept Register of Checks for March 2015.
Recommended Action: Approve register.

Public Hearings

5. Consider Annexation by the Pajaro/Sunny Mesa Community Services District (Continued Hearing from the March 30, 2015 Meeting) – Annexation of areas served by five former Alisal Water Company (ALCO) water systems that the District owns and operates in the Moss Landing and Prunedale areas (LAFCO File No. 14-05).

Recommended Action:

- a) Consider the finding made by the Pajaro/Sunny Mesa Community Services District that its Sphere of Influence Amendment and Annexation proposal is exempt under CEQA Guidelines Sections 15061(b)(3) and 15320, and
 - b) Approve the District's proposed annexation of five former Alisal Water Company (ALCO) service areas that are within the District's Sphere of Influence as amended on March 30, 2015.
6. Consider Adoption of a Final Budget for Fiscal Year 2015-2016.
Recommended Action: Adopt a Resolution adopting the Budget and Directing the Distribution of the Adopted Final Budget to Local Agencies and the Auditor-Controller.

New Business

7. Authorize a Comment Letter Regarding the March 2015 Public Review Draft Environmental Impact Report for the Proposed Monterey Downs and Monterey Horse Park and Central Coast Veterans Cemetery Specific Plan, and Related Applications (City of Seaside)
Recommended Action: Authorize Chair Snodgrass to execute letter and send comments to the City of Seaside.

Executive Officer's Report

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

Commissioner Comments

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

Correspondence

This item is for information only; no action is required by the Commission

8. Received from California Association of Local Agency Formation Commissions, Expressing Appreciation to Executive Officer McKenna for Presenting a Training Session at the Annual CALAFCO Staff Workshop (April 2015).

Closed Session

Pursuant to Government Code section 54956.9 (d) (2) the Commission will discuss with its General Counsel one matter of significant exposure to litigation.

Adjournment to the Next Meeting

The next Regular LAFCO Meeting is scheduled for Monday, May 18, 2015 at 4:00 p.m.

Alternative Formats and Facility Accommodations: If requested, the agenda will be made available in alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 USC 12132) and the federal rules and regulations adopted in implementation thereof. Also if requested, facility accommodations will be made for persons with disabilities. Please contact (831) 754-5838 for assistance.

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DRAFT MINUTES

**LOCAL AGENCY FORMATION COMMISSION
OF MONTEREY COUNTY**

Monday, March 30, 2015

4:00 p.m.

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

Roll Call

Call To Order

The Local Agency Formation Commission was called to order by Chair Snodgrass at 4:02 p.m. in the Monterey County Board of Supervisors Chambers.

Members Present

Commissioner Snodgrass, Chair
Commissioner Darington, Vice Chair
Commissioner Gunter
Commissioner Phillips
Commissioner Poitras
Commissioner Rubio
Commissioner Salinas
Commissioner Stephens

Members Absent (Excused Absences)

Commissioners Gourley and Orozco

Members Not Present (Presence Not Required)

Commissioner Armenta.

Staff Present

Kate McKenna, AICP, Executive Officer
Leslie J. Girard, General Counsel
Darren McBain, Senior Analyst
Taven M. Kinison Brown, Associate Analyst
Gail Lawrence, Clerk to the Commission

Pledge of Allegiance

Commissioner Snodgrass led the Pledge of Allegiance.

Public Comments

There were no Public Comments on items not on the Agenda.

Consent Agenda

1. Approve Draft Minutes from the February 23, 2015 LAFCO Regular Meeting.
2. Accept Report on Anticipated Agenda Items and Progress Report on LAFCO Special Studies.
3. Accept Report on Activities of the California Association of Local Agency Formation Commissions.
4. Accept Register of Checks for February 2015.

Commission Action

Upon motion by Commissioner Rubio, seconded by Commissioner Stephans, the Consent Items were unanimously approved by those present. Absent: Commissioners, Gourley and Orozco (Alternate Commissioner Armenta – presence not required). Abstain: None.

Public Hearing

5. Conduct a Public Hearing to Consider the Following Items Pertaining to the Pajaro/Sunny Mesa Community Services District:
 - a) *A 2015 Municipal Service Review and Sphere of Influence Study for the Pajaro/Sunny Mesa Community Services District*, prepared by LAFCO of Monterey County; and
 - b) An Application by the Pajaro/Sunny Mesa Community Services District for a Sphere of Influence Amendment and Annexation of water systems areas owned, operated, and served by the District in the Moss Landing and Prunedale areas (*LAFCO File No. 14-05*).
- i) Adopt a Resolution to:
 - a) Find that the 2015 Municipal Service Review and Sphere of Influence Study for the Pajaro/Sunny Mesa Community Services District is exempt from the California Environmental Quality Act (CEQA); and
 - b) Approve the Study, and
 - c) Consider the finding made by the District that its proposal is exempt from CEQA; and
 - d) Approve the proposed Sphere of Influence Amendment; and
- ii) Continue consideration of the Annexed proposal to the April 27 LAFCO meeting.

Kate McKenna, LAFCO Executive Officer, presented a report. A video entitled “Pajaro Park” was presented showing the collaboration of the County of Monterey, Pajaro Sunny/Mesa Community Services District, County Redevelopment Agency and community groups.

Chair Snodgrass opened the Public Hearing. There was a comment from Don Rosa, General Manager, Pajaro Sunny/Mesa Community Services District. Commissioners Rubio, Phillips, and Salinas commented. LAFCO Executive Officer McKenna, responded to comments. Chair Snodgrass closed the Public Hearing.

Commission Action

Upon motion by Commissioner Darington, seconded by Commissioner Phillips, the Commission approved Agenda Item 5 “Consider Items Pertaining to the Pajaro/Sunny Mesa District” as follows :

- (a) Approved the *2015 Municipal Service Review and Sphere of Influence Study for the Pajaro/Sunny Mesa Community Services District*, prepared by LAFCO of Monterey County;
- (b) Approved the Application by the Pajaro/Sunny Mesa Community Services District for a Sphere of Influence Amendment and Annexation of water systems areas owned, operated, and served by the District in the Moss Landing and Prunedale areas (*LAFCO File No. 14-05*);

(c) Adopted a Resolution finding that the 2015 *Municipal Service Review and Sphere of Influence Study for the Pajaro/Sunny Mesa Community Services District*, is exempt from the California Environmental Quality Act (CEQA), Approved the Study, and approved the proposed Sphere of Influence Amendment; and Further
(d) Approved continuing consideration of the Annexation proposal to the April 27, 2015 LAFCO Meeting.

Absent: Commissioners, Gourley and Orozco (Alternate Commissioner Armenta – presence not required). Abstain: None.

6. Conduct a Public Hearing to Consider the Draft Annual Work Program for Fiscal Year 2015-2016 and Adopt a Resolution.

Executive Officer McKenna gave a report. Chair Snodgrass opened the Public Hearing. There were no public or Commissioner comments. Chair Snodgrass closed the Public Hearing.

Commission Action

Upon motion by Commissioner Stephens, seconded by Commissioner Phillips, the Commission adopted the Annual Work Program for Fiscal Year 2015-2016 as recommended by the Budget and Finance Committee and adopted a Resolution approving the Annual Work Program for Fiscal Year 2015-2016. Absent: Commissioners, Gourley and Orozco (Alternate Commissioner Armenta – presence not required). Abstain: None.

7. Conduct a Public Hearing to Consider the Proposed Annual Budget for Fiscal Year 2015-2016.

- a) Adopt a Proposed Budget for Fiscal Year 2015; and
- b) Direct the Executive Officer to distribute the Adopted Proposed Budget to the County, Cities and Independent Special Districts for review and comments, and
- c) Direct the Executive Officer to schedule a Public Hearing on April 27, to consider adoption of a Final Budget for Fiscal Year 2015-2016.

Executive Officer McKenna gave a report. Chair Snodgrass opened the Public Hearing. There were no public comments. Commissioner Rubio commented that the Budget and Finance Committee closely reviewed the FY 2015-2016 Budget and recommends approval. Executive Officer McKenna responded to comments from Commissioners Salinas and Darington. Commissioner Snodgrass closed the Public Hearing.

Commission Action

Upon motion by Commissioner Rubio, seconded by Commissioner Salinas, the Commission

- (a) Adopted the Proposed Annual Budget for Fiscal Year 2015-2016 as recommended by the Budget and Finance Committee;
- (b) Directed the Executive Director to distribute the Adopted Proposed Budget to the County, Cities and Independent Special Districts for review and comments; and
- (c) Directed the Executive Officer to schedule a Public Hearing on April 27, 2015 to consider adoption of a Final Budget for Fiscal year 2015-2016. Absent: Commissioners, Gourley and Orozco (Alternate Commissioner Armenta – presence not required). Abstain: None.

Executive Officer's Report

None.

Commissioner Comments

On behalf of the LAFCO Commission and staff, Commissioner Rubio extended condolences to Commissioner Orozco who was not present due to the death of her father.

Adjournment to the Next Meeting

Chair Snodgrass adjourned the meeting at 4:29 p.m.

The next Regular LAFCO meeting is scheduled for Monday, April 27, 2015 at 4:00 p.m.

LOCAL AGENCY FORMATION COMMISSION

P.O. Box 1369

Salinas, CA 93902

Telephone (831) 754-5838

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KATE McKENNA, AICP
Executive Officer

DATE: April 27, 2015
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: ANTICIPATED FUTURE AGENDA ITEMS AND PROGRESS REPORT ON
SPECIAL STUDIES

SUMMARY OF RECOMMENDATION:

This report is 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. Attachment 1 is a progress report on LAFCO's special studies.

Anticipated Agenda Items by June 30, 2015

1. **South Monterey County Fire Protection District** – Sphere of Influence Amendment and Annexation of 5,000+ acres in southern Monterey County. (*Application was filed on July 10, 2013. Incomplete status, pending map revisions and the District's approval of a recently County-approved property tax transfer agreement. The District also plans to conduct public outreach in advance of the LAFCO meeting.*)
2. **Carmel Area Wastewater District** – Municipal Service Review (*Initiated by LAFCO in March 2014*); Sphere of Influence Amendment and Annexation of all or significant portions of the District's existing Sphere of Influence near the mouth of the Carmel Valley and potentially other areas (*Application is being prepared; not yet received*).
3. **All Cemetery Districts** – Municipal Service Review and Sphere of Influence Studies for Gonzales, Soledad, Greenfield, King City, San Lucas, San Ardo, Cholame, and Castroville Cemetery Districts (*Initiated by LAFCO in December 2014*).
4. Independent special districts that provide **water, memorial, and recreation services** in the **central and south Salinas Valley** – Municipal Service Review and Sphere of Influence Studies for the San Ardo and San Lucas County Water Districts, Greenfield Memorial District, and Soledad Mission and Greenfield Public Recreation Districts. (*Initiated by LAFCO in December 2014*).

Anticipated Future Agenda Items
April 27, 2015

Current FY Work Program Items to be Carried Over to FY 2015-2016

5. **Marina Coast Water District**
 - Municipal Service Review (*Initiated by LAFCO. Administrative draft was prepared by LAFCO staff and reviewed with District in 2013. In February 2014, MCWD formed an ad hoc committee to meet with Seaside County Sanitation District to resolve ongoing issues regarding establishment of an appropriate boundary between the two districts. MSR and SOI adoption schedule is dependent on the districts*), and
 - Sphere of Influence Amendment and Annexation of portions of the former Fort Ord, and/or the “Cemex” site, to provide water and wastewater services (*May be initiated by the District. See MSR discussion above*).
6. **Seaside County Sanitation District**
 - Municipal Service Review (*Initiated by LAFCO. Administrative draft MSR was prepared by LAFCO staff and reviewed with District. As of February 2015, SCSD is continuing to coordinate with MCWD to resolve ongoing engineering and feasibility issues, and then will arrange a stakeholders meeting to discuss a proposed Sphere of Influence. MSR and SOI adoption schedule is dependent on the two districts*).
 - Sphere of Influence Amendment and Annexation of portions of the former Fort Ord to Provide Wastewater Services (*To be initiated by District. See MSR discussion and related MCWD item above*).
7. **City of Seaside** – Municipal Service Review (*Will be initiated by LAFCO at such time as warranted by schedule for potential SOI Amendment*); Sphere of Influence Amendment and Annexation of the Proposed Monterey Downs Project, Horse Park and Central Coast Veterans Cemetery (*to be initiated by City*).
8. **Aromas Water District** – Annexation of several parcels within the District’s existing Sphere of Influence Amendment, near the recently completed Oak Ridge – Via del Sol annexation (*to be initiated by District*).
9. **City of Soledad** – Sphere of Influence Amendment for Miravale III. Sphere of Influence Amendment and Annexation of Miravale IIB Subdivision. Additional potential inclusions: Existing 10-Unit Residential Development Near Gabilan Drive, Front Street freeway interchange safety improvements, 4.35-acre expansion area within the “Soledad Entry Commercial Annexation,” Metz Road bypass, Los Coches Adobe vicinity; possibly others. Municipal Service Review will potentially be initiated by LAFCO, if determined necessary depending on the scope of the proposed Sphere Amendments and Annexations.
10. **City of Greenfield** – Potential Commercial/Industrial and Residential Annexation Proposals (Franscioni, Scheid, and others). (*Initial Preliminary Discussion*)
11. **Salinas Valley Memorial Healthcare System** – Municipal Service Review and Sphere of Influence Study (*Initiated by LAFCO in September 2014*)

Anticipated New Work Program Items to be Considered in FY 2015-2016

12. **Spreckels-area independent special districts** – Municipal Service Review and Sphere of Influence Studies for Spreckels Community Services District and Spreckels Memorial District.
13. **Recreation Districts** – Municipal Service Review and Sphere of Influence Studies for Carmel Valley Recreation and Park District, North County Recreation and Park District, and Monterey Peninsula Regional Park District
14. Potential formation of a **new community services district** to serve future development of Ferrini Ranch and other Highway 68-area properties.

Anticipated Future Agenda Items

April 27, 2015

15. **City of Salinas** – Proposed Economic Development Element of the City’s General Plan. Review and comment on the City’s environmental document (with LAFCO as a responsible agency under CEQA) and other tasks related to potential future Sphere of Influence Amendments and Annexations to the City of Salinas. A Municipal Service Review update will likely be appropriate
16. **King City** – Potential Sphere of Influence Amendment and Annexation of the existing College Ville farmworker housing complex located adjacent to existing city limits.

Respectfully Submitted,



Kate McKenna, AICP,
Executive Officer

Report Prepared by Darren McBain, Senior Analyst

Attachment I:

Progress Report – Municipal Service Reviews/Sphere of Influence Studies

Attachment 1

Status of 2015 Municipal Service Review / Sphere of Influence Studies

Currently in Progress, as of April 2015:

- Marina Coast Water District – *Administrative draft under review*
- Seaside County Sanitation District – *Administrative draft under review*
- Carmel Area Wastewater District – *Administrative draft under review*
- Salinas Valley Memorial Healthcare System – *Information collection in process*
- San Ardo Water District – *Administrative draft being prepared*
- San Lucas County Water District – *Administrative draft being prepared*
- Castroville Cemetery District – *Administrative draft being prepared*
- Cholame Cemetery District – *Administrative draft being prepared*
- Gonzales Cemetery District – *Administrative draft being prepared*
- King City Cemetery District – *Administrative draft being prepared*
- San Ardo Cemetery District – *Administrative draft being prepared*
- San Lucas Cemetery District – *Administrative draft being prepared*
- Soledad Cemetery District – *Administrative draft being prepared*
- Greenfield Memorial District – *Administrative draft being prepared*
- Soledad Mission Recreation District – *Administrative draft being prepared*
- Greenfield Public Recreation District – *Administrative draft being prepared*

Not Yet Initiated, But Anticipated in LAFCO's Annual Work Program:

- City of Seaside
- City of Soledad
- City of Salinas
- Spreckels Community Services District and Spreckels Memorial District
- Carmel Valley Recreation and Park District, North County Recreation and Park District, and Monterey Peninsula Regional Park District
- Potential formation of a new community services district to serve future development of Ferrini Ranch and other Highway 68-area properties.

ALTERNATIVE ACTIONS:

In lieu of authorizing the recommended letter of opposition, the Commission may direct the Executive Officer to forward a different set of comments, or no comments, regarding the proposed legislation.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Report Prepared by Darren McBain, Senior Analyst

Attachments:

1. Draft LAFCO of Monterey County letter of opposition to proposed SB 239
2. SB 239 text, as amended, as of March 23 2015
3. CALAFCO letter of opposition to SB 239
4. CSDA letter of opposition to SB 239

2015

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April 27, 2015 DRAFT

Senator Robert Hertzberg
California State Senate Capitol, Room 4038
Sacramento, CA 95814

RE: SB 239 (Hertzberg) – Fire Protection Services Contracts

Dear Senator Hertzberg:

On behalf of the Local Formation Commission (LAFCO) of Monterey County, I am writing to respectfully oppose Senate Bill 239, related to contracting for fire protection services.

LAFCO of Monterey County has reviewed SB 239, which establishes an entirely new hybrid process by which local LAFCOs would consider the extension, by contract or agreement, of fire protection services outside a public agency's boundaries. Based on our review, we must respectfully oppose the bill at this time. Our opposition is based on concerns articulated in more detail in a California Association of LAFCOs (CALAFCO) opposition letter dated April 2, 2015. In summary, we concur with CALAFCO in finding SB 239 problematic in various important respects, in that the bill:

1. Is unnecessary in light of current statutory provisions of the Cortese-Knox-Hertzberg Act (CKH), which already fully address the provision of all types of out-of-agency service extensions by local public agencies and empowers LAFCOs to independently consider all relevant factors associated with such requests prior to rendering a decision,
2. Would unnecessarily categorize extraterritorial fire protection services agreements as a "Change of Organization" under CKH—thereby triggering the tax exchange negotiation requirements of Revenue and Taxation Code section 99, and CEQA clearance—and would unnecessarily require a comprehensive fiscal analysis currently required only for city incorporations,
3. Would unnecessarily, and for the first time, require LAFCO approval authority for a California state agency action, in that SB 239 Article 1.6 would require state as well as local agencies to apply for LAFCO approval prior to entering into contractual provision of out-of-agency fire protection services, and
4. Would remove discretion from the elected and appointed boards of public agencies by requiring each contractual agreement involving provision of extraterritorial fire protection services to be pre-approved by affected labor associations.

