



**SAN BENITO COUNTY
SAN BENITO LOCAL AGENCY FORMATION
COMMISSION**

**Angela
Curro**
Board of
Supervisors

**Bea
Gonzales**
Board of
Supervisors

Mia Casey
Hollister City
Council

**Leslie
Jordan**
San Juan
Bautista City
Council

**Richard
Bettencourt**
Public
Member

Board of Supervisors Chambers 481 Fourth Street, Hollister, CA 95023

**LAFCO - REGULAR SESSION-
AUGUST 10, 2023
4:00 PM**

The meeting will be available through Zoom and Peak Agenda for those who wish to join or require accommodations

**Members of the public may participate remotely via zoom at the following link
<https://zoom.us/join> with the following Webinar ID and Password:**

**Webinar ID: 825 349 82962
Webinar Password: 464713**

*Those participating by phone who would like to make a comment can use the “raise hand” feature by dialing “*9”. In order to receive the full zoom experience, please make sure your application is up to date.*

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Peak Agenda Page: https://cosb.granicus.com/ViewPublisher.php?view_id=1

Written Comments & Email Public Comment

Members of the public may submit comments via email by 5:00 PM on the Wednesday prior to the meeting to the LAFCO Clerk at Vdelgado@cosb.us.

Public Comment Guidelines

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- c. Each individual speaker will be limited to a presentation total of three (3) minutes, or such other time as may be designed by the Chair.*
- e. Please keep your comments, brief, to the point, and do not repeat prior testimony, so that as many people as possible can be heard. Your cooperation is appreciated.*

If you have any questions, please contact the LAFCO Clerk at (831) 636-4000, Ext. 13 or email Vdelgado@cosb.us.

1 Call to Order and Roll Call

2 Recitation of the Pledge of Allegiance

- 2.1. [Recitation of Pledge of Allegiance by Commissioner Bea Gonzales.](#)

3 Approve Affidavit of Posting Agenda

- 3.1. [Approve Affidavit of Posting Agenda](#)
LAFCO Certificate of Posting 8.10.23

4 PUBLIC COMMENT PERIOD - This is an opportunity for members of the public to speak on items that are not on the agenda

5 BUSINESS ITEMS - GENERAL BUSINESS, NON-HEARING ITEMS

- 5.1. [Approval of Minutes: May 11, 2023 Regular Meeting and June 8 2023 Regular Meeting](#)
 - 5-11-2023 LAFCO Minutes
 - 6-8-2023 LAFCO Minutes
- 5.2. [Retention of Legal Counsel](#)
 - BBK Qualifications for San Benito County LAFCO - Legal Services
 - Draft agreement for legal services
- 5.3. [Report on Preparation of Municipal Service Reviews](#)
 - Regional Wastewater MSR presentation
- 5.4. [Update on Financial Reporting and Financial Reserves](#)
 - 1- Resolution approving Final FY 2023-24 Annual Budget
 - 2- Example of quarterly financial reporting
 - 3- Sonoma LAFCO staff report on financial reserve policy development
 - 4- Riverside LAFCO reserves policy
 - 5- Butte LAFCO reserves policy
- 5.5. [California Association of Local Agency Formation Commissions \(CALAFCO\) activities](#)
 - 1- CALAFCO - Annual Conference

- 2 - R. Bettencourt nomination
- 3- CALAFCO Board of Directors Nomination

6 INFORMATIONAL

- 6.1. [Executive Officer Communications](#)
- 6.2. [Commissioner announcements and requests for future agenda items](#)

7 ADJOURNMENT

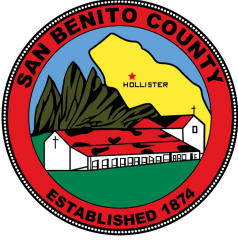
- 7.1. [Adjourn to next regular meeting on September 14, 2023, unless meeting is cancelled by the Chair.](#)

Disclosure of Campaign Contributions – LAFCO Commissioners are disqualified and are not able to participate in proceedings involving an “entitlement for use” if, within the 12 months preceding the LAFCO decision, the Commissioner received more than \$250 in campaign contributions from the applicant, an agent of the applicant or a financially interested person who actively supports or opposes the LAFCO decision on this matter.

Those who have made such contributions are required to disclose that fact for the official record of the proceedings. Disclosures must include the amount of the contribution and the recipient Commissioner and may be made either in writing to the Executive Officer of the Commission prior to the hearing or by an oral declaration at the time of the hearing.

The foregoing requirements are set forth in the Political Reform Act of 1974, specifically in Government Code section 84308.

Disability Accommodations - Persons with a disability who require any disability-related modification or accommodation, including auxiliary aids or services, in order to participate in the meeting are asked to contact the LAFCO Clerk’s Office at least three (3) days prior to the meeting by telephone at 831-636-4000, Ext. 13 or by email at Vdelgado@cosb.us.