LAFCO of Monterey County remains committed to supporting proposed legislation that maintains and enhances its ability to fulfill the legislative goals of CKH, including the efficient provision of government services. However, we believe the current statutory provisions governing provision of services outside an agency's

boundaries provide LAFCOs with an adequate and appropriate level of involvement in agreements for extraterritorial service extensions between public agencies. Therefore, we must respectfully oppose SB 239.

Sincerely,

Steve Snodgrass
Chair

Cc:
Committee Members, Senate Local Governance and Finance Committee
Brian Weinberger, Consultant, Senate Local Governance and Finance Committee
Ryan Eisberg, Consultant, Senate Republican Caucus
Christy Bouma, California Professional Firefighters Association

DRAFT

AMENDED IN SENATE MARCH 23, 2015

SENATE BILL

No. 239

Introduced by Senator Hertzberg

February 17, 2015

An act to amend ~~Section 56133~~ of Sections 56021, 56654, 56824.10, and 56824.12 of, to add Section 56800.5 to, and to add Article 1.6 (commencing with Section 56824.20) to Chapter 5 of Part 3 of Division 3 of Title 5 of, the Government Code, relating to ~~local government~~. *local services.*

LEGISLATIVE COUNSEL'S DIGEST

SB 239, as amended, Hertzberg. ~~Cities and districts: extended services.~~ *Local services: contracts: fire protection services.*

Existing law prescribes generally the powers and duties of the local agency formation commission in each county with respect to the review approval or disapproval of proposals for changes of organization or reorganization of cities and special districts within that county. Existing law establishes commission proceedings to consider the exercise of new or different functions or services, or the divestiture of the power to provide particular functions or services, by special districts.

This bill would establish commission proceedings to consider the exercise of new or extended fire protection services outside a public agency's current service area by contract or agreement. The bill would require the legislative body of a public agency to adopt a resolution and submit the resolution along with a plan for services, as provided. The bill would require that a proposal by a state agency be initiated by the director of the agency with the approval of the Governor. The bill would require, prior to adopting the resolution or submitting the proposal, the public agency to enter into a written agreement for the

performance of new or extended fire protection services with each affected public agency and recognized employee organization representing firefighters in the affected area and to conduct a public hearing on the resolution. The bill would provide that a proposal for a change of organization that involves the exercise of new or extended fire protection services outside a public agency's current service area by contract or agreement may be initiated only by these proceedings.

The bill would require the commission to approve or disapprove the proposal as specified. The bill would require the commission to consider, among other things, to review a comprehensive fiscal analysis prepared by the executive officer in accordance with specified requirements.

The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose.

This bill would make legislative findings to that effect.

~~The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 authorizes a city or district to provide new or extended services by contract or agreement outside its jurisdictional boundaries if the city or district requests and receives permission to do so from the local agency formation commission in the affected county. Existing law authorizes the commission to authorize a city or district to provide new or extended services outside its jurisdictional boundaries but within its sphere of influence in anticipation of a later change of organization, or outside its sphere of influence to respond to an existing or impending threat to the public health or safety of the residents of the affected territory, under specified circumstances. Existing law requires the executive officer of the local agency formation commission, within 30 days of receipt of a request for approval by a city or district of a contract to extend services outside its jurisdictional boundary, to determine whether the request is complete and acceptable for filing, as specified.~~

~~This bill would extend the period within which the executive officer is required to make that determination to 45 days.~~

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

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

1 *SECTION 1. Section 56021 of the Government Code is*
2 *amended to read:*

3 56021. “Change of organization” means any of the following:

4 (a) A city incorporation.

5 (b) A district formation.

6 (c) An annexation to a city.

7 (d) An annexation to a district.

8 (e) A detachment from a city.

9 (f) A detachment from a district.

10 (g) A disincorporation of a city.

11 (h) A district dissolution.

12 (i) A consolidation of cities.

13 (j) A consolidation of special districts.

14 (k) A merger of a city and a district.

15 (l) Establishment of a subsidiary district.

16 (m) The exercise of new or different functions or classes of
17 services, or divestiture of the power to provide particular functions
18 or classes of services, within all or part of the jurisdictional
19 boundaries of a special district as provided in Article 1.5
20 (commencing with Section 56824.10) of Chapter 5 of Part 3 of
21 this division.

22 (n) *The exercise of new or extended fire protection services*
23 *outside a public agency’s current service area by contract or*
24 *agreement, as authorized by Chapter 4 (commencing with Section*
25 *55600) of Part 2 of Division 2 of Title 5 of this code or Article 4*
26 *(commencing with Section 4141) of Chapter 1 of Part 2 of Division*
27 *4 of the Public Resources Code, as provided in Article 1.6*
28 *(commencing with Section 56824.20) of Chapter 5 of Part 3 of*
29 *Division 3 of Title 5 of this code.*

30 *SEC. 2. Section 56654 of the Government Code is amended to*
31 *read:*

32 56654. (a) A proposal for a change of organization or a
33 reorganization may be made by the adoption of a resolution of
34 application by the legislative body of an affected local agency,
35 except as provided in subdivision (b).

36 (b) (1) Notwithstanding Section 56700, a proposal for a change
37 of organization that involves the exercise of new or different
38 functions or classes of services, or the divestiture of the power to

1 provide particular functions or classes of services, within all or
2 part of the jurisdictional boundaries of a special district, shall only
3 be initiated by the legislative body of that special district in
4 accordance with ~~Sections 56824.10, 56824.12, and 56824.14.~~
5 *Article 1.5 (commencing with Section 56824.10) of Chapter 5.*

6 (2) *Notwithstanding Section 56700, a proposal for a change of*
7 *organization that involves the exercise of new or extended services*
8 *outside a public agency's current service area by contract or*
9 *agreement, as defined in subdivision (n) of Section 56021, shall*
10 *only be initiated in accordance with Article 1.6 (commencing with*
11 *Section 56824.20) of Chapter 5.*

12 (c) At least 21 days before the adoption of the resolution, the
13 legislative body may give mailed notice of its intention to adopt
14 a resolution of application to the commission and to each interested
15 agency and each subject agency. The notice shall generally describe
16 the proposal and the affected territory.

17 (d) Except for the provisions regarding signers and signatures,
18 a resolution of application shall contain all of the matters specified
19 for a petition in Section 56700 and shall be submitted with a plan
20 for services prepared pursuant to Section 56653.

21 *SEC. 3. Section 56800.5 is added to the Government Code, to*
22 *read:*

23 *56800.5. For a proposal for a change of organization that*
24 *involves the exercise of new or extended services outside a public*
25 *agency's current service area by contract or agreement, as defined*
26 *in subdivision (n) of Section 56021, the executive officer shall*
27 *prepare, or cause to be prepared by contract, a comprehensive*
28 *fiscal analysis. This analysis shall become part of the report*
29 *required pursuant to Section 56665. Data used for the analysis*
30 *shall be from the most recent fiscal year for which data are*
31 *available, preceding the issuance of the certificate of filing. When*
32 *data requested by the executive officer in the notice of affected*
33 *agencies are unavailable, the analysis shall document the source*
34 *and methodology of the data used. The analysis shall review and*
35 *document each of the following:*

36 (a) *The costs to the public agency that has proposed to provide*
37 *new or extended services during the three fiscal years following*
38 *a public agency entering into a contract to provide new or extended*
39 *services outside its current service area by contract or agreement,*
40 *in accordance with the following requirements:*

1 (1) *The executive officer shall include all direct and indirect*
2 *cost impacts to the existing service provider in the affected*
3 *territory.*

4 (2) *The executive officer shall review how the costs of the*
5 *existing service provider compare to the costs of services provided*
6 *in service areas with similar populations and of similar geographic*
7 *size that provide a similar level and range of services and shall*
8 *make a reasonable determination of the costs expected to be borne*
9 *by the public agency providing new or extended services.*

10 (b) *The revenues of the public agency that has proposed a new*
11 *or extended service outside its current service area during the*
12 *three fiscal years following the effective date of a contract or*
13 *agreement with another public agency to provide a new or extended*
14 *service.*

15 (c) *The effects on the costs and revenues of any affected public*
16 *agency, including the public agency proposing to provide the new*
17 *or extended service, during the three fiscal years that the new or*
18 *extended service will be provided.*

19 (d) *Any other information and analysis needed to make the*
20 *findings required by Section 56824.24.*

21 *SEC. 4. Section 56824.10 of the Government Code is amended*
22 *to read:*

23 56824.10. Commission proceedings for the exercise of new or
24 different functions or classes of services or divestiture of the power
25 to provide particular functions or classes of services, within all or
26 part of the jurisdictional boundaries of a special district, pursuant
27 to *paragraph (1) of subdivision (b) of Section 56654*, may be
28 initiated by a resolution of application in accordance with this
29 article.

30 *SEC. 5. Section 56824.12 of the Government Code is amended*
31 *to read:*

32 56824.12. (a) A proposal by a special district to provide a new
33 or different function or class of services or divestiture of the power
34 to provide particular functions or classes of services, within all or
35 part of the jurisdictional boundaries of a special district, pursuant
36 to *paragraph (1) of subdivision (b) of Section 56654*, shall be
37 made by the adoption of a resolution of application by the
38 legislative body of the special district and shall include all of the
39 matters specified for a petition in Section 56700, except paragraph
40 (6) of subdivision (a) of Section 56700, and be submitted with a

1 plan for services prepared pursuant to Section 56653. The plan for
2 services for purposes of this article shall also include all of the
3 following information:

4 (1) The total estimated cost to provide the new or different
5 function or class of services within the special district's
6 jurisdictional boundaries.

7 (2) The estimated cost of the new or different function or class
8 of services to customers within the special district's jurisdictional
9 boundaries. The estimated costs may be identified by customer
10 class.

11 (3) An identification of existing providers, if any, of the new
12 or different function or class of services proposed to be provided
13 and the potential fiscal impact to the customers of those existing
14 providers.

15 (4) A written summary of whether the new or different function
16 or class of services or divestiture of the power to provide particular
17 functions or classes of services, within all or part of the
18 jurisdictional boundaries of a special district, pursuant to *paragraph*
19 *(1) of* subdivision (b) of Section 56654, will involve the activation
20 or divestiture of the power to provide a particular service or
21 services, service function or functions, or class of service or
22 services.

23 (5) A plan for financing the establishment of the new or different
24 function or class of services within the special district's
25 jurisdictional boundaries.

26 (6) Alternatives for the establishment of the new or different
27 functions or class of services within the special district's
28 jurisdictional boundaries.

29 (b) The clerk of the legislative body adopting a resolution of
30 application shall file a certified copy of that resolution with the
31 executive officer. Except as provided in subdivision (c), the
32 commission shall process resolutions of application adopted
33 pursuant to this article in accordance with Section 56824.14.

34 (c) (1) Prior to submitting a resolution of application pursuant
35 to this article to the commission, the legislative body of the special
36 district shall conduct a public hearing on the resolution. Notice of
37 the hearing shall be published pursuant to Sections 56153 and
38 56154.

1 (2) Any affected local agency, affected county, or any interested
2 person who wishes to appear at the hearing shall be given an
3 opportunity to provide oral or written testimony on the resolution.

4 *SEC. 6. Article 1.6 (commencing with Section 56824.20) is*
5 *added to Chapter 5 of Part 3 of Division 3 of Title 5 of the*
6 *Government Code, to read:*

7
8 *Article 1.6. Fire Protection Services*
9

10 *56824.20. Commission proceedings pursuant to paragraph (2)*
11 *of subdivision (b) of Section 56654 may be initiated in accordance*
12 *with this article.*

13 *56824.22. (a) A proposal for a change of organization that*
14 *involves the exercise of new or extended services outside a public*
15 *agency's current service area by contract or agreement, as defined*
16 *in subdivision (n) of Section 56021, shall be made by the adoption*
17 *of a resolution of application as follows:*

18 *(1) In the case of a public agency that is not a state agency, the*
19 *proposal shall be initiated by the adoption of a resolution of*
20 *application by the legislative body of the public agency proposing*
21 *to provide new or extended services outside the public agency's*
22 *current service area.*

23 *(2) In the case of a public agency that is a state agency, the*
24 *proposal shall be initiated by the director of the state agency*
25 *proposing to provide new or extended services outside the agency's*
26 *current service area and be approved by the Governor.*

27 *(b) Prior to submitting a resolution of application pursuant to*
28 *this article to the commission, the legislative body of a public*
29 *agency or the director of a state agency shall do all of the*
30 *following:*

31 *(1) Obtain and submit with the resolution a written agreement*
32 *validated and executed by each affected public agency and*
33 *recognized employee organization that represents firefighters of*
34 *the existing and proposed service providers consenting to the*
35 *proposed change of organization.*

36 *(2) Conduct a public hearing on the resolution. Notice of the*
37 *hearing shall be published pursuant to Sections 56154 and 56156.*
38 *The legislative body of the public agency or the director of the*
39 *state agency shall provide an affected public agency or an*

1 interested person who wishes to appear at the hearing the
2 opportunity to present oral or written testimony on the resolution.

3 (c) A proposal for a change of organization submitted pursuant
4 to this article shall be submitted with a plan for services prepared
5 pursuant to Section 56653. The plan for services shall include all
6 of the following information:

7 (1) The total estimated cost to provide the new or extended
8 services in the affected territory.

9 (2) The estimated cost of the new or extended services to
10 customers in the affected territory.

11 (3) An identification of existing service providers, if any, of the
12 new or extended services proposed to be provided and the potential
13 fiscal impact to the customers of those existing providers.

14 (4) A plan for financing the exercise of the new or extended
15 services in the affected territory.

16 (5) Alternatives for the exercise of the new or extended services
17 in the affected territory.

18 (d) The clerk of the legislative body of a public agency or the
19 director of a state agency adopting a resolution of application
20 pursuant to this article shall file a certified copy of the resolution
21 with the executive officer. The commission shall process resolutions
22 of application adopted pursuant to this chapter in accordance with
23 Section 56824.24.

24 56824.24. (a) The commission shall review and approve or
25 disapprove a proposal for a change of organization as defined in
26 subdivision (n) of Section 56021 after a public hearing called and
27 held for that purpose. The commission shall not consider or
28 approve a proposal that does not comply with the requirements of
29 subdivision (b) of Section 56824.22.

30 (b) (1) The commission shall not approve a proposal for a
31 change of organization as defined in subdivision (n) of Section
32 56021 unless the commission determines that the public agency
33 will have sufficient revenues to carry out the exercise of the new
34 or extended services outside its current area, except as specified
35 in paragraph (2).

36 (2) The commission may approve a proposal for a change of
37 organization as defined in subdivision (n) of Section 56021 where
38 the commission has determined that the public agency will not
39 have sufficient revenue to provide the proposed new or different
40 functions or class of services, if the commission conditions its

1 approval on the concurrent approval of sufficient revenue sources
2 pursuant to Section 56886. In approving a proposal, the
3 commission shall provide that if the revenue sources pursuant to
4 Section 56886 are not approved, the authority of the public agency
5 to provide new or extended services shall not be exercised.

6 (c) Notwithstanding Section 56375, the commission shall not
7 approve a proposal for a change of organization as defined in
8 subdivision (n) of Section 56021 unless the commission finds, based
9 on the entire record, all of the following:

10 (1) The proposed exercise of new or extended services outside
11 a public agency's current service area is consistent with the intent
12 of this division, including, but not limited to, the policies of Sections
13 56001 and 56300.

14 (2) The commission has reviewed the comprehensive fiscal
15 analysis prepared pursuant to Section 56800.5.

16 (3) The commission has reviewed the executive officer's report
17 and recommendation prepared pursuant to Section 56665 and any
18 testimony presented at the public hearing.

19 (4) The proposed affected territory is expected to receive
20 revenues sufficient to provide public services and facilities and a
21 reasonable reserve during the three fiscal years following the
22 effective date of the contract or agreement between the public
23 agencies to provide a new or extended service.

24 (d) At least 21 days prior to the date of the hearing, the executive
25 officer shall give mailed notice of that hearing to each affected
26 local agency or affected county, and to any interested party who
27 has filed a written request for notice with the executive officer. In
28 addition, at least 21 days prior to the date of that hearing, the
29 executive officer shall cause notice of the hearing to be published
30 in accordance with Section 56153 in a newspaper of general
31 circulation that is circulated within the territory affected by the
32 proposal proposed to be adopted and shall post the notice of the
33 hearing on the commission's Internet Web site.

34 (e) The commission may continue from time to time any hearing
35 called pursuant to this section. The commission shall hear and
36 consider oral or written testimony presented by any affected local
37 agency, affected county, or any interested person who appears at
38 any hearing called and held pursuant to this section.

39 SEC. 7. The Legislature finds and declares that Section 6 of
40 this act, which adds Section 56824.22 to the Government Code,

1 furthers, within the meaning of paragraph (7) of subdivision (b)
 2 of Section 3 of Article I of the California Constitution, the purposes
 3 of that constitutional section as it relates to the right of public
 4 access to the meetings of local public bodies or the writings of
 5 local public officials and local agencies. Pursuant to paragraph
 6 (7) of subdivision (b) of Section 3 of Article I of the California
 7 Constitution, the Legislature makes the following findings:

8 This act provides for notice in accordance with existing
 9 provisions of the Cortese-Knox-Hertzberg Local Government
 10 Reorganization Act of 2000 and will ensure that the right of public
 11 access to local agency meetings is protected.

12 ~~SECTION 1. Section 56133 of the Government Code is~~
 13 ~~amended to read:~~

14 ~~56133. (a) A city or district may provide new or extended~~
 15 ~~services by contract or agreement outside its jurisdictional~~
 16 ~~boundaries only if it first requests and receives written approval~~
 17 ~~from the commission in the affected county.~~

18 ~~(b) The commission may authorize a city or district to provide~~
 19 ~~new or extended services outside its jurisdictional boundaries but~~
 20 ~~within its sphere of influence in anticipation of a later change of~~
 21 ~~organization.~~

22 ~~(c) The commission may authorize a city or district to provide~~
 23 ~~new or extended services outside its jurisdictional boundaries and~~
 24 ~~outside its sphere of influence to respond to an existing or~~
 25 ~~impending threat to the public health or safety of the residents of~~
 26 ~~the affected territory if both of the following requirements are met:~~

27 ~~(1) The entity applying for the contract approval has provided~~
 28 ~~the commission with documentation of a threat to the health and~~
 29 ~~safety of the public or the affected residents.~~

30 ~~(2) The commission has notified any alternate service provider,~~
 31 ~~including any water corporation as defined in Section 241 of the~~
 32 ~~Public Utilities Code, or sewer system corporation as defined in~~
 33 ~~Section 230.6 of the Public Utilities Code, that has filed a map and~~
 34 ~~a statement of its service capabilities with the commission.~~

35 ~~(d) The executive officer, within 45 days of receipt of a request~~
 36 ~~for approval by a city or district of a contract to extend services~~
 37 ~~outside its jurisdictional boundary, shall determine whether the~~
 38 ~~request is complete and acceptable for filing or whether the request~~
 39 ~~is incomplete. If a request is determined not to be complete, the~~
 40 ~~executive officer shall immediately transmit that determination to~~

1 the requester, specifying those parts of the request that are
2 incomplete and the manner in which they can be made complete.
3 When the request is deemed complete, the executive officer shall
4 place the request on the agenda of the next commission meeting
5 for which adequate notice can be given but not more than 90 days
6 from the date that the request is deemed complete, unless the
7 commission has delegated approval of those requests to the
8 executive officer. The commission or executive officer shall
9 approve, disapprove, or approve with conditions the contract for
10 extended services. If the contract is disapproved or approved with
11 conditions, the applicant may request reconsideration, citing the
12 reasons for reconsideration.