**SAN BENITO COUNTY
AGENDA ITEM
TRANSMITTAL FORM**

Angela Curro
Board of Supervisors

Bea Gonzalez
Boad of Supervisors

Mia Casey
Holister City Council

Leslie Jordan
San Juan Bautista
City Council

Richard
Bettencourt
Public Member

Item Number: 2.1

MEETING DATE: 08/10/2023

DEPARTMENT: CLERK OF THE BOARD

AGENDA ITEM PREPARER: Vanessa Delgado

SUBJECT:

RECITATION OF PLEDGE OF ALLEGIANCE BY COMMISSIONER BEA GONZALES.

AGENDA SECTION:

Recitation of the Pledge of Allegiance

BACKGROUND/SUMMARY:

N/A

ATTACHMENTS:



**SAN BENITO COUNTY
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Leslie Jordan
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City Council

Richard
Bettencourt
Public Member

Item Number: 3.1

MEETING DATE: 08/10/2023

DEPARTMENT: CLERK OF THE BOARD

AGENDA ITEM PREPARER: Vanessa Delgado

SUBJECT:

APPROVE AFFIDAVIT OF POSTING AGENDA

AGENDA SECTION:

Approve Affidavit of Posting Agenda

BACKGROUND/SUMMARY:

N/A

ATTACHMENTS:

[LAFCO Certificate of Posting 8.10.23](#)

*LOCAL AGENCY FORMATION COMMISSION
2301 Technology Parkway
Hollister, CA 95023*



CERTIFICATE OF POSTING

Pursuant to Government Code § 59454.2(a) I, Vanessa Delgado, Clerk of the Board of Supervisors, certify that the REGULAR MEETING AGENDA for the

SAN BENITO COUNTY LOCAL AGENCY FORMATION COMMISSION

Scheduled for August 10, 2023 was posted at the San Benito County Planning Department, 2301 Technology Parkway, Hollister, CA and at the San Benito County Administration Office, 481 Fourth Street, Hollister, CA on this 3rd Day of August, 2023.

All locations freely accessible to the general public.

Vanessa Delgado

Vanessa Delgado
Clerk of the Board of Supervisors



**SAN BENITO COUNTY
AGENDA ITEM
TRANSMITTAL FORM**

Angela Curro
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Public Member

Item Number: 5.1

MEETING DATE: 08/10/2023

DEPARTMENT: CLERK OF THE BOARD

AGENDA ITEM PREPARER: Vanessa Delgado

SUBJECT:

APPROVAL OF MINUTES: MAY 11, 2023 REGULAR MEETING AND JUNE 8 2023 REGULAR MEETING

AGENDA SECTION:

BUSINESS ITEMS - GENERAL BUSINESS, NON-HEARING ITEMS

BACKGROUND/SUMMARY:

See attached minutes.

ATTACHMENTS:

[5-11-2023 LAFCO Minutes](#)

[6-8-2023 LAFCO Minutes](#)



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Board of Supervisors Chambers 481 Fourth Street, Hollister, CA 95023
LAFCO - REGULAR SESSION- May 11, 2023
4:00 PM

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Webinar Password: 805341

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If you have any questions, please contact the LAFCO Clerk at (831) 636-4000, Ext. 13 or email Vdelgado@cosb.us.

1. Call to Order and Roll Call

The meeting was called to order at 4:01pm by Chair Angela Curro. Those present were Commissioners Mia Casey, Richard Bettencourt, Bea Gonzales, Leslie Jordan, as well as Counsel County Barbara Thompson, Interim Executive Officer Darren McBain and Clerk of the Board Vanessa Delgado. Commissioner Jordan arrived at 4:25pm.

2. Recitation of the Pledge of Allegiance

The Pledge of Allegiance was led by Commissioner Casey.

3. Approve Affidavit of Posting Agenda

3.1 Approve Affidavit of Posting Agenda

Moved by Bea Gonzales; seconded by Mia Casey to Approve Affidavit of Posting Agenda.

Motion : 4- 0

Voting For: Angela Curro, Bea Gonzales, Mia Casey, Richard Bettencourt

Voting Against: None

Absent: Leslie Jordan

4. PUBLIC COMMENT PERIOD - This is an opportunity for members of the public to speak on items that are not on the agenda.

There were no public comments.

5. CONSENT AGENDA

- 5.1 Approval of Minutes: March 9, 2023 Regular Meeting, March 20, 2023 Special Meeting, and April 6, 2023 Regular Meeting.

There were no public comments.

Moved by Mia Casey; seconded by Richard Bettencourt to approve minutes of the March 9, 2023, March 20, 2023, and April 6, 2023 Commission Meetings.

Motion : 4- 0

Voting For: Angela Curro, Bea Gonzales, Mia Casey, Richard Bettencourt

Voting Against: None

Absent: Leslie Jordan

6. BUSINESS ITEMS (NON-HEARING ITEMS)

- 6.1 Receive executed Interim Executive Officer services contract with LAFCO of Monterey County.

Chair Curro introduced the Interim Executive Officer Darren McBain from the Monterey County LAFCO.

Interim Executive Officer Darren McBain introduced himself, and noted he had a copy of the executed services agreement between San Benito LAFCO and Monterey County LAFCO

There were no public comments.

The commissioners welcomed Mr. McBain.

Commissioner Gonzales requested an item at the next meeting on what a Municipal Service Review is, the definition, who's covered under it, and what role LAFCO plays in it. Ms. Gonzales stated it was not transparent as to how the contract was secured and hopes all future contracts be provided to the public.

- 6.2 Update on permanent Executive Officer recruitment.

Interim Executive Officer Darren McBain informed the Commission that he has distributed the recruitment flyer to potential sources of qualified candidates which include CALAFCO, California Chapter of the American Planning Associates along with 10 to 12 Consulting Firms and will keep the Commission informed. He recommended

the Commission consider appointing two members to an ad hoc to review any responses received from potential candidates.

There were no public comments.

There was discussion among the commissioners and the Interim Executive Officer regarding the last recruitment process, possibly reaching out to the previous candidates to see if they are still interested, the San Benito County Human Resources department not participating in the current recruitment, having a two-person ad hoc committee for this recruitment process, and the possibility of hiring an outside recruiter.

Moved by Bea Gonzales; seconded by Richard Bettencourt to approve a two-person ad hoc committee and assign Commissioners Casey and Curro to the Ad Hoc.

Motion : 4- 0

Voting For: Angela Curro, Bea Gonzales, Mia Casey, Richard Bettencourt

Voting Against: None

Absent: Leslie Jordan

6.3 Update on retention of legal counsel.

Interim EO McBain informed the commission that he had reached out to four qualified law firms with LAFCO experience, had received three responses, anticipated to bring this item back to the June meeting for a status update, and the possibility of having an action item for the commission to speak to the candidates, in order to make a selection or consider other possible alternatives.

There were two public comments from Robert Gibson and Elia Salinas regarding retaining outside counsel.

There was discussion among the commission and staff in support of retaining outside counsel and having the firms attend the next meeting, having the interviews in open session versus closed session, the logistics of the interviews so other firms do not listen in to the questions being asked, having the interview part of the meeting be in person only and not available online to the public, and delegating specific authority to execute a contract for the person that is selected.

County Counsel Barbara Thompson informed the commission that interviews could be done in open or closed session because it's serving as legal counsel to the commission and suggested staggering the times the law firms come to the meeting, so that the various firms aren't present during the other interviews.

6.4 Receive Commissioner Handbook

Interim EO McBain suggested the commissioners review the handbook and bring it back to a future meeting to make changes or corrections to the handbook.

There was one public comment from Elia Salinas.

There was discussion among the commissioners regarding alternates not being able to make public comments, requesting that alternates be able to comment, adding the parameters and authority of LAFCO to the handbook, and adding what LAFCO is about and what MSRs are to the handbook.

6.5 Schedule of 2023 regular LAFCO meetings.

Interim EO McBain informed the commission of the meeting dates for the rest of the calendar year and requested they adopt the schedule with no meeting in July.

There was one public comment from Elia Salinas.

There was discussion among the commissioners regarding the change in time of the meeting to 4:00 PM, not having a meeting in July but having the possibility of a special meeting if needed.

Moved by Bea Gonzales; seconded by Mia Casey to approve the calendar as presented and having special meetings as needed.

Motion : 5- 0

Voting For: Angela Curro, Bea Gonzales, Mia Casey, Leslie Jordan, Richard Bettencourt

Voting Against: None

6.6 Report on CALAFCO activities.

Interim EO McBain informed the commission that San Benito LAFCO is a long standing dues paying member of California Association of LAFCOs, gave information on the annual conference and membership meeting of CALAFCO that will be held in Monterey on October 18th through the 20th at the Hyatt Regency and Commissioners are encouraged to attend.

There was one public comment from Elia Salinas.

There was discussion among the commissioners and the Interim Executive Officer regarding if there would be a limit to the amount of commissioners that could attend this year, the proposed budget amount for the 23-24 budget, the cost of the conference, informing the Interim EO if they wish to attend, the open seats on the CALAFCO Board

of Directors for the Coastal Region, and having nominations prepared for the following meeting.

6.7 Interim Executive Officer status report on pending proposals and other LAFCO business items

Interim EO McBain provided a brief overview of some of the items that will or may involve LACFO in the future such as the City of Hollister releasing a draft General Plan regarding an area of Union Road that they would like to explore as a Sphere of Influence amendment, if approved by LAFCO this would indicate an area that would be considered appropriate for potential annexation to the city in the future. The City of Hollister currently has two annexations on file. and another potential site on the north side of Hillcrest Rd., a developer that is interested in potentially proposing an annexation to the City of San Juan Bautista on the southside of Hwy 156, Sunnyslope Water District has also identified three areas that are outside the district's current boundary that the district has identified as part of the Water System Consolidation Plans, and. a LAFCO fee schedule for review.

Mr. McBain recommend the commissioners consider these items among other objectives and ideas that Commissioner's may have and want to work with the permanent Executive Officer interims of developing a work plan and identifying priorities.

There was one public comment by Elia Salinas.