13 (e) This section does not apply to contracts or agreements solely
14 involving two or more public agencies where the public service
15 to be provided is an alternative to, or substitute for, public services
16 already being provided by an existing public service provider and
17 where the level of service to be provided is consistent with the
18 level of service contemplated by the existing service provider. This
19 section does not apply to contracts for the transfer of nonpotable
20 or nontreated water. This section does not apply to contracts or
21 agreements solely involving the provision of surplus water to
22 agricultural lands and facilities, including, but not limited to,
23 incidental residential structures, for projects that serve conservation
24 purposes or that directly support agricultural industries. However,
25 prior to extending surplus water service to any project that will
26 support or induce development, the city or district shall first request
27 and receive written approval from the commission in the affected
28 county. This section does not apply to an extended service that a
29 city or district was providing on or before January 1, 2001. This
30 section does not apply to a local publicly owned electric utility,
31 as defined by Section 9604 of the Public Utilities Code, providing
32 electric services that do not involve the acquisition, construction,
33 or installation of electric distribution facilities by the local publicly
34 owned electric utility, outside of the utility's jurisdictional
35 boundaries.

O

April 2, 2015

**2014-2015
Board of Directors**

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Santa Cruz LAFCo

Vice Chair

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PAUL NOVAK
Deputy Executive Officer

JENI TICKLER
Executive Assistant

Senator Robert Hertzberg
California State Senate
State Capitol, Room 4038
Sacramento, CA 95814

RE: **SB 239 (Hertzberg) – Local Services: Contracts: Fire Protection Services – OPPOSE**

Dear Senator Hertzberg:

The California Association of Local Agency Formation Commissions (CALAFCO) has reviewed your bill (**SB 239**), which establishes an entirely new hybrid process pursuant to which Local Agency Formation Commissions (LAFCos) will consider the extension, by contract or agreement, of fire protection services outside a public agency's boundaries. Based on our review, we must respectfully **Oppose** the bill at this time. Simply put, we find the current version of **SB 239** flawed in various respects as follows:

- 1. Is Unnecessary in Light of Current Statutory Provisions/Amends the Wrong Provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH):** The bill amendments, which not only revises several provisions in CKH, but also proposes to add entire new sections to CKH (including an entire new Article) related to the extension of fire services, by contract or agreement, outside a public agency's boundaries, are unnecessary. Specifically, Government Code section 56133, in CKH, already fully addresses the provision of all types of out of area service extensions by local public agencies and empowers LAFCos to independently consider all relevant factors associated with such requests prior to rendering a decision. CALAFCO fails to see why the provision of fire protection services, by contract or agreement, outside of a public agency's boundaries, requires a different level of review than other types of equally vital services or demands a heightened or weighted review from any commenter or affected agency. In sum, while CALAFCO believes that Government Code section 56133 fully addresses the issue of out of area services, any new provisions deemed necessary to specifically address the provision of out of area fire protection services should be included in 56133 instead of the statutory revisions and additions provided for in SB 239.
- 2. Would Unnecessarily Categorize the Provision of Extraterritorial Fire Protection Services as a "Change of Organization" under CKH and Unnecessarily Require the Same Level of Review Currently Required Only for Incorporations:** Not only will the bill amendments make LAFCo's review of the provision of extraterritorial fire protection services under contract or agreement a "change of organization" under CKH, thereby triggering the tax exchange negotiation requirements of Revenue and Taxation Code section 99 and compliance with CEQA, but also will require LAFCo's review to entail activities currently only reserved for proposals involving incorporations. Specifically, the bill amendments introduced last week require LAFCos to undertake a comprehensive fiscal analysis—an analysis used by LAFCos to analyze whether the creation of an entirely new city is fiscally feasible. We want to point out that in great many instances the provision of any service (including fire protection services) outside an agency's boundaries involves extension of services

to a very limited area—sometimes just a few homes/properties or neighborhoods. In light of this, CALAFCO finds that requiring this level of review for provision of fire protection services outside an agency’s boundaries excessive. The bill completely fails to demonstrate how the proposed requirements will be synthesized with all relevant code sections in CKH or the Revenue and Taxation Code thus creating future conflicts to its implementation.

3. **Would for the First Time Require State Agencies to Obtain LAFCos Approval Authority:** LAFCos are charged with “discouraging urban sprawl, preserving open-space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances.” (Government Code section 56301, emphasis added.) Under CKH, the term “local agency” is defined as including only a county, city or district. While LAFCos actions certainly at times involve interaction with public agencies of all types, including the State of California and its state agencies, **SB 239** would for the first time require a California state agency to apply for, and request LAFCo approval prior to undertaking an action that involves the provision of services outside of a public agency’s current service area under contract or agreement.

4. **Would Remove Discretion From Elected and Appointed Boards of Public Agencies Throughout the State as Well as From State Agencies by Requiring Pre-Approval of Recognized Employee Associations That are Already Fully Protected by the Meyers Milias Brown Act (MMBA):** The State legislature has provided for LAFCos to exist in each of the 58 counties for the purpose of promoting the efficient delivery of services and encouraging the orderly formation and development of local agencies. This structure ensures that all decisions are made in a transparent and orderly fashion and by locally elected and appointed officials representing the very agencies and voters affected by those decisions. To abrogate this critical function for a single category of services is not only inconsistent with CKH, but also obstructs the democratic process. Additionally, the rights of recognized employee associations is fully covered by the Meyers Milias Brown Act (MMBA), which already requires local agencies to “meet and confer” over decisions made by the agency that may result in changed work conditions. **SB 239** would require each and every possible contract or agreement involving the provision of extraterritorial fire protection services to be “pre-approved” by the affected labor associations, not only prior to moving forward with any such contract or agreement, but also prior to seeking LAFCo approval. CALAFCO fails to see why such “pre-approval” is appropriate or necessary when the interests of labor are already protected by the MMBA.

CALAFCO is gravely concerned about the precedent being set in **SB 239** by inappropriately and exclusively allowing fire protection services labor associations this kind of approval.

Furthermore, removing local control and authority of agency Boards and LAFCo decisions goes against one of CALAFCO’s core policies of preserving LAFCo authority and ability to make decisions and enact recommendations related to the delivery of services and the agencies providing those services.

Senator Hertzberg
RE: SB 239 - Oppose
April 2, 2015
Page 3

CALAFCO remains committed to supporting legislation that maintains and/or enhances the ability of LAFcos throughout the state to fulfill the legislative goals behind CKH, and specifically the efficient provision of government services. We appreciated the opportunity to meet with your staff and the bill's sponsor. However, we believe that the current statutory provisions governing the review and/or approval of the provision of services outside an agency's boundaries more than fully provide LAFcos with the means to completely evaluate the feasibility, both from a fiscal and service level perspective. As a result, we must respectfully **oppose SB 239**.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Pamela Miller".

Pamela Miller
Executive Director

Cc: Committee Members, Senate Local Governance and Finance Committee
Brian Weinberger, Consultant, Senate Local Governance and Finance Committee
Ryan Eisberg, Consultant, Senate Republican Caucus
Christy Bouma, CA Professional Firefighters Association



**California Special
Districts Association**
Districts Stronger Together

April 7, 2015

The Honorable Robert Hertzberg
Chair, Senate Governance and Finance Committee
State Capitol
Sacramento, CA 95814

Re: Senate Bill 239 (Hertzberg) – Oppose [As Amended 03.23.15]

Hearing Date: April 15, 2015 – Senate Governance and Finance Committee

Dear Senator Hertzberg:

The California Special Districts Association (CSDA), representing over 1,000 special districts and affiliate organizations throughout the state, must respectfully oppose Senate Bill 239. CSDA represents all types of special districts, which provide millions of Californians with essential local services such as fire protection, water, health care, sanitation and parks and recreation.

At a time when many agencies are facing increased financial pressures, SB 239 restricts the ability of fire protection agencies to govern in the best interests of the affected residents and potentially disrupt service entirely. The ability of elected or appointed officials to maintain local control in the decision making process without undue burden is paramount to properly serving the communities they represent.

SB 239 places agreements between public agencies to provide fire protection services under the purview of local agency formation commissions (LAFCOs). Secondly, this bill requires the contracting local agency to receive written permission from the recognized employee organization to extend fire services outside its service area.

Public agencies contract with each other for the provision of services frequently. Flexibility to contract together is authorized in order to ensure efficiency and cost-effectiveness, maximizing resources to meet the needs of the public. This is a fundamental function of local government. When a contract is agreed upon, the agency does not abrogate its authority or fiduciary responsibility to the residents it serves. For many local agencies, contracted services with other local agencies are critical in order to avoid duplication of infrastructure, equipment and staffing. These agreements can be long-term or on an urgent basis according to the needs of each community.

Fire protection districts that negotiate service agreements are directly accountable to the communities they serve. Before agencies modify services, an internal fiscal review is completed in order to determine its feasibility and any needs for increasing staff and equipment. Requiring a second fiscal analysis is duplicative and extremely costly. Contracting for services is similar to other significant budget decisions that must be made by local governing boards. LAFCOs are not, and should not be, tasked with making the day-to-day financial decisions for local agencies.

California Special Districts Association

1112 I Street, Suite 200
Sacramento, CA 95814
toll-free: 877.924.2732
t: 916.442.7887
f: 916.442.7889
www.csda.net

A proud California Special Districts Alliance partner

Special District Risk Management Authority
1112 I Street, Suite 300
Sacramento, CA 95814
toll-free: 800.537.7790
f: 916.231.4111

CSDA Finance Corporation
1112 I Street, Suite 200
Sacramento, CA 95814
toll-free: 877.924.2732
f: 916.442.7889

Local boards, not LAFCOs, are elected by the communities that receive and pay for local services. It is the fiduciary duty of board members to make these local fiscal decisions. Removing the decision making process from the board would shift such governance decisions to individuals who do not directly represent the residents who receive the services.

Further, it is unclear if local agencies have recourse to protest the employee organization's disapproval of a contract. Under the general process for "a change of organization," all affected agencies and the public can formally protest a LAFCO action, potentially triggering an election or a reversal of the LAFCO's decision. SB 239 would preempt that process entirely to the extent it would allow the recognized employee organization to unilaterally veto an agreement for services.

Board members are elected to represent the community and ensure that a certain level of service is provided. The Meyers-Milias-Brown Act (MMBA) is very clear in the scope of which employee organizations play a role in the public agency decision-making process. The MMBA states that employee organizations can represent its members on issues which, "include all matters relating to employment conditions and employer-employee relations, including, but not limited to, wages, hours, and other terms and conditions of employment, except, however, that the scope of representation shall not include consideration of the merits, necessity, or organization of any service or activity." Requiring employee organizations to approve service decisions is inconsistent with the MMBA, and would effectively eliminate the ability of a community and its representatives to decide how fire protection is governed.

For these reasons, CSDA respectfully opposes SB 239. Please do not hesitate to contact me if you have any question regarding our position.

Sincerely,



Jimmy MacDonald
Associate Legislative Representative

cc: Honorable Members, Senate Governance and Finance Committee
Brian Weinberger, Consultant, Senate Governance and Finance Committee
Ryan Eisberg, Consultant, Senate Republican Caucus

AGENDA
ITEM
NO. 4

LAFCO of Monterey County

LOCAL AGENCY FORMATION COMMISSION
P.O. Box 1369 132 W. Gabilan Street, Suite 102
Salinas, CA 93902 Salinas, CA 93901
Telephone (831) 754-5838 Fax (831) 754-5831
www.monterey.lafco.ca.gov

KATE McKENNA, AICP
Executive Officer

DATE: April 27, 2015
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: CHECK REGISTER – MARCH 2015

SUMMARY OF RECOMMENDATION:

It is recommended that the Commission approve the check register.

EXECUTIVE OFFICER'S REPORT:

Attached are itemized lists of LAFCO checks written in March 2015.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments: Check Register for March 2015.

LAFCO
 LOCAL AGENCY FORMATION COMMISSION
 OF MONTEREY COUNTY
 WELLS FARGO BANK WARRANT REGISTER
 FOR MARCH 31, 2015

DATE	CK#	NAME	DESCRIPTION	CHECK AMOUNT	DEPOSIT AMOUNT	ACCOUNT BALANCE
Beginning Balance 3/1/2015						\$ 28,016.03
03/19/2015			Bank Service Charge Reversal		40.00	28,056.03
03/05/2015			Interest		0.04	28,056.07
03/28/2015	4925	LAFCO	Transfer to WFB		25,000.00	53,056.07
03/28/2015	5018	Bruce Lindsey	Monthly Building Rent	1,926.28		51,129.79
03/28/2015	5019	AT&T Mobility	Telephone Service 2/14/15-3/13/15	625.82		50,503.97
03/28/2015	5020	Copymat	Office Supplies	204.11		50,299.86
03/28/2015	5021	Magellan Behavioral Health	EAP Insurance Apr-Jun 2015	80.40		50,219.46
03/28/2015	5022	Office of County Counsel - Co of Monterey	Legal Services Feb 2015	207.48		50,011.98
03/28/2015	5023	Pitney Bowes Global Financial Svcs LLC	Mailing Rental 12/30/14-3/30/15	158.77		49,853.21
03/28/2015	5024	Principal Life	April 2015 Benefits: LTD,ADD,STD,Life	358.75		49,494.46
03/28/2015	5025	Quality Water Enterprises, Inc.	Water Dispenser Rental 3/1/15-3/31/15	11.00		49,483.46
03/28/2015	5026	The Monterey County Herald	12 Week Subscription	81.43		49,402.03
03/28/2015	5027	United Group Insurance Trust	April 2015 Dental \$645.40;Vision \$78.32	723.72		48,678.31
				<u>\$ 4,377.76</u>	<u>\$ 25,040.04</u>	
Ending Balance 3/31/2015						<u>\$ 48,678.31</u>

LAFCO
 LOCAL AGENCY FORMATION COMMISSION
 OF MONTEREY COUNTY
 RABOBANK WARRANT REGISTER
 FOR MARCH 31, 2015

DATE	CK#	NAME	DESCRIPTION	CHECK AMOUNT	DEPOSIT AMOUNT	ACCOUNT BALANCE
Beginning Balance 3/1/2015						\$ 101,059.56
03/03/2015	TFR		Funds Transfer		200,000.00	301,059.56
03/06/2015	EFT	Rabobank	Bank Analysis Charge	6.84		301,052.72
03/03/2015	EFT	CalPERS Health	Mar 2015 Health Insurance EFT# 100000014480878	4,470.24		296,582.48
03/12/2015	EFT	QuickBooks Payroll Service	For Payroll Period Ending 2/21/15-3/6/15 Paid 3/13/15	8,429.18		288,153.30
03/13/2015	EFT	CalPERS 457 Program	CalPers 457 Deferred Compensation Contribution	2,507.49		285,645.81
03/13/2015	EFT	CalPERS Retirement	CalPers Retirement Contribution	2,793.80		282,852.01
03/13/2015	EFT	EDD	State Payroll Tax Deposit	972.83		281,879.18
03/13/2015	EFT	EFTPS	Federal Payroll Tax Deposit	2,671.54		279,207.64
03/11/2015	EFT	AT&T Mobility	Telephone Expense 1/14/15-2/13/15	351.24		278,856.40
03/26/2015	EFT	QuickBooks Payroll Service	For Payroll Period Ending 3/7/15-3/20/15 Paid 3/27/15	7,873.31		270,983.09
03/27/2015	EFT	CalPERS 457 Program	CalPers 457 Deferred Compensation Contribution	2,409.35		268,573.74
03/27/2015	EFT	CalPERS Retirement	CalPers Retirement Contribution	2,694.86		265,878.88
03/27/2015	EFT	EDD	State Payroll Tax Deposit	842.53		265,036.35
03/27/2015	EFT	EFTPS	Federal Payroll Tax Deposit	2,322.74		262,713.61
03/27/2015	EFT	EDD	State Quarterly Payroll Tax Deposit	896.00		261,817.61
03/13/2015	4904	Darren J McBain	For Payroll Period Ending 2/21/15-3/6/15 Paid 3/13/15	0.00		261,817.61
03/13/2015	4905	Gail M Lawrence	For Payroll Period Ending 2/21/15-3/6/15 Paid 3/13/15	0.00		261,817.61
03/13/2015	4906	Kathryn M. McKenna	For Payroll Period Ending 2/21/15-3/6/15 Paid 3/13/15	0.00		261,817.61
03/13/2015	4907	Taven M Kinison Brown	For Payroll Period Ending 2/21/15-3/6/15 Paid 3/13/15	2,158.81		259,658.80
03/13/2015	4908	Cal PERS Fiscal Services Division	Unfunded Liability Pay Off CalPers ID:7449296272	108,396.00		151,262.80
03/13/2015	4909	CALAFCO	200 Copies Lafco Brochures	110.00		151,152.80
03/13/2015	4910	Cardmember Service	Certified Mail	26.66		151,126.14
03/13/2015	4911	Colantuono, Highsmith & Whatley, PC	Legal Services	2,833.80		148,292.34
03/13/2015	4912	Copymat	Office Supplies	131.71		148,160.63
03/13/2015	4913	FedEx Office Customer Administrative Svcs	Board Packets for 2/23/15 Commission Meeting	848.04		147,312.59
03/13/2015	4914	Hayashi Wayland	Accounting Services #72520	3,000.00		144,312.59
03/13/2015	4915	IBM Corporation	Leased Computers for Lafco Staff 3/1/15-3/31/15	171.16		144,141.43
03/13/2015	4916	Monterey County Weekly Classifieds	Legal Notices	229.52		143,911.91
03/13/2015	4917	Office of County Counsel - Co of Monterey	Legal Services Jan 2015	207.48		143,704.43
03/13/2015	4918	Staples Advantage	Office Supplies	528.08		143,176.35
03/13/2015	4919	Sunrise Express	Courier Service	331.80		142,844.55
03/13/2015	4920	Darren McBain	Mileage Reimbursement March 2015 (257 miles @ \$0.575/mile)	147.78		142,696.77
03/27/2015	4921	Darren J McBain	For Payroll Period Ending 3/7/15-3/20/15 Paid 3/27/15	0.00		142,696.77
03/27/2015	4922	Gail M Lawrence	For Payroll Period Ending 3/7/15-3/20/15 Paid 3/27/15	0.00		142,696.77
03/27/2015	4923	Kathryn M. McKenna	For Payroll Period Ending 3/7/15-3/20/15 Paid 3/27/15	0.00		142,696.77
03/27/2015	4924	Taven M Kinison Brown	For Payroll Period Ending 3/7/15-3/20/15 Paid 3/27/15	2,158.79		140,537.98
03/28/2015	4925	LAFCO	Transfer to WFB	25,000.00		115,537.98
				\$ 185,521.58	\$ 200,000.00	
Ending Balance 3/31/2015						\$ 115,537.98

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION
P.O. Box 1369 132 Gabilan Street, Suite 102
Salinas, CA 93902 Salinas, CA 93901
Telephone (831) 754-5838 Fax (831) 754-5831
www.monterey.lafco.ca.gov

KATE McKENNA, AICP
Executive Officer

DATE: April 27, 2015

TO: Chair and Members of the Formation Commission

FROM: Kate McKenna, AICP, Executive Officer

SUBJECT: PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT 2015
ANNEXATION PROPOSAL (LAFCO FILE NO. 14-05), CONTINUED FROM
MARCH 30, 2015

SUMMARY OF RECOMMENDATIONS:

It is recommended that the Commission continue LAFCO's public hearing and consideration of the annexation component of the District's proposal from March 30 2015, and

- 1) Adopt a Resolution (Attachment 1) to:
 - a. Consider the finding made by the Pajaro/Sunny Mesa Community Services District that its Sphere of Influence Amendment and Annexation proposal is exempt under CEQA Guidelines Sections 15061(b)(3) and 15320, and
 - b. Approve the District's proposed annexation of five former Alisal Water Company (ALCO) service areas that are within the District's Sphere of Influence as amended on March 30, 2015.