There was discussion among the commissioners, Interim Executive Officer Darren McBain, and County Counsel Barbara Thompson regarding the authority that LAFCO would have on the projects mentioned, bringing the issue of MSR's and the role of LAFCO as a future agenda item, and revenues and fee schedule of LAFCO.

7. PUBLIC HEARING

7.1 Proposed annual LAFCO budget for Fiscal Year 2023-24 (first hearing)

Interim EO McBain gave a brief overview of the budget. In the proposed budget detail for the fiscal year 2023-2024 such as the line item for cost allocation plan which shows a cost of \$33,621.00 carried over from the current fiscal year. He explained that the anticipated LAFCO share of the cost allocation plan is projected to be \$10,541.00 so this budget can be revised down by \$23,00.000 on that basis, and State law requiring that LAFCO hold two public hearings regarding the adoption of an annual budget.

Mr. McBain recommended two changes to the status quo which are listed at the top of page two of the staff report, the annual budget be increased from \$166,356.00 to approximately \$246,000.00 once the adjustment is made and that the Commission discontinue the current practice of taking unexpended fiscal year end funds and applying them as an available fund balance to partly finance or offset the following fiscal year's budget instead. He recommended the Commission review the proposed budget for fiscal year 2023-2024, accept public testimony and approve the proposed budget with any modifications and to direct staff to distribute the proposed budget to the cities and special districts in the county as required by state law and return to the Commissioner with the final budget for consideration at the June 8th meeting.

There were two public comments from Elia Salinas and Robert Gibson.

There was discussion among the commissioners and the Interim Executive Officer regarding possibly having a quarterly budget update and having a cap on the reserve account.

Moved by Mia Casey; seconded by Leslie Jordan to approve the proposed budget with the adjustment as discussed.

Motion : 5- 0

Voting For: Angela Curro, Bea Gonzales, Mia Casey, Leslie Jordan, Richard Bettencourt

Voting Against: None

8. INFORMATIONAL

8.1 Commissioner announcements and requests for future agenda items

There was one public comment from Elia Salinas.

9. ADJOURNMENT

9.1 Adjourn to next regular meeting on June 8, 2023, unless meeting is cancelled by the Chair.

Moved by Leslie Jordan; seconded by Mia Casey to adjourn to the next meeting on June 8, 2023 at 4:00pm.

Motion : 5- 0

Voting For: Angela Curro, Bea Gonzales, Mia Casey, Leslie Jordan, Richard Bettencourt

Voting Against: None

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Board of Supervisors Chambers 481 Fourth Street, Hollister, CA 95023

**LAFCO - REGULAR SESSION-
June 8, 2023 – 4:00 PM**

Zoom and Peak Agenda viewing will only be available to the public through Section 5 - Public Hearing on the agenda. No Zoom or Peak Agenda viewing will be available for the Interviews for LAFCO counsel during Item #6.1. If you wish to watch the rest of the meeting after Item 5, please be present in person at the meeting location.

Members of the public may participate remotely via zoom at the following link <https://zoom.us/join> with the following Webinar ID and Password:

Webinar ID: 895 1725 5186

Webinar Password: 485315

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1. Call to Order and Roll Call

The meeting was called to order at 4:01pm by Chair Angela Curro. Those present were Commissioners Mia Casey, Richard Bettencourt, Bea Gonzales, Leslie Jordan as well as County Counsel Barbara Thompson, Interim Executive Officer Darren McBain and Clerk of the Board Vanessa Delgado.

2. Recitation of the Pledge of Allegiance

- 2.1 Recitation of Pledge of Allegiance by Commissioner Richard Bettencourt.
Pledge of Allegiance was led by Commissioner Bettencourt.

3. Approve Affidavit of Posting Agenda

- 3.1 Approve Affidavit of Posting Agenda

Moved by Bea Gonzales; seconded by Richard Bettencourt to approve Affidavit of Posting Agenda.

Motion : 5- 0

Voting For: Angela Curro, Bea Gonzales, Mia Casey, Leslie Jordan, Richard Bettencourt

Voting Against: None

4. PUBLIC COMMENT PERIOD - This is an opportunity for members of the public to speak on items that are not on the agenda

There were no public comments.

5. PUBLIC HEARING

5.1 Final Annual LAFCO Budget for Fiscal Year 2023-24 (Second Hearing)

Interim EO Darren McBain informed the Commission this agenda item finalizes and ratifies the decision made by the Commission at the May 11, 2023 meeting. Since then staff has distributed the approved proposed budget to local public agencies as required by state law and has received no comments from agencies or the public. Therefore, staff is recommending that the Commission adopt the draft resolution, which approves the final budget and directs staff to distribute it to local agencies. The Resolution further authorizes the Auditor Controller to invoice the County and the two Cities for their full respective cost share allocations of LAFCO's fiscal year 23-24 budget, rather than crediting the remaining fiscal year 22-23 balance to result in a reduced invoice amount. This Resolution also directs staff to work with the County's Auditor Controller's Office to establish a dedicated financial reserve account and transfer the fiscal year-end balance into this account. Lastly, this Resolution directs staff to bring back policy options to cap the new reserve account at a preset dollar amount or at an approximate percentage of the annual budget to a future commission meeting for further discussion and consideration of a specific policy. Staff will bring these last items back to the August meeting with an update and possible action for the commission to consider at that time.