EXECUTIVE OFFICER'S REPORT:

Background

At the March 30, 2015 regular meeting, the Commission approved a *2015 Municipal Service Review and Sphere of Influence Study for the Pajaro/Sunny Mesa Community Services District*, and amended the District's Sphere of Influence to include areas served by five former Alisal Water Company (ALCO) water systems that the District owns and operates. Attachment 2 includes maps of existing and proposed District boundaries. The Executive Officer's report for March 30 is provided as Attachment 3. The approved Study is available on LAFCO's web site.

The Commission's March 30 action continued consideration of the annexation component of the District's proposal to the April 27 meeting in order for the Monterey County Board of Supervisors to consider an annexation-related property tax transfer resolution. The Board of Supervisors has now adopted a property tax transfer resolution and the District's annexation proposal is eligible for a final action by LAFCO.

Agency Coordination, Public Review, and California Environmental Quality Act (CEQA) Compliance

As further described in the Executive Officer's report for March 30 (Attachment 3), LAFCO staff referred this proposal to public agencies for review and comment in January 2015. No substantive comments were received. The proposal was legally noticed in the Monterey County Weekly in March 2015. The District is acting as the CEQA Lead Agency for the annexation, and LAFCO is a Responsible Agency. The District's Board of Directors has determined the project to be categorically exempt from CEQA. The LAFCO Executive Officer has reviewed the record and concurs with this finding.

Reconsideration

The Cortese-Knox-Hertzberg Act provides that, after the Commission has adopted a resolution making determinations, any person or affected agency may file a written request with the LAFCO Executive Officer requesting amendments to, or reconsideration of, the resolution. The person or agency shall file the written request within 30 days of the adoption of the resolution.

Conducting Authority ("Protest") Hearing

No known controversy exists regarding the proposed annexation. However, if the Commission approves the proposed annexation as recommended, then a subsequent protest hearing will be required by the Cortese-Knox-Hertzberg Act. The protest hearing must be held at least 35 days after the Commission's adoption of a resolution approving the annexation. Staff recommends that the Commission delegate the protest hearing to the Executive Officer with a hearing date of Monday, June 1, 2015 at 10:00 AM in the LAFCO office. After satisfaction of any remaining conditions of approval, a Certificate of Completion will be recorded following the protest hearing unless the threshold for sufficient protest is met.

Alternative Actions

In lieu of the recommended actions, the Commission may act to deny the annexation proposal. The Commission may also act to modify, delete, or add any appropriate conditions of approval. Substantial changes to the draft resolution would require a continuation of the agenda item, with direction to the Executive Officer to prepare a new draft resolution based on the Commission's findings.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Report Prepared by Darren McBain, Senior Analyst

Attachments:

1. Draft Resolution
2. Maps of existing and proposed District boundaries
3. Executive Officer's report for the District's March 30, 2015 agenda item

cc: Eric Tynan, Castroville Community Services District
Ed Muniz, County of Monterey Public Works Department
Don Rosa, Pajaro-Sunny Mesa Community Services District
Linda McIntyre, Moss Landing Harbor District

RESOLUTION NO. 15-0X

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY APPROVING THE ANNEXATION OF TERRITORY INTO THE PAJARO/SUNNY MESA COMMUNITY SERVICE DISTRICT'S SPHERE OF INFLUENCE (LAFCO FILE 14-05).

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

WHEREAS, an application for a Sphere of Influence Amendment and Annexation for the Pajaro/Sunny Mesa Community services District was accepted for processing by the Executive Officer of the Local Agency Formation Commission, pursuant to Title 6, Division 1, commencing with Section 56000, et seq. of the Government Code; and

WHEREAS, the Executive Officer, pursuant to Government Code section 56658, set March 30, 2015 as the hearing date on the District's Sphere of Influence Amendment and Annexation proposal and gave the required notice of hearing; and

WHEREAS, at its March 30, 2015 meeting the Commission adopted a *2015 Municipal Service Review and Sphere of Influence Study for the Pajaro/Sunny Mesa Community Services District* that supported amending the Pajaro Sunny Mesa Community Services District's Sphere of Influence to include former ALCO water system service areas that have been operated by the District in the Moss Landing and Prunedale areas since 2005 and owned by the District since 2007, and amended the District's Sphere of Influence accordingly and

WHEREAS, at its March 30, 2015 meeting the Commission continued the Annexation component of the District's proposal to the regular April 27, 2015 LAFCO meeting to allow the Monterey County Board of Supervisors to consider a property tax transfer agreement with the District at the April 21, 2015 Board of Supervisors meeting; and

WHEREAS, the Executive Officer, pursuant to Government Code section 56665, has reviewed this Annexation proposal and prepared a report, including recommendations thereon, and has furnished a copy of this report to each person and organization entitled to a copy; and

WHEREAS, the Commission has heard from interested parties, considered the annexation proposal and the report of the Executive Officer and considered the factors determined by the Commission to be relevant to this proposal, including, but not limited to, factors specified in Government Code sections 56668; and

WHEREAS, a Conducting Authority ("protest") hearing is required pursuant to Government Code section 56663 because the CKH Act does not include provisions for waiver of protest hearings when public notice has been given solely by newspaper without mailed notice; and

NOW, THEREFORE, BE IT RESOLVED, by the Local Agency Formation Commission of Monterey County, as follows:

Section 1. The forgoing recitals are true and correct.

Section 2. The Pajaro/Sunny Mesa Community Services District is acting as the California Environmental Quality Act (CEQA) Lead Agency for this proposal. LAFCO is a Responsible Agency. In its December 2014 resolution initiating the proposed consolidation, the Pajaro Community Services District Board of Directors included a finding that the proposal is categorically exempt from CEQA pursuant to CEQA Guidelines Section 15320, which exempts special district consolidations where changes in organization of local governmental agencies do not change the geographical area in which the previously existing powers are exercised. The District's Board also found the proposal categorically exempt from CEQA pursuant Section 15061 (b) (3) that applies to projects where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. The Commission, as a Responsible Agency, has reviewed the record and concurs with this finding.

Section 3. The Commission has considered all of the factors set forth in Government Code section 56668 in its review of the consolidation proposal, as follows, which are addressed in the 2015 *Municipal Service Review and Sphere of Influence Study for the Pajaro/Sunny Mesa Community Services District*.

- a. Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.
- b. The need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.
- c. The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.
- d. The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities in Section 56377.
- e. The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016.
- f. The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.
- g. A regional transportation plan adopted pursuant to Section 65080, and its consistency with city or county general and specific plans.
- h. The sphere of influence of any local agency which may be applicable to the proposal being reviewed.
- i. The comments of any affected local agency or other public agency.
- j. The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.
- k. Timely availability of water supplies adequate for projected needs as specified in Section 65352.5.
- l. The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7.

- m. Any information or comments from the landowner or owners, voters, or residents of the affected territory.
- n. Any information relating to existing land use designations.
- o. The extent to which the proposal will promote environmental justice.

Section 4. The boundaries of the District shall be as shown in Exhibit A. Said territory is assigned the following distinctive short form designation: “Pajaro/Sunny Mesa Community Services District 2015 Annexation.”

Section 5. The Board of Directors of the Pajaro/Sunny Mesa Community Services District shall maintain its existing governance structure. Residents within the former five ALCO water system service areas owned and operated by the District, shall enjoy full rights to vote for, and serve as, members of the Board of Directors of the District, and to fully participate in all other District activities.

Section 6. The applicant agrees, as a condition of the approval, to defend at their sole expense any action brought against LAFCO, the Commission and its staff, because of the approval of this application. The applicants will reimburse LAFCO for any court costs and attorneys’ fees which may be required by a court to pay as a result of such action. LAFCO may, at its discretion, after consultation with the applicants, participate in the defense of any such action; but such participation shall not relieve applicants of their obligations under this condition. The obligation on the part of the applicants to indemnify LAFCO is effective upon the adoption of this resolution and does not require any further action.

Section 7. The Commission’s approval of this Annexation is conditioned upon:

- a. Review and pre-clearance by the United States Department of Justice pursuant to Section 5 of the Voting Rights Act;
- b. Completion of the reconsideration process described in Government Code section 56895;
- c. Completion of Conducting Authority (“protest”) proceedings as described in Government Code section 57000, et seq.

A Certificate of Completion for this Annexation will be issued upon satisfaction of all conditions of approval.

Section 8. The effective time and date of this consolidation shall be:

- July 1, 2015, if a Certificate of Completion has been recorded by June 30, 2014; or
- Upon recordation of a Certificate of Completion, if recordation occurs after June 30, 2015.

Section 9. The Commission hereby authorizes the Executive Officer to hold Conducting Authority (“Protest”) Proceedings on Monday, June 1, 2015 at 10:00 am in the LAFCO Office.

Section 10. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution in the manner and as provided in Government Code section 56882.

Section 11. The documents and materials that constitute the record of proceedings on which these findings are based are located at the offices of the Local Agency Formation Commission of Monterey County, 132 W. Gabilan Street, Suite 102, Salinas, CA 93901.

UPON MOTION of Commissioner _____, seconded by Commissioner _____, the foregoing resolution is adopted this ____ day of _____, 2015, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

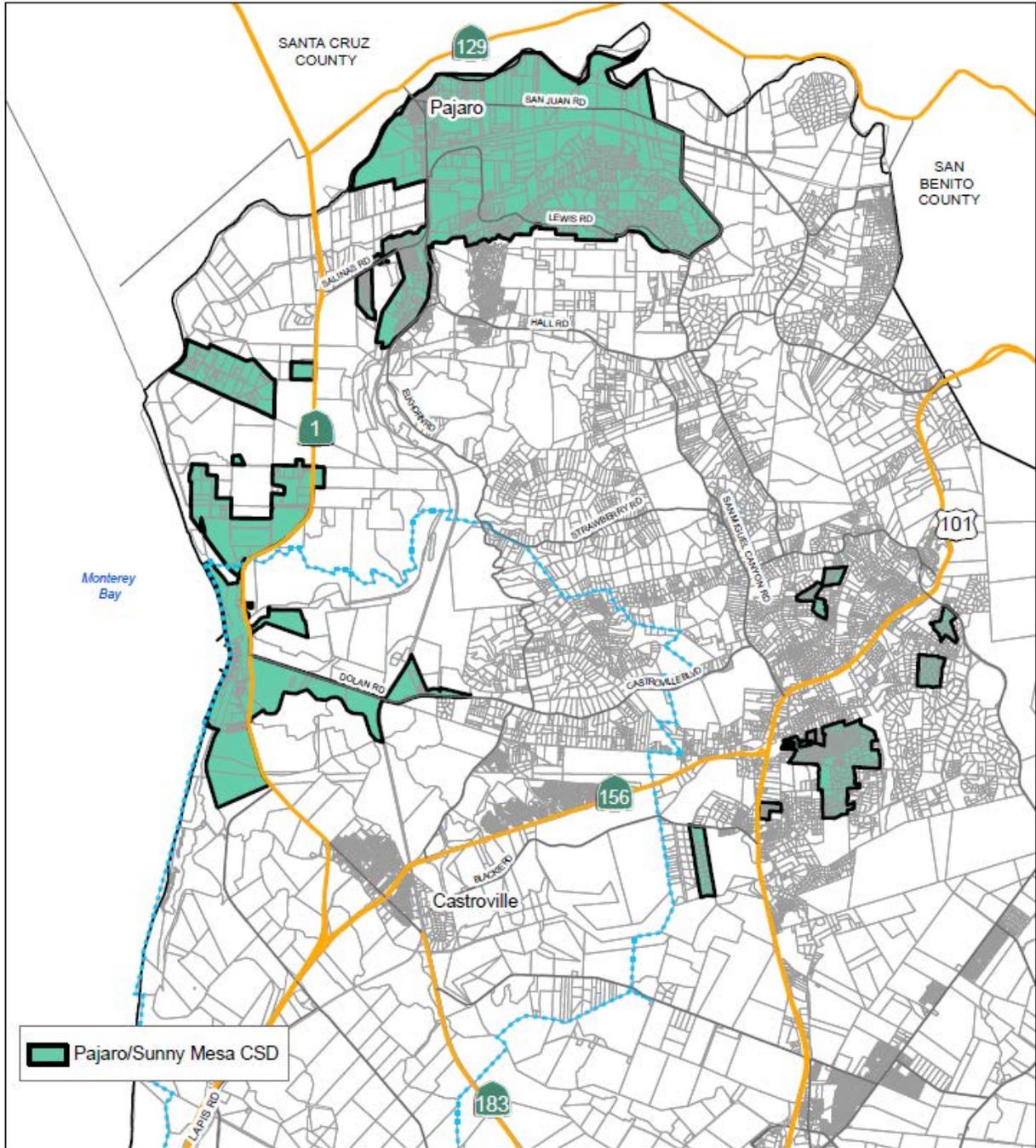
Steve Snodgrass, Chair
Local Agency Formation Commission of Monterey County

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 ____ day of _____, 2015

By: _____
Kate McKenna, AICP, Executive Officer

Exhibit A



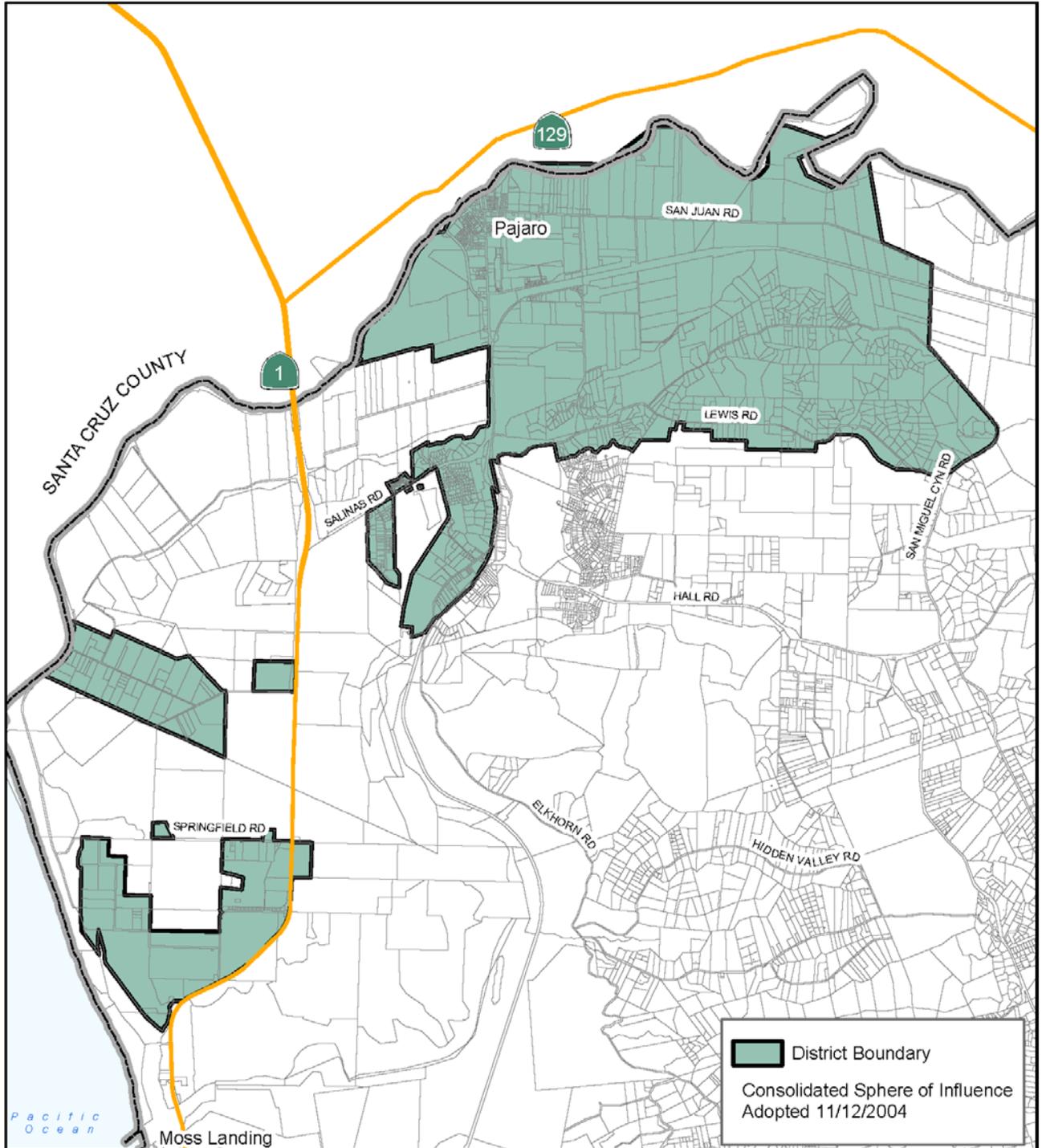


FIGURE I:
Existing Boundaries of the Pajaro/Sunny Mesa
Community Services District

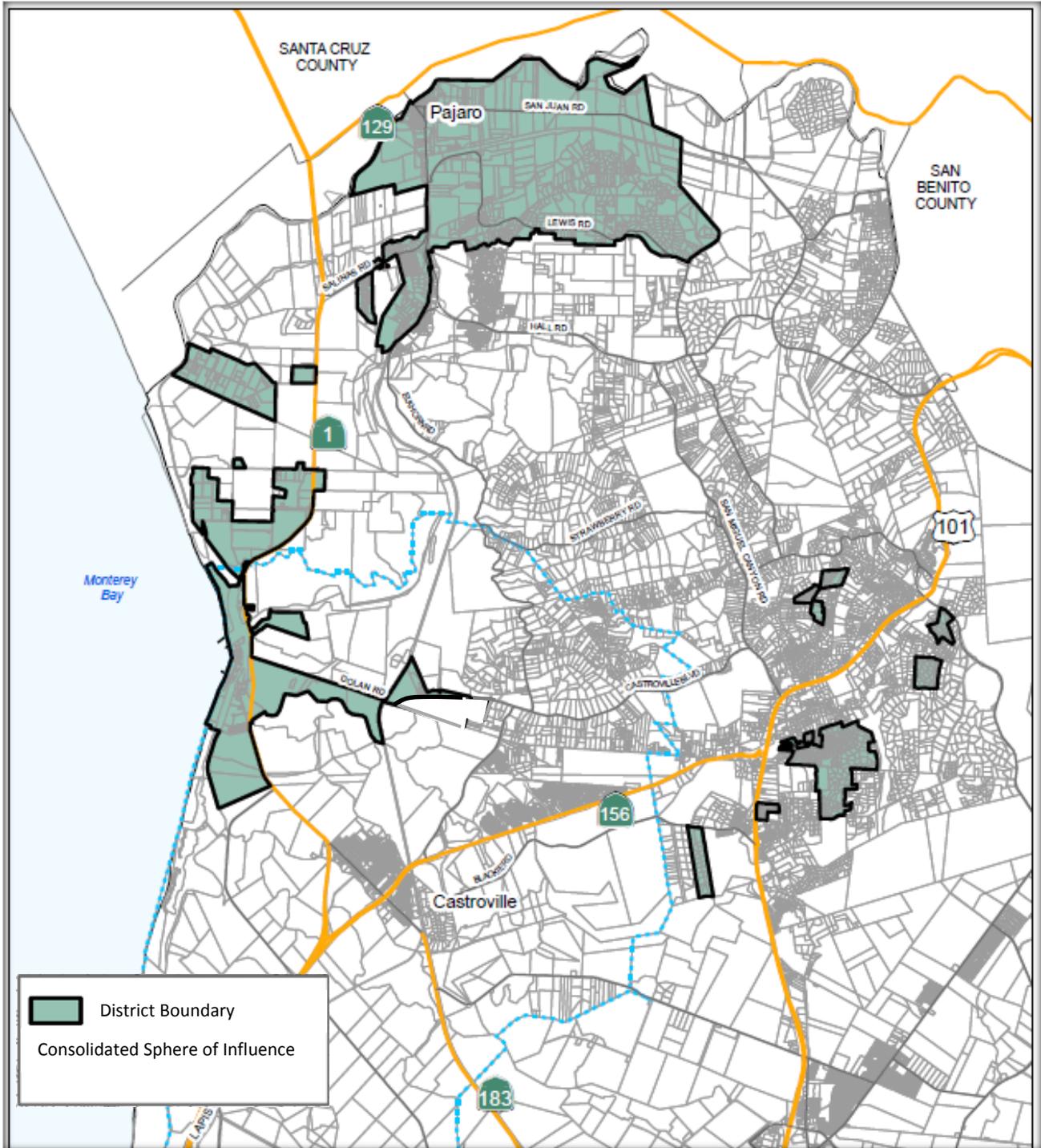
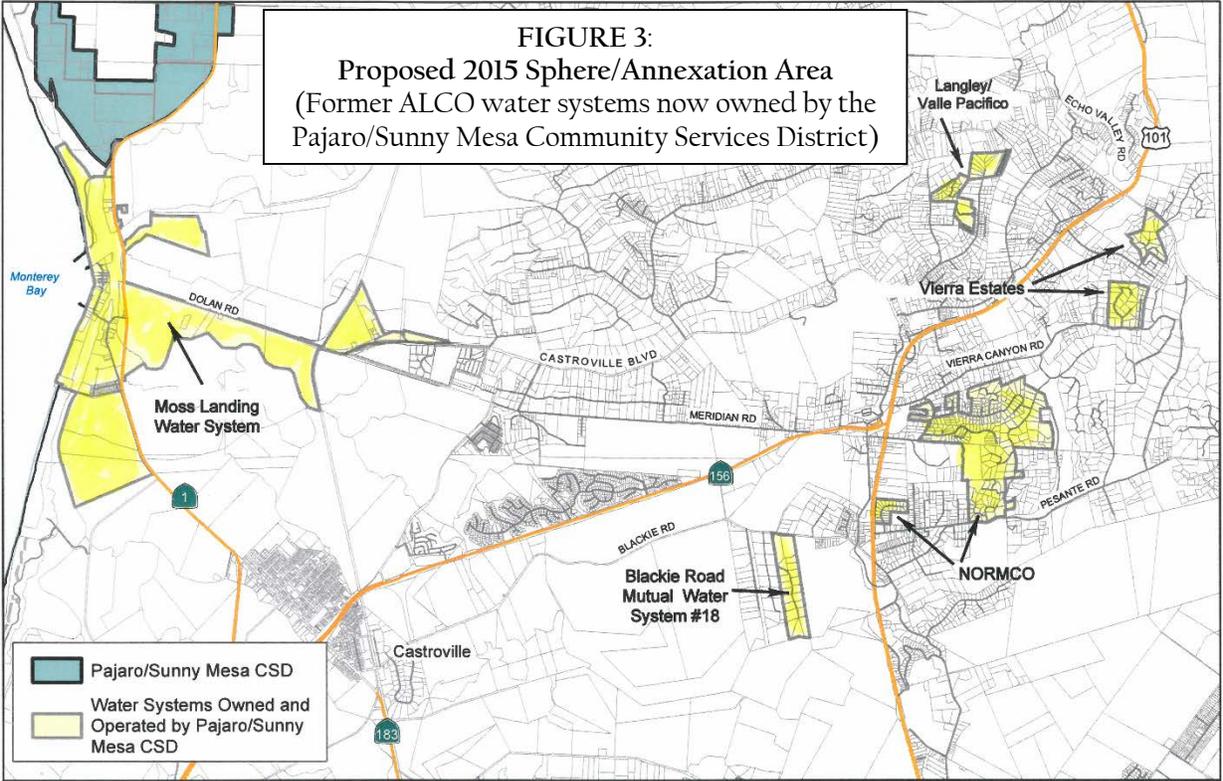


FIGURE 2:
Proposed Boundaries of the Pajaro/Sunny Mesa
 Community Services District

FIGURE 3:
Proposed 2015 Sphere/Annexation Area
(Former ALCO water systems now owned by the
Pajaro/Sunny Mesa Community Services District)



Information Only.

Please Note: This was the initial staff report for the March 30, 2015 Hearing.

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION
P.O. Box 1369 132 Gabilan Street, Suite 102
Salinas, CA 93902 Salinas, CA 93901
Telephone (831) 754-5838 Fax (831) 754-5831
www.monterey.lafco.ca.gov

KATE McKENNA, AICP
Executive Officer

DATE: March 30, 2015

TO: Chair and Members of the Formation Commission

FROM: Kate McKenna, AICP, Executive Officer

SUBJECT: ADOPTION OF A 2015 MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY FOR THE PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT, AND APPROVAL OF THE DISTRICT'S PROPOSED SPHERE OF INFLUENCE AMENDMENT AND ANNEXATION PROPOSAL (LAFCO FILE NO. 14-05)

SUMMARY OF RECOMMENDATIONS:

It is recommended that the Commission receive a report by the Executive Officer, conduct a public hearing, and:

- 1) Close the public hearing for the *2015 Municipal Service Review and Sphere of Influence Study for the Pajaro/Sunny Mesa Community Services District* and Sphere of Influence Amendment components of this agenda item and, following deliberation, adopt a Resolution (Attachment 1) to:
 - a. Find that the Study is exempt from provisions of the California Environmental Quality Act (CEQA) as information collection under Section 15306, and under the "general rule" exception of Section 15061(b)(3) of the State CEQA Guidelines, and
 - b. Approve the Study, and
 - c. Consider the finding made by the District that its Sphere of Influence Amendment and Annexation proposal is exempt from CEQA under CEQA Guidelines Sections 15061(b)(3) and 15320, which applies to local government changes of organization, and
 - d. Approve the proposed Sphere of Influence Amendment, and
- 2) Continue consideration of the Annexation component of the District's proposal to the April 27, 2015 LAFCO meeting in order for the Monterey County Board of Supervisors to consider a property tax transfer resolution at its April 7, 2015 meeting.

Note: Only the Resolution approving the 2015 Municipal Services Review and Sphere of Influence Study for the Pajaro/Sunny Mesa Community Services District and the District's proposed Sphere of Influence Amendment (Attachment 1) is ripe for Commission action at this time. A future Resolution approving the Annexation request is being provided as Attachment 4 for the Commission's early

review and consideration, but will not be ripe for action until such time as the Monterey County Board of Supervisors has approved a Resolution for a (“zero”) property tax transfer agreement with the District, which is tentatively scheduled to occur on April 7, 2015.

EXECUTIVE OFFICER’S REPORT:

Overview

The Pajaro/ Sunny Mesa Community Services District is currently proposing a Sphere of Influence Amendment and Annexation for five former Alisal Water Corporation (ALCO) water service areas that the District now owns and operates in the Moss Landing and Prunedale areas. Maps showing the District’s current and proposed boundaries, and a close-up of the proposal area, are provided as Attachment 2. The District’s proposal for an expanded Sphere of Influence and Annexation of these areas is an effort at greater inclusiveness and representation of those being served by the District. If the Annexation is approved at the April 27 LAFCO meeting, this action will provide registered voters in these District-served areas with an equal opportunity to serve on the District’s Board of Directors, and to fully participate in all other District activities.

The *2015 Municipal Service Review and Sphere of Influence Study for the Pajaro/Sunny Mesa Community Services District* (Attachment 3) provides detailed analysis and recommendations in support of the proposed Sphere of Influence Amendment and Annexation. The proposed Amendment and Annexation is consistent with State law, and will allow greater representation of the public in those former ALCO water system areas owned and operated by the District.

Background

The District has operated five former ALCO water systems since 2005 and has owned them since 2007. ALCO’s former operations of these and other water systems resulted in violations of the Federal Safe Drinking Water Act over a period of years. Consequently, a federal court ordered the systems liquidated and sold to one or more water purveyors with a demonstrated history of regulatory compliance. In 2002, the District wrote to the court to express interest in acquiring five of the former ALCO systems. The District’s letter of interest was later joined by support letters from the Monterey County Water Resources Agency, the County Health Department, and the Board of Supervisors.

In 2004, the Federal court ordered the five systems to be sold to the District. No annexation action was undertaken at that time. In 2013, the LAFCO Executive Officer administratively approved an out-of-agency extension of water service to the five former ALCO system areas (LAFCO File Number 13-07). This action formalized the District’s existing out-of-agency service to these areas. However, the areas have remained outside District boundaries until the present time, leaving these residents ineligible to serve on the District’s Board of Directors.

Effects of the Amendment to the Sphere of Influence and Amendment of District Boundaries

As discussed herein and in the *2015 Municipal Service Review and Sphere of Influence Study*, the District already owns and operates these systems in these five areas, and customers have been well served by the District since the District assumed operations ten years ago in 2005. The proposal’s primary effect is that registered voters in these areas will become eligible to be appointed to the District’s Board of Directors. When future Board vacancies occur, the Monterey County Board of Supervisors will be able to appoint a property owner from within this new District territory, or from elsewhere in the District.

Agency Coordination and Public Review

LAFCO referred the reorganization proposal to public agencies for review and comment on January 5, 2015. Comments were received from the General Manager of the Moss Landing Harbor District, who

noted minor technical corrections but represented that the Harbor District had no objections to the proposal. No other agency, organization, or individuals commented on the proposal.

The application was legally noticed for the March 30, 2015 LAFCO meeting in the Monterey County Weekly on March 5, 2015. Mailing of notices to property owners and registered voters within the affected areas would have required more than 1,000 mailed notices. In such cases, notice of the hearing in a newspaper of general circulation, in lieu of mailed notices, complies with the requirements of the CKH Act.

The agenda was distributed to all interested parties and copies of this report were distributed to the District and other agencies and individuals who submitted comments on the proposal. LAFCO, therefore, has fully complied with all requirements and procedures for public agency referrals and public noticing.

Property Tax Transfer Agreement

A property tax transfer agreement between the County of Monterey and the District for the Annexation component of the proposal is required under State law. A “zero” property tax transfer is tentatively scheduled for consideration and approval at the County Board of Supervisors meeting of April 7, 2015. Therefore, Commission action on the Annexation component of the District’s proposal is recommended for continuation to the regular April 27 LAFCO meeting.

California Environmental Quality Act (CEQA) Compliance

Municipal Service Reviews and Sphere of Influence Studies are categorically exempt from the provisions of CEQA as “information collection” under Section 15306 of the State CEQA Guidelines, and under the “general rule” exemption (Section 15061(b)(3)), which applies to projects where it can be seen with certainty that there is no possibility that the activity may have a significant effect on the environment.

With regard to its Sphere Amendment and Annexation proposal, the District is acting as the CEQA Lead Agency, and LAFCO is a Responsible Agency. In its December 2014 Resolution initiating the proposed Sphere of Influence Amendment and Annexation, the District’s Board of Directors included a finding that the proposal is categorically exempt from CEQA pursuant to CEQA Guidelines Section 15320, which exempts special district consolidations in which changes in organization of local governmental agencies do not change the geographical area in which the previously existing powers are exercised. The District’s Board also found the proposal categorically exempt from CEQA pursuant Section 15061(b)(3). The LAFCO Executive Officer has reviewed the record and concurs with this finding.

Conducting Authority (“Protest”) Hearing

No known controversy exists regarding the proposed Sphere of Influence Amendment and Annexation. However, if the Commission approves the Annexation component of the District’s proposal at the April 27 meeting, then a subsequent “protest” hearing will be required by the Cortese-Knox-Hertzberg Act. The protest hearing must be held at least 35 days after LAFCO’s Resolution approving the Annexation.

Alternative Actions

In lieu of the recommended actions, the Commission may act to deny the Sphere of Influence Amendment. The Commission may also act to modify, delete, or add any appropriate conditions of approval. Substantial changes to the draft resolution would require a continuation of the agenda item, with direction to the Executive Officer to prepare a new draft resolution based on the Commission’s findings.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments:

1. Draft Resolution (MSR/Sphere of Influence Study and Sphere of Influence Amendment)
2. Maps of Existing and Proposed District Boundaries
3. *2015 Municipal Service Review and Sphere of Influence Study for the Pajaro/Sunny Mesa Community Services District*
4. Draft Resolution (Annexation Request) –For information only at this time; action proposed for continuation to the April 27, 2015 LAFCO meeting.

cc: Eric Tynan, Castroville Community Services District
Ed Muniz, County of Monterey Public Works Department
Don Rosa, Pajaro-Sunny Mesa Community Services District
Linda McIntyre, Moss Landing Harbor District

LOCAL AGENCY FORMATION COMMISSION
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KATE McKENNA, AICP
Executive Officer

DATE: April 27, 2015
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: PROPOSED ANNUAL BUDGET FOR FY 2015-2016 – SECOND HEARING

SUMMARY OF RECOMMENDATIONS:

The following actions are recommended:

1. Receive the Executive Officer's report;
2. Open and close the public hearing;
3. Discuss and adopt a resolution (attached) and final budget for Fiscal Year 2014-2015; and
4. Direct the Executive Officer to distribute the adopted final budget to local agencies and the County Auditor-Controller.

EXECUTIVE OFFICER'S REPORT:

Introduction

This is the second of two required public hearings to adopt a budget for FY 2015-2016. The first hearing was held on March 30, 2015. At that time, the Commission adopted a work program, adopted a proposed budget as recommended by the Budget & Finance Committee, directed that the budget be circulated to local agencies for review and comment, and set an April 27 hearing date to adopt a final budget.

Proposed Expenditures and Reduced Budget Finding

Attached is the draft final annual budget for FY 2015-2016. It is identical to the original budget proposal. The proposed budget (\$848,700) is an 8.8 percent increase as compared to the current year budget (\$779,600). It is also 6.4 percent less than LAFCO's annual budget in FY 2007-2008 (\$903,351).

Total expenditures for Employee Salaries and Benefits (\$640,000) will increase 5.9 percent as compared to the current year budget (\$608,391). The increase is for merit increases/COLAs per employment agreements, for staff retention purposes. It also includes minor increases in some benefit costs. There are no changes to benefits, and no changes to the significant benefit reductions already in effect. Total

expenditures for Services and Supplies (\$208,700) will increase 18.8 percent as compared to the current year (\$175,600). The increase (\$33,100) is primarily for part-time, temporary clerical help to support the busy Clerk to the Commission position (\$25,000), and GIS data/mapping for a high volume of Municipal Service Reviews/Sphere of Influence studies.