There was one public comment from Elia Salinas.

There was discussion among the commission and staff regarding establishment of a reserve account and discontinuing the past practice of applying unspent year-end funds to the next fiscal year's budget, adding quarterly financial reporting to future LAFCO agendas, and LAFCO's contribution to the County's cost allocation plan for certain administrative tasks.

Moved by Leslie Jordan; seconded by Mia Casey to Approve the budget for fiscal year 2023-2024 including adopting the Resolution per staff recommendation.

Motion : 5- 0

Voting For: Angela Curro, Bea Gonzales, Mia Casey, Leslie Jordan, Richard Bettencourt

Voting Against: None

6. BUSINESS ITEMS - GENERAL BUSINESS, NON-HEARING ITEMS

6.1 Retention of legal counsel

Interim EO McBain introduced the item and discussed that commissioners would be interviewing two attorneys representing private law firms (Best Best & Krieger, LLP and Colantuono, Highsmith & Whatley, PC) as candidates to become LAFCO's general counsel. A third law firm had withdrawn from consideration in the week before the June 8 meeting. Chair Curro stated that she and the Interim EO had developed five standardized questions as a guideline for the interviews.

There was one public comment from Elia Salinas.

Commissioners discussed the background for this item being included on the June 8 meeting agenda. County Counsel, as LAFCO's current general counsel, advised that it was valid and permissible for the law firm interviews to proceed as scheduled for the June 8 meeting.

Commissioner Bettencourt had an additional question for the firms:
How would you deal with this LAFCO commission voting negatively against the Executive Officer and advise of the Attorney?

Commissioners interviewed the two attorney candidates in turn, using the five previously developed questions and an additional question that Vice Chair Bettencourt had suggested. Each attorney gave closing comments and remarks.

There was one public comment by Elia Salinas.

There was discussion among the Commissioners regarding the two law firms interviewed.

Moved by Mia Casey; seconded by Bea Gonzales to authorize the Commission Chair to execute a contract with Best Best and Krieger LLP as Legal Counsel provided that BBK agree to bill their travel time at 50% of their normal billing rate.

Motion : 5- 0

Voting For: Angela Curro, Bea Gonzales, Mia Casey, Leslie Jordan, Richard Bettencourt

Voting Against: None

6.2 Consider an Agreement with Policy Consulting Associates for Supplemental Staffing Services

Interim EO McBain introduced the draft agreement for supplemental staff services and discussed LAFCO's needs for processing annexation applications and preparing municipal service reviews, the pending annexation applications to the City of Hollister, the scope and duration of his contract as Interim Executive Officer, MSR's completed by LAFCO since 2007, the interest of the commission to prepare new MSR's for local agencies, and the need for additional assistance.

Chair Curro provided additional context for this item being on the agenda.

There was discussion among the Commission and staff regarding meeting and interviewing Jennifer Stephenson as Principal representing Policy Consulting Associates.

Ms. Stephenson introduced herself and gave the commission a brief description of her background, qualifications and services.

There were no public comments.

There was discussion among the Commission and staff as to timing and the MSR's that should be prioritized, with an initial priority focus on potential options for the City of Hollister's wastewater treatment plant as a solution for regional wastewater needs.

Chair Curro requested a future agenda item for the August meeting to have Ms. Stephenson bring to the Commission a discussion of the MSR process LAFCO's regulatory responsibilities and authority related to MSR's.

Moved by Bea Gonzales; seconded by Richard Bettencourt to authorize the Commission Chair to approve the draft agreement with Policy Consulting Associates .

Motion : 5- 0

Voting For: Angela Curro, Bea Gonzales, Mia Casey, Leslie Jordan, Richard Bettencourt

Voting Against: None

6.3 Approval of Minutes: May 11, 2023 Regular Meeting

Commissioner Curro requested to have this item continued to the next meeting in August to allow for additional review of the draft meeting minutes regarding retention of legal counsel.

6.4 Report on CALAFCO activities

Interim EO McBain provided information on the 2023 Annual Conference which is being held in Monterey this year on October 18th through the 20th, the process for registration, designating a regular and alternate voting delegate and the duties of the delegate, potential nominations for the CALAFCO Board of Directors for the City Member and Public Member seats for CALAFCO's coastal region, and potential 2023 Achievement Award nominations.

There was one public comment from Elia Salinas.

There was general discussion among the Commission and staff regarding the 2023 Annual Conference. The Commission designated Chair Curro as the regular voting delegate and Vice Chair Bettencourt as the alternate voting delegate.

Commissioner Jordan asked to bring back a potential City Representative nomination to the next meeting for further consideration.

There was one public comment from Elia Salinas.