Of note, LAFCO recently took an important step to cut benefit costs in FY 2015-2016 and future years. The Commission authorized a lump sum pay-off of the unfunded pension liability (approximately \$108,000). This action will eliminate future interest payments and lower the employer contribution rate beginning on July 1, 2015. Employees already pay 100 percent of their own contribution rates.

Proposed Revenue

The primary revenue source is contributions from the County, cities and independent special districts. The proposed share for each of the three groups would be \$269,067 in FY 2015-2016. This is about \$20,000 or 7.9 percent higher than the current year shares (\$249,367). Proposed revenue includes a contribution of \$30,000 from the Unreserved Fund Balance if necessary at year-end, to reduce the cost share for local agencies. This would require an exception from Commission policy to not draw down the Unreserved Fund Balance; an exception was also made in the current fiscal year due to the healthy nature of the fund balance. Proposed revenue also includes minor income from project fees and interest.

Cost share allocations will be based on the final adopted budget and updated revenue data for special districts and cities that will become available in May. Final cost allocations will be calculated and distributed by the County Auditor-Controller's Office by early June.

Public Hearing Notice and Local Agency Comments

Local agencies received notice of the March 30 and April 27 hearings, and copies of the proposed draft budget and proposed final budget. Public notice was provided by newspaper, website, and other postings. No comments were received as of mid-April, but are invited through the close of the April 27 hearing.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments: Resolution and Proposed Final Budget for Fiscal Year 2015-2016

cc: County, Cities and District Managers
County Auditor-Controller's Office

THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

RESOLUTION NO. 15-xx

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
ADOPTING THE FINAL FISCAL YEAR 2015-2016 BUDGET

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

WHEREAS, the Budget and Finance Committee of the Local Agency Formation Commission of Monterey County considered a proposed budget and work program on February 13, 2015, and made its recommendations to the full Commission; and

WHEREAS, the Local Agency Formation Commission of Monterey County considered these recommendations, conducted an initial public hearing, adopted a final work program, and adopted a proposed reduced budget on March 30, 2015; and

WHEREAS, the adopted proposed budget was distributed to the Board of Supervisors, to each city and to each independent special district for review and comment through the close of a second hearing on April 27, 2015; and

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

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

- a. That the Commission adopts a final budget for Fiscal Year 2015-2016 (Exhibit 1); and
- b. That the Executive Officer shall transmit the adopted final budget to the Board of Supervisors, to each city, and to each independent special district, and
- c. That the Executive Officer shall transmit the adopted final budget to the Auditor-Controller for apportionment of the net operating expenses pursuant to the requirements of Government Code Section 56381(b)(1).

UPON MOTION OF Commissioner ____, seconded by Commissioner ____, the foregoing resolution is adopted this 27th day of April, 2015 by the following vote:

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

Steve Snodgrass, 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 27th day of April, 2015.

By: _____
Kate McKenna, AICP, Executive Officer

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

PROPOSED FINAL BUDGET FOR FY 2015-2016
March 30, 2015 (First Hearing)
April 27, 2015 (Second Hearing)

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

SUMMARY OF EXPENDITURES AND REVENUES
FOR
PROPOSED FINAL FY 2015-2016 BUDGET

March 30, 2015 (First Hearing)

April 27, 2015 (Second Hearing)

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
Proposed Final Budget for FY 2015-2016
March 30, 2015 (First Hearing)
April 27, 2015 (Second Hearing)

	Adopted Budget for Fiscal Year 2014-15	Estimated Year-End Expenditures for Fiscal Year 2014-15 (Includes Adopted Budget Amendment No. 1)	Proposed Final Budget for Fiscal Year 2015-2016
SUMMARY OF PROPOSED EXPENDITURES - FISCAL YEAR 2015-16			
6000 Employee Salaries	\$ 419,000.00	\$ 419,000.00	\$ 445,000.00
6100 Employee Benefits	\$ 185,000.00	\$ 185,000.00	\$ 195,000.00
7000 Postage and Shipping	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
7010 Books and Periodicals	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
7030 Copy Machine Charges	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00
7040 Outside Printers	\$ 5,000.00	\$ 5,000.00	\$ 6,000.00
7060 Office Supplies	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00
7070 Office Equipment and Furnishings	\$ -	\$ -	\$ 1,000.00
7080 Computer/Hardware/Peripherals	\$ 2,500.00	\$ 2,500.00	\$ 3,000.00
7085 Computer Support Services (Fixed Costs)	\$ 7,500.00	\$ 7,500.00	\$ 7,500.00
7090 Computer Support Services (Variable Costs)	\$ 6,000.00	\$ 6,000.00	\$ 12,000.00
7100 Computer Software	\$ 500.00	\$ 500.00	\$ 1,000.00
7105 Meeting Broadcast Services	\$ 3,300.00	\$ 3,300.00	\$ 3,300.00
7110 Property and General Liability Insurance	\$ 5,300.00	\$ 5,300.00	\$ 5,300.00
7120 Office Maintenance Services	\$ 400.00	\$ 400.00	\$ 400.00
7130 Other Equipment Maintenance	\$ -	\$ -	\$ -
7140 Travel	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00
7150 Training, Conferences and Workshops	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00
7160 Vehicle Mileage	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00
7170 Rental of Buildings	\$ 23,300.00	\$ 23,300.00	\$ 24,400.00
7200 Telephone Communications	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00
7230 Temporary Help Services (Clerical)	\$ 2,000.00	\$ 7,000.00	\$ 25,000.00
7240 Outside Professional Services - Total for Line Items 7242 - 7249	\$ 62,000.00	\$ 57,000.00	\$ 62,000.00
7242 Accounting and Financial Services	\$ 37,500.00	\$ 37,500.00	\$ 37,500.00
7245 General Counsel and Special Counsel	\$ 11,500.00	\$ 6,500.00	\$ 11,000.00
7247 Human Resources	\$ -	\$ -	\$ -
7248 Annual Audit	\$ 13,000.00	\$ 13,000.00	\$ 13,500.00
7249 Temporary Professional Services	\$ -	\$ -	\$ -
7250 Miscellaneous Office Expenses	\$ 600.00	\$ 600.00	\$ 600.00
7260 Legal Notices	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00
7261 Pass-Through Expenses	\$ -	\$ -	\$ -
7270 Recruitment Expenses	\$ -	\$ -	\$ -
7280 LAFCO Memberships	\$ 4,700.00	\$ 4,700.00	\$ 4,700.00
7290 Litigation Reserve	\$ -	\$ -	\$ -
7285 Records Storage and Security	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
7295 Contingency Reserve (See Note 2)	\$ -	\$ -	\$ -
SUB TOTAL EXPENDITURES	\$ 779,600.00	\$ 779,600.00	\$ 848,700.00
LESS PASS-THROUGH EXPENSES (Acct. 7261)	-	-	-
TOTAL EXPENDITURES (NET)	\$ 779,600.00	\$ 779,600.00	\$ 848,700.00

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
PROPOSED FINAL BUDGET WORKSHEET
FISCAL YEAR 2015-2016
March 30, 2015 (First Hearing)
April 27, 2015 (Second Hearing)

PROPOSED REVENUES - FISCAL YEAR 2015-2016			
Revenue	Adopted Budget Revenues for Fiscal Year 2014-15	Estimated Year-End Revenues Fiscal Year 2014-2015	Anticipated Budget Revenues for Fiscal Year 2015-2016
Source:			
4000 - Project Fees - See Note 1	\$ 10,000	\$ 10,000.00	\$ 10,000.00
4001 - Pass-through Fees	\$ -	\$ -	\$ -
4205 - County Contribution	\$ 249,367	\$ 249,367.00	\$ 269,067.00
4210 - City Contributions	\$ 249,367	\$ 249,367.00	\$ 269,067.00
4220 - Independent Special District Contributions	\$ 249,367	\$ 249,367.00	\$ 269,067.00
3810 - Contingency Reserve	\$ -	\$ -	
3850 - Unreserved Fund Balance - Supplement	\$ 20,000	\$ 20,000.00	\$ 30,000.00
4300 - Interest	\$ 1,500	\$ 1,500.00	\$ 1,500.00
SUB TOTAL REVENUES	\$ 779,601	\$ 779,601.00	\$ 848,701.00
LESS PASS-THROUGH INCOME (Acct. 4001)	\$ -	\$ -	\$ -
TOTAL REVENUE (NET)	\$ 779,601	\$ 779,601.00	\$ 848,701.00

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

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

DETAIL OF EXPENDITURES FOR PROPOSED
FINAL FY 2015-16 BUDGET

March 30, 2015 (First Hearing)
April 27, 2015 (Second Hearing)

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
Proposed Final Budget for FY 2015-2016
March 30, 2015 (First Hearing)
April 27, 2015 (Second Hearing)

	Adopted Budget for Fiscal Year 2014-15	Estimated Year-End Expenditures for Fiscal Year 2014-15 (Includes Adopted Budget Amendment No. 1)	Proposed Final Budget for Fiscal Year 2015-16
<p>6000 EMPLOYEE SALARIES</p> <p>This line item continues to fund four staff positions that support all work program activities of the Commission (Executive Officer, Senior Analyst, Associate Analyst, Clerk). Includes merit increases/COLA per employment agreements, for staff retention purposes. Includes overtime allowance for Clerk to the Commission.</p>	\$ 419,000.00	\$ 419,000.00	\$ 445,000.00
<p>6100 EMPLOYEE BENEFITS</p> <p>This line item assumes no new benefits, no benefit changes, and a continuation of significant benefit reductions already in effect. LAFCO pays 0% of the employee share of retirement plan contributions; employees pay 100% of this cost. Assumes minor increase in some benefit costs.</p>	\$ 185,000.00	\$ 185,000.00	\$ 195,000.00
TOTAL SALARIES & BENEFITS	\$ 604,000.00	\$ 604,000.00	\$ 640,000.00

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
Proposed Final Budget for FY 2015-2016
March 30, 2015 (First Hearing)
April 27, 2015 (Second Hearing)

	Adopted Budget for Fiscal Year 2014-15	Estimated Year-End Expenditures for Fiscal Year 2014-15 (Includes Adopted Budget Amendment No. 1)	Proposed Final Budget for Fiscal Year 2015-16
SERVICES & SUPPLIES			
7000 Postage and Shipping Includes postage for general correspondence and agenda packet delivery, express mail, and certified mail. Also includes LAFCO election mailings to independent special districts, and distribution of budget.	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
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.	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
7030 Copy Machine Charges Includes copier machine lease (contract).	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00
7040 Outside Printers Includes copying of agenda packets, large volume publications, maps and other occasional needs.	\$ 5,000.00	\$ 5,000.00	\$ 6,000.00
7060 Office Supplies Includes annual consumable goods for office operations and work production.	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00
7070 Office Equipment & Furnishings Includes office furniture such as small tables and miscellaneous items. Not funded.	\$ -	\$ -	\$ 1,000.00
7080 Computer Hardware and Peripherals Includes lease of work station computers and occasional purchase of accessories.	\$ 2,500.00	\$ 2,500.00	\$ 3,000.00

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
Proposed Final Budget for FY 2015-2016
March 30, 2015 (First Hearing)
April 27, 2015 (Second Hearing)

	Adopted Budget for Fiscal Year 2014-15	Estimated Year-End Expenditures for Fiscal Year 2014-15 (Includes Adopted Budget Amendment No. 1)	Proposed Final Budget for Fiscal Year 2015-16
<p>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 web site housing, email, internet and network access. County IT is primary vendor, and costs for device support are fixed by unit count. Occasional device support service by other vendors is not fixed.</p>	\$ 7,500.00	\$ 7,500.00	\$ 7,500.00
<p>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. Proposed budget reflects increases in data/mapping needs and increases in County rates. Charges are variable.</p>	\$ 6,000.00	\$ 6,000.00	\$ 12,000.00
<p>7100 Computer Software Includes software updates and licenses to extend the life and compatibility of computers.</p>	\$ 500.00	\$ 500.00	\$ 1,000.00
<p>7105 Meeting Broadcast Services This account funds the live cable TV coverage of LAFCO meetings, and weekly TV re-broadcasts, under contract with the County of Monterey and its vendors. Costs are variable depending on number and length of meetings.</p>	\$ 3,300.00	\$ 3,300.00	\$ 3,300.00
<p>7110 Property and General Liability Insurance Property and Errors & Omissions Insurance is obtained by contract with the Special Districts Risk Management Authority. Premiums reflect discounts for no claim history. Cost is fixed annually.</p>	\$ 5,300.00	\$ 5,300.00	\$ 5,300.00

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
Proposed Final Budget for FY 2015-2016
March 30, 2015 (First Hearing)
April 27, 2015 (Second Hearing)

	Adopted Budget for Fiscal Year 2014-15	Estimated Year-End Expenditures for Fiscal Year 2014-15 (Includes Adopted Budget Amendment No. 1)	Proposed Final Budget for Fiscal Year 2015-16
7120 Office Maintenance Services Includes general office cleaning, including blinds, cabinets and underneath furniture. (Basic janitorial service to empty trash and sweep floors is included in office lease.)	\$ 400.00	\$ 400.00	\$ 400.00
7130 Other Equipment Maintenance Includes maintenance agreements for small office equipment. Not funded.	\$ -	\$ -	\$ -
7140 Travel Provides partial funding for employee, counsel and Commissioner travel for annual CALAFCO conference (Sept. 2015), annual CALAFCO staff workshop (April 2016), and training classes. Includes some transportation, hotel and meal costs.	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00
7150 Training, Conferences and Workshops Provides partial funding for employee, counsel and Commissioner registrations at annual CALAFCO conference (Sept. 2015), annual staff workshop (April 2016), and classes.	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00
7160 Vehicle Mileage Reimbursement for use of personal vehicles, at the government rate.	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00
7170 Rental of Building Continues a favorable five-year lease that included rent rollbacks for first two years. Includes utilities.	\$ 23,300.00	\$ 23,300.00	\$ 24,400.00
7200 Telephone Communications Includes telephone, cell and fax charges, office wi-fi "hotspot" for laptop/visitor use, and system maintenance and repairs.	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00
7230 Temporary Help Services (Clerical) Includes temporary, part-time clerical assistance. Proposed increase is to relieve the sustained, high workload of the Clerk to the Commission.	\$ 2,000.00	\$ 7,000.00	\$ 25,000.00

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
Proposed Final Budget for FY 2015-2016
March 30, 2015 (First Hearing)
April 27, 2015 (Second Hearing)

	Adopted Budget for Fiscal Year 2014-15	Estimated Year-End Expenditures for Fiscal Year 2014-15 (Includes Adopted Budget Amendment No. 1)	Proposed Final Budget for Fiscal Year 2015-16
7240 Outside Professional Services	\$ 62,000.00	\$ 57,000.00	\$ 62,000.00
This line item includes:			
7242: Accounting and Financial Services. Fixed rate contract with Hayashi Wayland. Includes \$1,500 for other services by HW or other vendor.	37,500	37,500	\$ 37,500.00
7245: General Counsel and Special Legal Counsel Services (Not Litigation). General Counsel costs are variable, with an annual cap of \$15,000 (per contract with County Counsel's Office). This line item fund is also intended for variable Special Legal Counsel costs, depending on need (per contract with Michael Colantuono).	11,500	6,500	\$ 11,000.00
7247: Human Resources Services. Variable rate services from County of Monterey or other vendor. Not funded. Funds are encumbered from a prior year for this purpose.	\$ -	0	\$ -
7248: Annual Audit. Fixed rate contract with Bianchi, Kasavan & Pope.	13,000	13,000	\$ 13,500.00
7249: Temporary Professional Services. Intended to provide support during staff absences, vacancies or high workload periods. Not funded. All professional work is done by in-house staff.	\$ -	\$ -	\$ -
7250 Miscellaneous Office Expenses	\$ 600.00	\$ 600.00	\$ 600.00
Minor expenses for office operations, Commission meetings and recording fees for LAFCO-initiated activities.			
7260 Legal Notices	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00
Expenses for actions requiring public notices, such as annexations, Sphere of Influence updates, municipal service reviews and budgets. Some of these costs are reimbursable.			
7270 Recruitment Expenses	\$ -	\$ -	\$ -
To fill any vacant position. Not funded. Funds are encumbered from FY 2013-2014 for this purpose.			

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
Proposed Final Budget for FY 2015-2016
March 30, 2015 (First Hearing)
April 27, 2015 (Second Hearing)

	Adopted Budget for Fiscal Year 2014-15	Estimated Year-End Expenditures for Fiscal Year 2014-15 (Includes Adopted Budget Amendment No. 1)	Proposed Final Budget for Fiscal Year 2015-16
7280 LAFCO Memberships CALAFCO Membership (\$3221) and California Special Districts Association dues (\$1300). 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).	\$ 4,700.00	\$ 4,700.00	\$ 4,700.00
7290 Litigation Reserve 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. This balance sheet reserve is currently funded to target level. LAFCO has no current or anticipated litigation. Accordingly, no fund supplement is proposed for FY 2015-2016.	\$ -	\$ -	\$ -
7285 Records Management A program is underway to inventory, organize and archive 50+ years of records. This multi-year staff effort is guided by a Records Management Policy adopted in 2014.	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
7295 Contingency Reserve Per Commission policy, the target funding for the general contingency reserve is 25 percent of the annual budget. This balance sheet reserve is currently funded at three-fourths (\$156K) of the current year target level. No fund supplement is proposed for FY 2015-2016.	\$ -	\$ -	\$ -
SUBTOTAL SERVICES AND SUPPLIES	\$ 175,600.00	\$ 175,600.00	\$ 208,700.00
LESS PASS-THROUGH EXPENSES (Account 7261)	\$ -	\$ -	
TOTAL SERVICES AND SUPPLIES (NET)	\$ 175,600.00	\$ 175,600.00	\$ 208,700.00
TOTAL SALARIES & BENEFITS	\$ 604,000.00	\$ 604,000.00	\$ 640,000.00
NET TOTAL FOR BUDGET UNIT	\$ 779,600.00	\$ 779,600.00	\$ 848,700.00

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION
P.O. Box 1369 132 Gabilan Street, Suite 102
Salinas, CA 93902 Salinas, CA 93901
Telephone (831) 754-5838 Fax (831) 754-5831
www.monterey.lafco.ca.gov

KATE McKENNA, AICP
Executive Officer

DATE: April 27, 2015
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: COMMENT LETTER - MARCH 2015 PUBLIC REVIEW DRAFT
ENVIRONMENTAL IMPACT REPORT FOR THE PROPOSED MONTEREY
DOWNS AND MONTEREY HORSE PARK AND CENTRAL COAST VETERANS
CEMETERY SPECIFIC PLAN AND RELATED APPLICATIONS

SUMMARY OF RECOMMENDATIONS:

It is recommended that the Commission authorize Chair Snodgrass to execute and send comments (Attachment 1) to the City of Seaside in response to a Notice of Availability of a Draft Environmental Impact Report (Attachment 2).

EXECUTIVE OFFICER'S REPORT:

Introduction

The City of Seaside, as the Lead Agency under the California Environmental Quality Act (CEQA), has prepared a Draft Environmental Impact Report (EIR) for the proposed Monterey Downs Project, Horse Park and Central Coast Veterans Cemetery Specific Plan and related applications. The City has issued a Notice of Availability of a Draft EIR and is requesting comments on the information and analysis in the Draft EIR. The EIR's full text is being provided to Commissioners on a CD-ROM. The EIR, the City's Draft Specific Plan, and other information about the project is also available on the City of Seaside's web site: <http://www.seasidemontereydownsandveteranscemeteryspecificplan.com/> Maps of the project location are provided as Attachment 3.

Project Description

The project consists of residential and commercial development, equestrian training and racing/entertainment facilities, open space, and The Central Coast Veterans Cemetery. Project buildout is anticipated to include up to 1,280 dwelling units, 832,801 square feet of non-residential development, and approximately 105 acres of open space. A full project description is provided on page 2 of Attachment 2.

The entire project area is approximately 710.5 acres. Of this total, approximately 148 acres are currently within the City limits, and 562.5 acres are in the unincorporated County of Monterey. As part of the applications received from Monterey Downs, LLC, the City is considering proposals to bring the entire project area inside the City limits. If the City approves the project, the City Council will initiate a formal request to LAFCO to consider City of Seaside Sphere of Influence amendment and annexation applications.

Comment Letter

The City of Seaside has prepared a Draft EIR that analyzes the environmental impacts of the proposed project. LAFCO is a CEQA Responsible Agency with regulatory authority for some of the project components, including any future City of Seaside Sphere of Influence amendment, annexation, and related applications. As such, LAFCO is responsible for reviewing and commenting on environmental information that is germane to LAFCO's future consideration of City and related applications. If the City approves the project, formal applications will be submitted to LAFCO for consideration of City and special district Sphere of Influence amendments, annexations and detachment actions. LAFCO will reference the City's EIR in reviewing the environmental impacts of those future applications.

Attachment 1 is a draft comment letter to the City of Seaside. The draft letter references previous comments that the Commission authorized in October 2012, during the Notice of Preparation phase for this EIR. The letter requests that the EIR's project description, and related analysis, be expanded to address all of the local agency Sphere of Influence amendments, annexations and detachments that are related to the proposed project. It requests analysis of project conformance to certain adopted Commission policies that carry out State mandates. The letter also provides several recommended corrections to the EIR's descriptions of LAFCO's processes and regulatory framework, and discusses the coordination of City and LAFCO processes.

ALTERNATIVE ACTIONS:

The Commission may modify, delete, or add to the draft comment letter.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Report Prepared by Darren McBain, Senior Analyst

Attachments:

1. Draft comment letter to the City of Seaside
2. Notice of Completion and Notice of Availability of a Draft Subsequent Environmental Impact Report
3. Maps

cc: Teri Wissler Adam, City of Seaside
John Dunn, Seaside County Sanitation District
Bill Kocher, Marina Coast Water District
Paul Robins, Resource Conservation District of Monterey County
David Stoldt, Monterey Peninsula Water Management District
Chief Michael Urquides, Monterey County Regional Fire Protection District

2015

April 27, 2015 DRAFT

Commissioners

Chair

Steve Snodgrass
Special District Member

Vice Chair

Sherwood Darington
Public Member

Fernando Armenta
County Member, Alternate

Matt Gourley
Public Member, Alternate

Joe Gunter
Alternate, City Member

Maria Orozco
City Member

John M. Phillips
County Member

Warren E. Poitras
Special District Member, Alternate

Ralph Rubio
City Member

Simón Salinas
County Member

Graig R. Stephens
Special District Member

Counsel

Leslie J. Girard
General Counsel

Staff

Kate McKenna, AICP
Executive Officer

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

P. O. Box 1369
Salinas, CA 93902

Voice: 831-754-5838
Fax: 831-754-5831

www.monterey.lafco.ca.gov

Teri Wissler Adam, Contract Project Manager
City of Seaside, Resource Management Department
440 Harcourt Avenue
Seaside, CA 93955

RE: March 2015 Public Review Draft Environmental Impact Report for the Proposed Monterey Downs and Monterey Horse Park and Central Coast Veterans Cemetery Specific Plan and Related Applications

Dear Ms. Wissler Adam:

Thank you for this opportunity to comment on the subject Draft Environmental Impact Report (EIR). The City of Seaside is acting as the Lead Agency for this project pursuant to the California Environmental Quality Act (CEQA). The project description within the EIR states that this project involves applications from Monterey Downs, LLC, to the City of Seaside for a Specific Plan, General Plan Amendment, Zoning Amendment, Planning Area and Sphere of Influence Amendment, Rezoning and Annexation.

The Local Agency Formation Commission of Monterey County (LAFCO) is a CEQA Responsible Agency with regulatory authority for future applications for the proposed City of Seaside Sphere of Influence amendment, annexation, and related actions. It is in this role that LAFCO is commenting on the EIR.

LAFCO's statutory authority is derived from the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code section 56000, et seq.). Among the purposes of the Local Agency Formation Commission are: Discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances (section 56301).

In October 2012, LAFCO submitted comments on the Notice of Preparation for this EIR. The Draft EIR addresses many of the subject areas identified in LAFCO's 2012 comments, but omits analysis of the proposal's conformance to certain LAFCO policies listed below. LAFCO also requests that the Final EIR address comments related to the project description and potential environmental effects. Recommended corrections to the EIR's description of LAFCO's role and processes, and information about future City-LAFCO procedural coordination, are also provided herein.

PROJECT DESCRIPTION

It is our understanding that the entire project area being considered by the City of Seaside covers approximately 710.5 acres. Approximately 148 acres of the project site are currently within the City limits, and the remaining 562.5 acres are in the unincorporated County of Monterey. The EIR states that the City will prepare a request for a Sphere of Influence amendment and an annexation to bring the unincorporated portion of the project within the City limits. LAFCO's 2011 Municipal Service Review for the City of Seaside anticipated that an expansion of the City's Sphere of Influence and an annexation may be requested for the current proposal area. As discussed below, please expand the project description, and analysis of impacts, to include all anticipated Sphere of Influence amendments, annexations, and detachments related to the proposed project.

Proposed Detachments from Special Districts

LAFCO's future consideration of the City's Sphere of Influence amendment and annexation applications will necessarily include consideration of related actions for special districts. The EIR (page 2-64) states that the scope of the request for LAFCO approval will include proposed detachment of the project site (or portions thereof) from the following special districts:

- Monterey County Regional Fire Protection District,
- Resource Conservation District of Monterey County, and
- Monterey Peninsula Water Management District (referenced in row 2 of Table 4.9-7, but omitted from page 2-64 of the Project Description section).

However, the EIR does not explain why the proposed detachments are warranted, and does not evaluate the potential effects of detachment. LAFCO's 2012 comment letter (page 2) specified that the Fire Protection District detachment action "should be specified in the project description and analyzed in the EIR" (emphasis added).

LAFCO's 2012 comment letter also stated "Given the extensive natural resources in the project area, the EIR should also consider the alternative of retaining the Resource Conservation District in this instance." The letter also recognized that only a portion of the project area is currently within the Sphere of Influence and boundaries of the Monterey Peninsula Water Management District, and stated that "Consideration should be given to analyzing whether the District's current boundaries should be maintained, amended to include all of the proposed project area, or amended to exclude all of the proposed project area. The analysis and any proposed action should be reflected within the project description."

The EIR includes these detachments in the list of LAFCO-related discretionary approvals but does not explain why detachment was identified as the most appropriate option and does not evaluate the potential effects of such actions on the physical environmental or on the agencies' operations. The EIR notes that "Other agencies in addition to Seaside and California Department of Veterans Affairs are expected to use the EIR in their decision making process." However, if the EIR does not adequately analyze impacts related to future LAFCO approvals, it may be necessary for LAFCO to require supplemental environmental analysis from the City or from the districts at the time of future LAFCO applications.

Marina Coast Water District (MCWD) / Seaside County Sanitation District (SCSD)

LAFCO's 2012 comment letter noted that "No portion of the 710.5 acre Monterey Downs site is currently within the boundaries or Sphere of Influence of any special district providing water or wastewater services. One or more special districts need to be identified for potential expansion to deliver these services. The EIR should clearly identify and analyze the special district Sphere of Influence amendment(s) and annexation(s) necessary to provide water and wastewater services to the project area. The analysis should include an analysis of physical and financial capacity of the agency(ies) that will provide these public services."

The EIR identifies MCWD as the anticipated provider of water and potentially wastewater services for the project area, and states that either MCWD or SCSD could provide wastewater services. The project area is located outside both districts' existing boundaries and Sphere of Influence. The question of which district would be the most feasible and appropriate wastewater service provider to this site is under discussion by the two districts, and should be resolved prior to LAFCO action on the proposal. The EIR should, to the extent possible, identify and evaluate any foreseeable environment impacts that may result from either MCWD or SCSD (or both) being the providers of municipal services to the project area. Without this analysis, it may be necessary for LAFCO to require supplemental environmental analysis from the City, or from the districts, at the time of future LAFCO applications.

Similarly, MCWD currently serves the proposal area under 1990s contractual agreements with the Fort Ord Reuse Authority. However, the Fort Ord Reuse Authority is scheduled to sunset out of existence by

2020. The EIR should therefore discuss and evaluate whether MCWD is anticipated to annex the project site or provide future services through contractual agreement with the City or by another mechanism.

POTENTIAL ENVIRONMENTAL EFFECTS

Land Use and Planning

Pursuant to State law, LAFCO has adopted local “*Policies and Procedures Relating to Spheres of Influence and Changes of Organization and Reorganization.*” A complete set of the adopted local LAFCO standards was provided with LAFCO’s 2012 comment letter, and can also be found at <http://www.monterey.lafco.ca.gov/>.

LAFCO’s 2012 comment letter requested that the EIR analyze the proposed project’s consistency with relevant sections of LAFCO’s adopted *Policies and Procedures Relating to Spheres of Influence and Changes of Organization and Reorganization.* In considering an application, LAFCO will consider the adopted local policies and procedures.

The EIR included, in Table 4.9-7, a limited analysis of project conformance with selected LAFCO policies. However, the table omitted several key LAFCO policies that are integral to presenting a complete view of the project’s conformance to relevant LAFCO policies. The omitted policies included all policies related to Spheres of Influence, policies relating specifically to proposals in the former Fort Ord, and policies regarding preservation of open-space and agricultural lands, jobs-housing balance, and groundwater standards.

LAFCO requests that Table 4.9-7 be revised to address the adopted LAFCO policies listed below. As provided in 2012, these are the most relevant policies that are intended in part to avoid or mitigate potential environmental impacts. The request to identify any inconsistencies of the proposed project and the relevant local policies is made pursuant to the CEQA Guidelines (Appendix G, Section X).

- a. The adopted Sphere of Influence shall reflect city and County General Plans, plans of regional agencies, growth management policies, annexation policies, resource management policies, and any other policies related to ultimate boundary or service area of an affected agency unless those plans or policies conflict with the legislative intent of the Act. [LAFCO *Policies and Procedures*, section C.II.7]
- b. For annexations and Sphere of Influence applications ... 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. [LAFCO *Policies and Procedures*, sections C.IV.15 and D.XIII.1]
- c. [In the former Fort Ord area] LAFCO encourages Sphere proposals that will facilitate initial development efforts which focus on existing facilities and developed areas; locate future urban uses adjacent to existing urban areas; phase development based on the availability of urban services and infrastructure; create a positive jobs/housing balance; provide fiscal resource capabilities, and lead to urban patterns that complement objectives and goals of air quality, transportation, and housing plans of affected local and regional agencies. [LAFCO *Policies and Procedures*, section C.VII.1]
- d. [In the former Fort Ord area] LAFCO will encourage Sphere proposals that consider region-wide goals with local agencies’ ability to provide service. LAFCO will encourage Sphere proposals that promote equitable distribution of the costs of regional facilities, related benefits, and cover all service impacts. [LAFCO *Policies and Procedures*, section C.VII.2]
- e. [In the former Fort Ord area] LAFCO ... will develop and determine Spheres of Influence for Cities ... in such a manner as to balance the need to promote cost-effective logical urban expansion and economic recovery with the objective of promoting the long-term preservation and protection of the County’s ‘Resources.’ LAFCO believes the public interest will be best served by considering “Resources” in a broad sense to include open space, recreational opportunities, wildlife, agricultural land, and fiscal resources. [LAFCO *Policies and Procedures*, section C.VII.3]

- f. 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 shall describe related service and financial impacts (including revenues and expenditures) on the County, cities, and/or special districts and provide feasible measures which would mitigate such adverse impacts. [LAFCO *Policies and Procedures*, section D.VII.1]
- g. Applications must indicate that the affected agencies have the capability to provide service. [LAFCO *Policies and Procedures*, section D.VII.3]
- h. 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. [LAFCO *Policies and Procedures*, section D.VII.6]
- i. It is the policy of LAFCO to encourage and to seek to provide for planned, well-ordered, efficient urban development pattern while at the same time remaining cognizant of the need to give appropriate consideration to the preservation of open space and agricultural land within such patterns. [LAFCO *Policies and Procedures*, section D.IX.1]
- j. A Proposal must discuss how it balances the State interest in the preservation of open space and prime agricultural land against the need for orderly development. [LAFCO *Policies and Procedures*, section E.II.1]
- k. 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. [LAFCO *Policies and Procedures*, section F.II]
- l. 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). [LAFCO *Policies and Procedures*, section F.II]

LAFCO's 2012 comment letter requested that information required by LAFCO's Groundwater Standards be provided either as part of the EIR or within a future application to LAFCO. Informational requirements are listed in the LAFCO *Policies and Procedures*, section D.X.2. [CEQA Guidelines section 15064 and Appendix G.XVII Utilities and Service Systems; LAFCO *Policies and Procedures*, section D.X.2] Provision of the project-related informational requirements at the LAFCO application stage is timely. However, LAFCO requests that table 4.9-7 of the EIR include an analysis of the project's conformance to LAFCO's groundwater-related Policy Statements, listed below.

- m. LAFCO will encourage boundary change proposals involving projects that use reclaimed wastewater, minimize nitrate contamination, and provide beneficial use of storm waters.
- n. LAFCO will encourage proposals which have incorporated water conservation measures. Water conservation measures include drought tolerant landscaping, water-saving irrigation systems, installation of low-flow plumbing fixtures, retrofitting of plumbing fixtures with low-flow devices, and compliance with local ordinances.
- o. LAFCO will encourage those proposals which comply with adopted water allocation plans as established by applicable cities or water management agencies.
- p. LAFCO will encourage those proposals where the affected jurisdiction has achieved water savings or new water sources elsewhere that will off-set increases in water use in the project site that would be caused by the proposal.

- q. LAFCO will discourage those proposals which contribute to the cumulative adverse impact on the groundwater basin unless it can be found that the proposal promotes the planned and orderly development of the area.
- r. 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.

Cumulative Impacts

Please analyze the potential cumulative impacts of the project on the surplus or deficiency of local and county-wide housing supply and demand, and employment availability and creation in order to determine the cumulative transportation and air quality impacts of the proposed project. [CEQA Guidelines section 15064 and Appendix G.XIII Population and Housing; LAFCO *Policies and Procedures*, section F.II]

RECOMMENDED TEXT CORRECTIONS

Current text in the Draft EIR inaccurately describes LAFCO's regulatory framework. LAFCO requests that the following corrections, shown in strikethrough and underline format, be incorporated into the Final EIR.

Page 4.9-24, last paragraph

California Government Code Section 56425 and 56668 identifies determinations that must be made and factors that must be considered ~~to~~ as part of LAFCO's review of a proposals for Sphere of Influence Amendments and annexations. These ~~factors~~ provisions of law are considered the legislative basis for LAFCO's Policies and Procedures Relating to Spheres of Influence and Changes of Organization and Reorganization (LAFCO Policies and Procedures) (adopted most recently updated February 25, 2013), which is intended to guide LAFCO's review and consideration of requests for SOI amendments and changes in ~~of~~ organization/reorganization.

Page 4.9-35, Impact Analysis

The Project's proposed actions require LAFCO approval. The City of Seaside would, by resolution, initiate LAFCO proceedings for rezoning, annexation, and a SOI amendment and concurrent annexation, and direct City staff to file LAFCO by petition with the Monterey County LAFCO for reorganization of the City of Seaside's boundary and service districts. A formal LAFCO Annexation applications, must be submitted to Monterey County LAFCO. LAFCO staff will circulate the proposal for review and comment by affected agencies and other interested parties. Ultimately, the Commission will hold one or more public hearings to consider the proposal. The Commission will make determinations as to the proposal's conformance with the requirements of State law and all applicable ~~Strict adherence to LAFCO's Policies and Procedures, must be demonstrated as part of annexation approval and will approve or deny the SOI and annexation proposal accordingly.~~ Table 4.9-7, LAFCO Consistency Analysis, provides an the City of Seaside's analysis of the Project's consistency with LAFCO standards adopted for the purpose of avoiding or mitigating an environmental effect. As concluded by the City for purposes of this EIR in Table 4.9-7, the Project is consistent with the relevant LAFCO standards and no impact would occur in this regard. As part of its consideration of a future City SOI and annexation proposal and any related special district boundary changes, LAFCO, in its role as a CEQA Responsible Agency, will review these and other findings in the EIR and will reach its own conclusions on whether and how to approve the proposal.

COORDINATION OF CITY AND LAFCO PROCESSES

Formal submittal of applications to LAFCO for consideration of City and special district Sphere of Influence amendment and annexation actions will be initiated after the City of Seaside completes its environmental review, planning, and rezoning actions. However, the City is encouraged to begin preliminary coordination steps while the Draft EIR is under preparation.