The Commission voted to nominate Vice Chair Bettencourt for a CALAFCO Achievement Award in the category of Outstanding Commissioner and/or Lifetime Achievement, and authorized

Alternate Public Member Elia Salinas to draft the nomination and coordinate with Interim EO McBain.

Moved by Leslie Jordan; seconded by Richard Bettencourt to nominate Commissioner Bettencourt for a CALAFCO Achievement Award.

Motion : 5- 0

Voting For: Angela Curro, Bea Gonzales, Mia Casey, Leslie Jordan, Richard Bettencourt

Voting Against: None

7. INFORMATIONAL

7.1 Executive Officer Communications

Interim EO Darren McBain provided information on items to come before the commission in August, updates on the annexation applications, general discussion of municipal service reviews and status of the initial MSR, a financial reserve account being established and an action item for the commission to consider policy options to capping the reserve account, and an item regarding quarterly financial reporting and changes to the Commissioner Handbook.

There were no public comments.

7.2 Commissioner announcements and requests for future agenda items

There was discussion among the Commission and staff regarding future agenda items.

Commissioner Bettencourt requested to have an agenda item regarding public comments, an item regarding applicants for the Executive Officer position and qualifications required and an item regarding the Handbook.

Commissioner Jordan requested bringing back the CALAFCO board of directors City Member potential nomination on the August agenda.

There were no public comments.

8. ADJOURNMENT

8.1 Adjourn to next regular meeting on August 10, 2023, unless meeting is cancelled by the Chair.

Moved by Bea Gonzales; seconded by Mia Casey to adjourn the meeting at 6:44 PM.

Motion : 5- 0

Voting For: Angela Curro, Bea Gonzales, Mia Casey, Leslie Jordan, Richard Bettencourt

Voting Against: None

Disclosure of Campaign Contributions – LAFCO Commissioners are disqualified and are not able to participate in proceedings involving an “entitlement for use” if, within the 12 months preceding the LAFCO decision, the Commissioner received more than \$250 in campaign contributions from the applicant, an agent of the applicant or a financially interested person who actively supports or opposes the LAFCO decision on this matter.

Those who have made such contributions are required to disclose that fact for the official record of the proceedings. Disclosures must include the amount of the contribution and the recipient Commissioner and may be made either in writing to the Executive Officer of the Commission prior to the hearing or by an oral declaration at the time of the hearing.

The foregoing requirements are set forth in the Political Reform Act of 1974, specifically in Government Code section 84308.

Disability Accommodations - Persons with a disability who require any disability-related modification or accommodation, including auxiliary aids or services, in order to participate in the meeting are asked to contact the LAFCO Clerk’s Office at least three (3) days prior to the meeting by telephone at 831-636-4000, Ext. 13 or by email at Vdelgado@cosb.us.



**SAN BENITO COUNTY
AGENDA ITEM
TRANSMITTAL FORM**

Angela Curro
Board of Supervisors

Bea Gonzalez
Boad of Supervisors

Mia Casey
Holister City Council

Leslie Jordan
San Juan Bautista
City Council

Richard
Bettencourt
Public Member

Item Number: 5.2

MEETING DATE: 08/10/2023

DEPARTMENT: CLERK OF THE BOARD

AGENDA ITEM PREPARER: Vanessa Delgado

SUBJECT:

RETENTION OF LEGAL COUNSEL

AGENDA SECTION:

BUSINESS ITEMS - GENERAL BUSINESS, NON-HEARING ITEMS

BACKGROUND/SUMMARY:

RECOMMENDATION:

Consider authorizing the Commission Chair to execute an agreement for legal services, or provide other direction to staff.

For many years, LAFCO has received General Counsel legal services from the Office of the County Counsel. Commissioners have expressed interest in moving to obtain legal counsel from a private law firm.

At the June 8 regular meeting, the Commission interviewed attorneys, received a sample draft services agreement, and voted to authorize the Commission Chair to enter into an agreement for legal services with the law firm Best Best and Krieger (BBK; Joshua Nelson, partner).

The Commission's authorization to execute the contract was tentative, subject to BBK agreeing to bill travel time at 50% for any in-person meeting participation that may be needed.

After discussions and consideration, BBK has respectfully concluded that they are unable to accommodate the request to bill travel time at 50%. Mr. Nelson explained that the requested reduction would create fairness concerns regarding BBK's contracts with other clients, which do not include such a provision.

BBK remains willing and able to contract as the Commission's legal counsel at the rates that the Commission reviewed last month as part of BBK's statement of qualifications (reattached to the current

agenda). However, because it will not be possible for the service agreement to incorporate the Commission's direction regarding travel time, staff is bringing back the matter of hiring legal counsel for further Commission discussion and consideration. The Commission has discretion to either proceed with BBK or provide other direction to staff.

Note: BBK's nearest offices are located in Walnut Creek and Sacramento, and Mr. Nelson is based out of their Sacramento office. Staff anticipates that most or all of BBK's meeting participation in the foreseeable future would occur remotely (by Zoom or similar) and would therefore not incur travel time.

An initial draft contract for legal services is attached to this report for reference, subject to refinement in coordination with BBK prior to signatures, should the Commission wish to proceed with BBK.