A highly recommended early step is a pre-application meeting between City and LAFCO staff to review issues, processes and application requirements. Items to be discussed would include policy issues; the required City-County Consultation prior to submitting any Sphere of Influence applications to LAFCO

(Government Code section 56425); any plans for the phasing of annexations; information on the ability of local agencies to provide needed public services; proposed public services and public facilities financing plans; coordination with special districts; the required City-County Tax Transfer Agreement; EIR status; application processing costs for staff, counsel and other LAFCO expenses; City-LAFCO schedules; coordination with LAFCO Municipal Service Reviews as may be required; indemnification agreements, etc.

We appreciate this opportunity to provide comments. Please continue to keep us informed throughout the City's processes. LAFCO's Executive Officer, Kate McKenna, would be pleased to meet with City staff and consultants for more detailed discussions.

Sincerely,

Steve Snodgrass
Chair

cc: John Dunn, Seaside County Sanitation District
Bill Kocher, Marina Coast Water District
Paul Robins, Resource Conservation District of Monterey County
David Stoldt, Monterey Peninsula Water Management District
Chief Michael Urquides, Monterey County Regional Fire Protection District
Mike Novo, Monterey County Planning Department



CITY OF SEASIDE
440 Harcourt Avenue
Seaside, California 93955

NOTICE OF COMPLETION AND NOTICE OF AVAILABILITY OF A DRAFT SUBSEQUENT ENVIRONMENTAL IMPACT REPORT AND NOTICE OF PUBLIC WORKSHOP AND PUBLIC HEARING

PUBLIC REVIEW OF A DRAFT EIR

TAKE NOTICE that the City of Seaside (City) has prepared a Draft Subsequent Environmental Impact Report (SEIR), which is subsequent to the Fort Ord Reuse Plan EIR pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15229(c), for the proposed Monterey Downs and Monterey Horse Park and Central Coast Cemetery Specific Plan Project. The City has made this Draft SEIR available for public review and comment pursuant to California Code of Regulations, Title 14, Section 15105(a). The 60-day public review period for the Draft SEIR will occur as follows:

Starting Date: March 31, 2015

Ending Date: June 1, 2015

PUBLIC WORKSHOP AND PUBLIC HEARING

The Seaside City Council, Planning Commission, and Board of Architectural Review will hold a public hearing at the time and location indicated below.

DATE: Thursday, April 30, 2015

TIME: 6:00 p.m.

LOCATION: Oldermeyer Center, 986 Hilby Avenue, Laguna Grande Room, Seaside

The public hearing will be held concerning the following requests for approval:

- **Monterey Downs and Monterey Horse Park and Central Coast Veterans Cemetery Specific Plan (SPL-12-01)**
- **Prezoning (PZ-12-01) and Annexation (ANX-12-01);**
- **General Plan Amendment (GPA-12-01);**
- **Sphere-of-Influence Amendment (SOI-12-01);**
- **Zoning Amendment (ZA-12-02);**
- **Master Tentative Tract Map and Vesting Tentative Tract Map (TM-12-01); and**
- **Development Agreement.**

The City of Seaside, as lead agency, hereby gives notice that pursuant to the authority and criteria contained in the California Environmental Quality Act (CEQA) and the CEQA Guidelines, the City of Seaside has prepared and completed a Draft SEIR for the proposed Monterey Downs and Monterey Horse Park and Central Coast Cemetery Specific Plan Project (SCH # 2012091056). A Draft SEIR is an informational document that evaluates a proposed project's potential to result in significant impacts on the environment, while also identifying ways to reduce or avoid environmental impacts through mitigation measures and identifying and evaluating alternatives to the project.

PROJECT TITLE: Monterey Downs and Monterey Horse Park and Central Coast Cemetery Specific Plan

PROJECT LOCATION: Northeast/Southeast of the Gigling Road/Parker Flats Cut Off Intersection

(Specific) North-Central Portion of Former Fort Ord (Parker Flats Area)

PROJECT

LOCATION: City of Seaside (approximately 149 acres) and unincorporated County of Monterey (approximately 563 acres)
(City/County)

LEAD AGENCY: City of Seaside

APPLICANT: Monterey Downs, LLC

PROJECT DESCRIPTION:

The Applicant seeks approval of the Monterey Downs and Monterey Horse Park and Central Coast Veterans Cemetery Specific Plan (Specific Plan) (SPL-12-01). The Specific Plan, which was prepared by the Applicant in coordination with the City of Seaside, involves three primary components: Monterey Downs (includes the Monterey Downs Equestrian Training Track and Sports Arena, retail and commercial uses, residential neighborhoods, and the Seaside Corporation Yard); the Monterey Horse Park; and the Central Coast Veterans Cemetery (CCVC). The Specific Plan anticipates development of 1,280 dwelling units, approximately 832,801 square feet of non-residential land uses, and approximately 105 acres of open space. Buildout of the Monterey Downs and Monterey Horse Park area could not exceed the maximum allowed development under the Specific Plan. The Specific Plan includes a land use plan, circulation plan, public facilities and services plan, architectural design guidelines, development standards, landscaping and grading design standards to guide the development of the Project site. In addition to Specific Plan adoption, the Project includes requests for approval of the following City of Seaside entitlements: Prezoning (PZ-12-01) and Annexation (ANX-12-01); General Plan Amendment (GPA-12-01); Sphere-of-Influence Amendment (SOI-12-01); Zoning Amendment (ZA-12-02); Master Tentative Tract Map and Vesting Tentative Tract Map (TM-12-01); and Development Agreement.

Monterey Downs would include equestrian training and entertainment facilities (e.g., grandstand and sports arena, entertainment center, equestrian training/race track); various residential uses and densities (detached single-family and multi-family); a mix of commercial, office, and hotel uses; a natural habitat preserve and recreational uses (e.g., trails, aquatic center with tennis and swim club); dedication of a new corporation yard site for the City of Seaside; and dedication of a new fire station site and an existing water tank site. The Monterey Horse Park would be comprised of a non-profit horse park, with facilities accommodating the eight events of the International Equestrian Federation – dressage, eventing, jumping, driving, vaulting, endurance, para-equestrian, and reining. The facility would also include stables, therapeutic facilities, and visitor center. The CCVC would include maintenance buildings and memorial areas, ancillary facilities (e.g., chapel, veterans’ hall, and amphitheater), and a development area with habitat restoration opportunity.

The Specific Plan includes a land use plan, circulation plan, public facilities and services plan, architectural design guidelines, development standards, landscaping and grading design standards, and an implementation plan to guide the development of the Project site.

ANTICIPATED SIGNIFICANT ENVIRONMENTAL IMPACTS

Based on the analysis in the Draft SEIR, following compliance with the established regulatory framework and the incorporation of mitigation measures, the project would have significant and unavoidable impacts relative to the following:

- Aesthetics - Changes to the visual character and quality of the Project site (Project and cumulative);
- Air Quality - Operational emissions (Project and cumulative);
- Biological Resources – Loss of coast live oak woodland and landmark coast live oak trees (Project and cumulative);
- Greenhouse Gas Emissions and Climate Change – Direct and indirect emissions (Project

- and cumulative); and
- Traffic and Transportation -
 - Existing With Project Conditions: Four study intersections; three SR-1 mainline segments; and eight SR-1 on-ramps;
 - Interim Year 2018 With Eastside Parkway With Project Conditions: Four study intersections;
 - Cumulative with Project Conditions: Four study intersections; 15 SR-1 mainline segments; and 21 SR-1 on-ramps.
- Water Supply

CONSULTATION CONCERNING DRAFT EIR

California Code of Regulations, Title 14, Section 15086 requires that the Lead Agency consult with and request comments on the Draft EIR from responsible and trustee agencies, any other state, federal, and local agencies which have jurisdiction by law with respect to the project or which exercise authority over resources which may be affected by the project, any city/county which borders on a city/county within which the project is located, and for projects with area-wide significance, the transportation planning/public agencies which have transportation facilities within their jurisdictions which could be affected by the project. In accordance with these requirements, the City requests your comments and concerns regarding the environmental issues associated with construction and operation of the proposed Project. The City also requests that you limit your comments to those activities involved in the project that are within your area of expertise or which will be required to be carried out or approved by your agency.

DOCUMENT AVAILABILITY: The Draft SEIR is available for public review during regular business hours at the following locations:

- City of Seaside Resource Management Services, 440 Harcourt Avenue, Seaside;
- Oldemeyer Center, 986 Hillby Avenue, Seaside;
- Seaside County Library, 550 Harcourt Avenue, Seaside; and
- City Website: www.ci.seaside.ca.us (Select “Projects and Proposals,” then “Monterey Downs and Monterey Horse Park and Central Coast Veterans’ Cemetery,” then “Draft EIR.”)

COMMENTS

Written comments may be submitted no later than 5:00 PM on June 1, 2015 to the addresses indicated below. Please indicate a contact person for your agency or organization.

Email:
wissler@emcplanning.com
 Please include ‘Monterey Downs Draft EIR Comments’ in the Subject line of the email to ensure receipt.

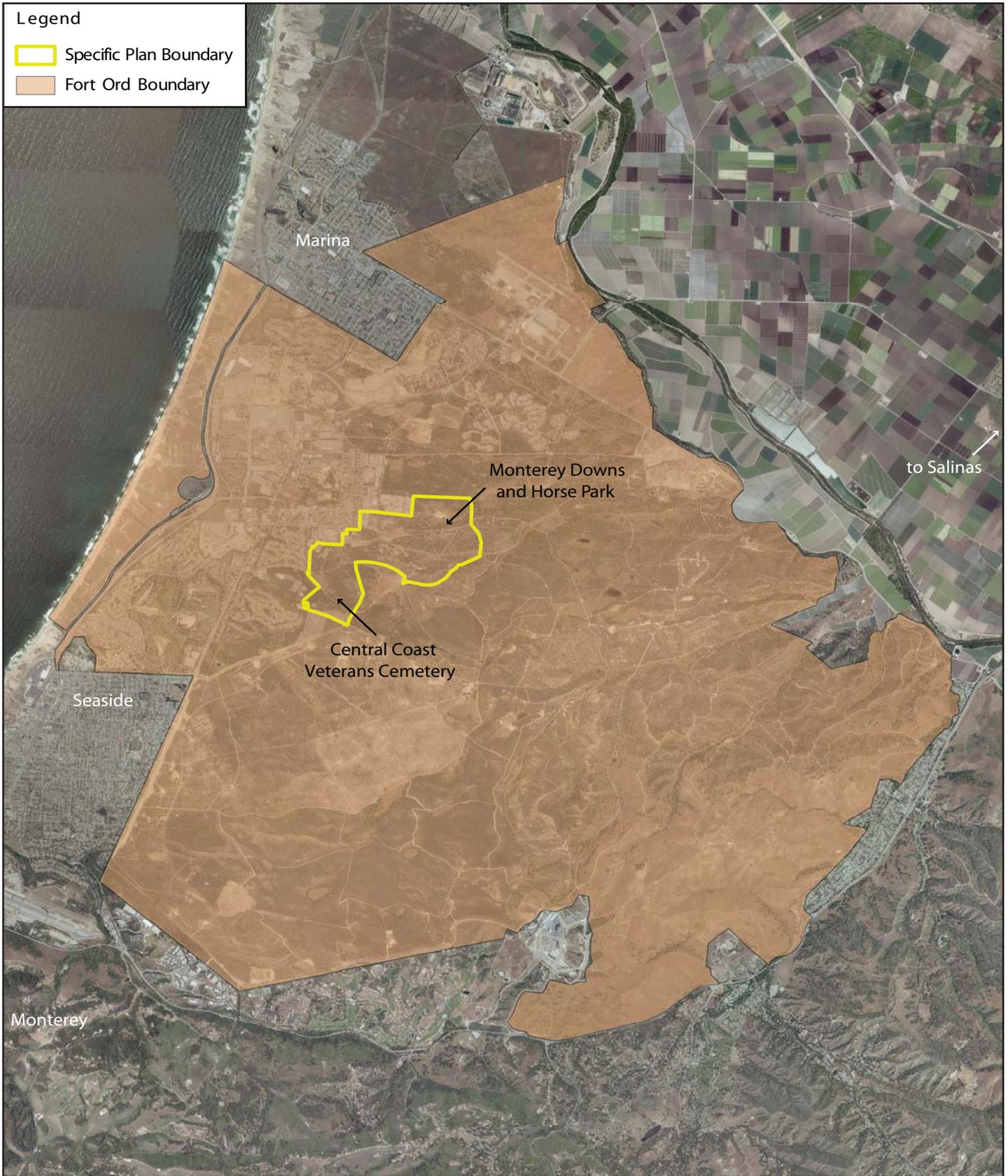
Mail:
 Teri Wissler Adam, Contract Project Manager
 City of Seaside Resource Management Services
 440 Harcourt Avenue, Seaside, CA 93955



Teri Wissler Adam
 City of Seaside Contract Project Manager

March 24, 2015

Date



Source: Diamond West, 2013.

NOT TO SCALE

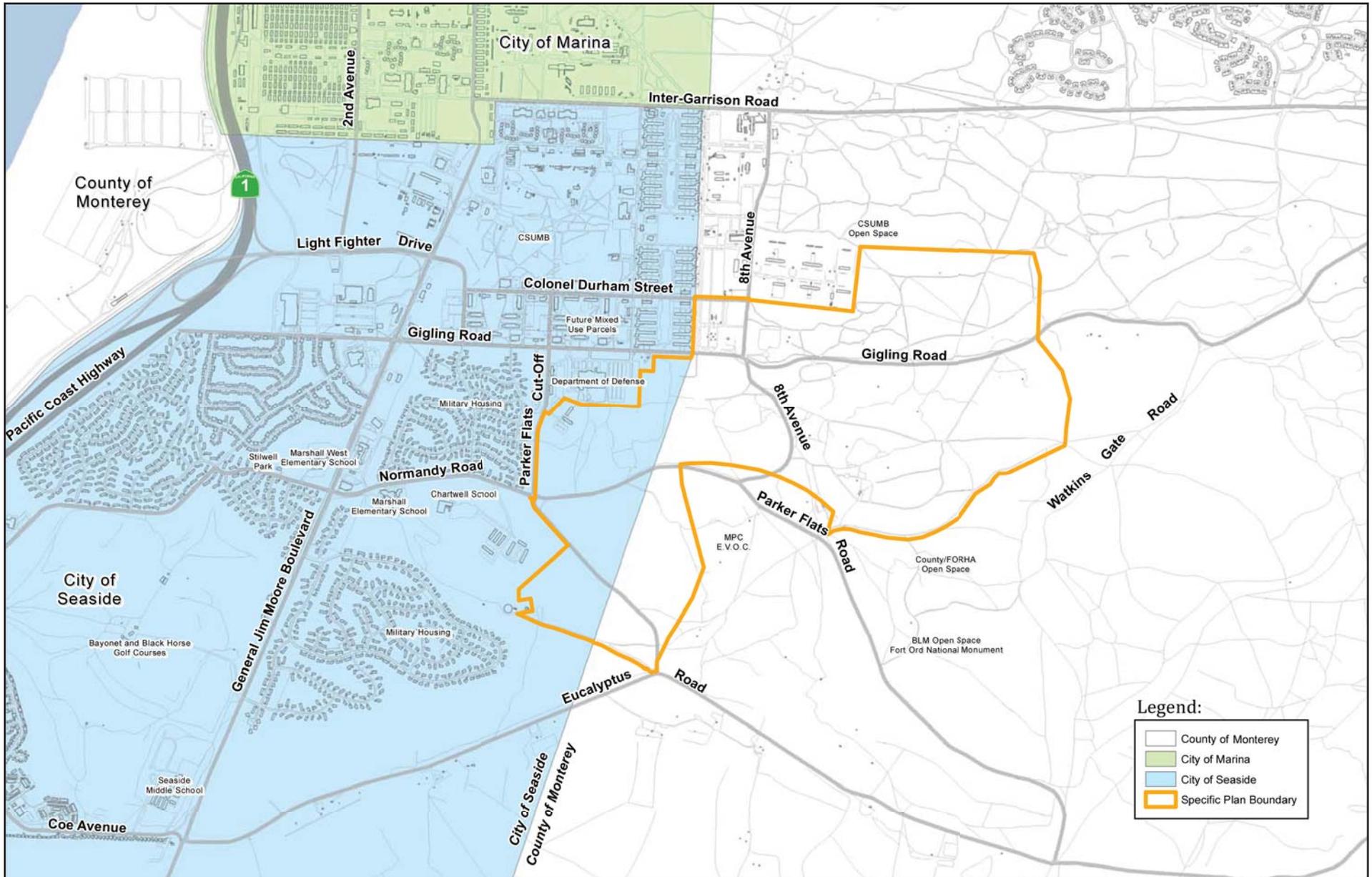


03/15 • JN 131360

MONTEREY DOWNS AND MONTEREY HORSE PARK AND
CENTRAL COAST VETERANS CEMETERY SPECIFIC PLAN
SUBSEQUENT ENVIRONMENTAL IMPACT REPORT

Local Context

Figure ES-2



Source: Diamond West, 2013.

NOT TO SCALE



03/15 • JN 131360

MONTEREY DOWNS AND MONTEREY HORSE PARK AND
CENTRAL COAST VETERANS CEMETERY SPECIFIC PLAN
SUBSEQUENT ENVIRONMENTAL IMPACT REPORT

Existing Jurisdictional Boundaries

Figure ES-3



Source: Diamond West, 2013.

NOT TO SCALE



03/15 • JN 131360

Illustrative Plan of the Monterey Downs and Monterey Horse Park

MONTEREY DOWNS AND MONTEREY HORSE PARK AND
CENTRAL COAST VETERANS CEMETERY SPECIFIC PLAN
SUBSEQUENT ENVIRONMENTAL IMPACT REPORT

Figure ES-4



Source: California Central Coast Veterans Cemetery, Fort Ord Implementation Report, prepared by Whitson Engineers, May 2011.

MONTEREY DOWNS AND MONTEREY HORSE PARK AND
CENTRAL COAST VETERANS CEMETERY SPECIFIC PLAN
SUBSEQUENT ENVIRONMENTAL IMPACT REPORT

Illustrative Plan of the California Central Coast Veterans Cemetery

Figure ES-5

NOT TO SCALE



03/15 • JN 131360

Kate

April 2015

On behalf of the entire CALAFCO organization, we wish to express our appreciation for your participation in our annual staff workshop this year.

Together we are forging California's future while preserving its history. Thank you for sharing your knowledge and expertise with our members, and for adding value to our workshop.

Sincerely,



Pamela Miller
Executive Director
CALAFCO



SR Jones
Executive Officer
Nevada LAFCo

After the Gold Rush