Respectfully submitted-
Darren McBain
Interim Executive Officer

ATTACHMENTS:

[BBK Qualifications for San Benito County LAFCO - Legal Services](#)
[Draft agreement for legal services](#)



Statement of Qualifications for Legal Counsel

Presented to:

San Benito County LAFCO

May 31, 2023

Joshua Nelson
500 Capitol Mall, Suite 1700
Sacramento, CA 95814
(916) 551-2859
joshua.nelson@bbklaw.com

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QUALIFICATIONS AND SUMMARY OF PREVIOUS WORK EXPERIENCE

Best Best & Krieger LLP (BBK) is a limited liability partnership established in 1891. BBK is best suited to serve as San Benito County LAFCO’s legal counsel because we provide hands-on, personalized advice from two dedicated attorneys while drawing on extensive, firm-wide knowledge as needed. We have the experience of a large firm and provide a unique understanding of public agency law.

We are the largest firm in California whose practice is primarily focused on the representation of public entities. We work in the public interest and on many of the most challenging issues our society faces today. Our experience with public agencies, especially those in Northern California, combined with our nationally recognized practice in municipal and environmental law, allows us to efficiently, intelligently and meaningfully assist clients with complex, multidisciplinary issues. We provide creative solutions and will successfully guide San Benito County LAFCO through legal complexities and governmental mandates.

BB&K has served as general counsel to the following in recent years:

| LAFCO Client | Providing Legal Services Since |
|--|--------------------------------|
| California Association of Local Agency Formation Commissions (CALAFCO) | 1985 |
| San Bernardino County LAFCO | 1985 |
| Orange County LAFCO | 1994 |
| El Dorado County LAFCO | 2004 |
| Merced County LAFCO | 2006 |
| Santa Clara County LAFCO | 2009 |
| Marin LAFCO | 2018 |
| Santa Cruz County LAFCO | 2021 |
| Solano County LAFCO | 2022 |

In addition, we have performed special counsel work for Los Angeles County LAFCO and Monterey County LAFCO and are currently providing special counsel services for Contra Costa LAFCO.

Our attorneys address every legal area of interest to LAFCOs. They have an in-depth knowledge of the following:

- The function and purpose of the LAFCO
- The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and amendments (CKH Reorganization Act)
- Adopting and defending spheres of influence
- Propositions 13 and 218 in the LAFCO context
- Revenue neutrality
- Island annexations

- Consolidations
- Complex and frequently changing laws pertaining to local government administration, organization, regulations, transactions and litigation matters relating to LAFCOs
- Pre-zoning and pre-annexation agreements
- Statutory compliance
- Contracting
- California Environmental Quality Act (CEQA) and water quality
- Personnel and employment
- Intergovernmental relations
- Real estate
- Real property taxes
- Special taxes and assessments
- Land use, planning, and zoning laws
- Ethical issues such as the Ralph M. Brown Act, Political Reform Act, Public Records Act, and conflicts of interest

Our attorneys regularly write and lecture on topics of interest to public agencies, including the CKH Reorganization Act, the Ralph M. Brown Act, the Public Records Act, labor issues, the Political Reform Act and other conflict of interest issues, CEQA and developments in public law and water law.

BBK is an active member of numerous state and national public law organizations and associations, such as CALAFCO, the League of California Cities, the California State Association of Counties, the California Chapter of the American Planning Association, the Association of Environmental Professionals and the Urban Land Institute. Through our extensive experience providing legal counsel to various LAFCOs throughout California, BBK attorneys are exceedingly knowledgeable about how LAFCOs operate and well-versed in all aspects of LAFCO law.

MEETING AVAILABILITY

BBK proposes that **Josh Nelson** serve as General Counsel to San Benito County LAFCO and **Mala Subramanian** serve as Backup General Counsel. Josh will be the primary contact person for all matters and will supervise all legal services provided by our firm.

Josh is available to attend in person all San Benito County LAFCO regular meetings (held on the second Thursday of each month, beginning at 4:00 p.m.). Josh can also attend meetings virtually, as a cost savings to San Benito County LAFCO. We routinely attend meetings virtually with other LAFCOs we work with.

If Josh is unable to attend a regular meeting, Mala will serve as backup to ensure continuity of General Counsel coverage for San Benito County LAFCO.

If San Benito County LAFCO has any capacity to reschedule their regular meetings, Mala would be willing to serve as primary General Counsel.

CONFLICTS OF INTEREST

BBK does not have any actual conflicts of interest with San Benito LAFCO at this time. However, BBK does represent the County of San Benito on various matters. We likely may be able to represent San Benito LAFCO and the County of San Benito concurrently on separate matters. However, it is possible there may be potential conflicts of interests that may arise depending on the position of the County and San Benito LAFCO on such matters. On a case by case basis, we may need to seek informed consent from San Benito LAFCO and the County depending on the specific matter if needed.

FEES/COMPENSATION

BBK recognizes the need to keep legal costs under control. We have a longstanding commitment to the affordable delivery of legal services to municipalities and public agencies. Given our experience, we often get the job done in much less time, resulting in lower costs. In addition, BBK partners are thoughtful of staffing routine tasks to associates and paralegals, when appropriate, who are billed at much lower rates for cost considerations.

A. Hourly Rates

Proposed Hourly Rates for Basic Legal Services

Basic legal services include all services provided to San Benito County LAFCO that are not otherwise specifically identified below as Special Legal Services, and are billed as follows:

| Personnel | Hourly Rate |
|-------------------------------------|--------------------|
| Attorneys | \$325 per hour |
| Paralegals, Law Clerks and Analysts | \$175 per hour |

Proposed Hourly Rates for Special Legal Services

For special legal services as listed below, BBK proposes the following rates in the event San Benito County LAFCO may have need:

| Personnel | Hourly Rate |
|-------------------------------------|--------------------|
| Attorneys | \$355 per hour |
| Paralegals, Law Clerks and Analysts | \$185 per hour |

Special Legal Services shall include the following types of services:

- Litigation and formal administrative or other adjudicatory hearing matters
- Labor relations and employment matters
- Non-routine real estate matters (e.g., CC&Rs, deed or title work)
- Land acquisition and disposal matters (including pre-condemnation)
- Successor Agency and housing matters
- Taxes, fees and charges matters (e.g., Prop. 218 & Mitigation Fee Act)
- Public construction disputes
- Non-routine contract negotiation matters (including non-BBK model agreements and franchise agreements)
- Non-routine land use and development matters (including general plan updates, Williamson Act issues, annexations and development agreements)
- Environmental matters (e.g., CEQA, NEPA, endangered species)

- Water law matters (e.g., water rights & quality)
- Tax and ERISA related matters
- Toxic substances matters (e.g., CERCLA, RCRA)
- Complex public utility matters (e.g., electric, natural gas, telecommunications, water, rail or transit that involve state or federal regulatory issues)
- Renewable energy and energy efficiency project contracts and power purchase agreements
- Intergovernmental Relations and Advocacy efforts (e.g., legislative and regulatory representation) at the federal and state level.
- Non-routine election law matters, including election law litigation.
- PRA Policy drafting including reviewing, assessing, and updating records-related policies to reflect current legal standards and best practices.
- Other matters mutually agreed upon between BBK and San Benito County LAFCO.

B. Reimbursements

BBK does not charge for routine word processing, legal assistants, clerical costs, administrative support staff, secretarial costs, and office costs, including telephone and fax charges. Reimbursement of costs advanced by BBK on behalf of San Benito County LAFCO as well as other expenses will be billed at actual cost. These currently include, but are not limited to, mileage at the IRS authorized rate; actual expenses for being away from our offices on San Benito County business; postage; legal research; and any cost of printing or reproducing documents, photographs, electronically stored information (ESI) if needed or other items necessary for legal representation.

APPENDIX A

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PARTNER

Joshua Nelson

✉ joshua.nelson@bbklaw.com ☎ (916) 551-2859

📍 Sacramento



Josh Nelson is a member of Best Best & Krieger LLP's Municipal Law practice group and provides city attorney and general counsel services to cities, special districts and joint powers authorities. Josh currently serves as General Counsel to Santa Cruz County LAFCO. Other representative clients include the Delta Conveyance Design and Construction Authority, North Tahoe Public Utility District, Sonoma Clean Power and Soquel Creek Water District.

Josh's general governance work includes an emphasis on conflicts of interest and ethics, especially regarding contracting. He regularly speaks on Government Code section 1090, the Political Reform Act and legal conflicts of interest. He also has significant experience with all manner of joint powers agreements, including forming and advising joint powers authorities and public agencies that act as parties to joint powers agreements or members of a joint powers authority.

He assists clients with solid waste issues, including franchising, landfill operations, leasing, permitting and closure/post-closure compliance, diversion requirements and construction and demolition programs. This includes ensuring local agencies comply with rapidly changing regulatory requirements, including Senate Bill 1383.

Josh further assists public agency clients with proceedings before local agency formation commissions. This includes annexations, detachments, consolidations and other

CORE PRACTICES

- California Public Utilities Commission
- Environmental Law & Natural Resources
- Fees, Taxes & Assessments
- Municipal Law
- Special Districts
- Local Agency Formation Commission (LAFCO)
- Energy

reorganizations.

Other areas of focus include Proposition 218/26 compliance, telecommunications and energy issues, including community choice aggregation. Josh regularly represents public and private clients before the California Public Utilities Commission on water, energy and telecommunications matters.

Josh serves as the office managing partner for BB&K's Sacramento office.

Thought Leadership

Publications

- "Many California Cities May Not be Receiving Full Cable Franchise Fee," *BBKnowledge*, Aug. 16, 2017
- "No Longer Business-As-Usual for the CPUC?" *BBKnowledge*, June 29, 2016
- "AB 327 Threatens Existing Solar and Renewable Projects in California" *PublicCEO*, Feb. 5, 2014 (via *BBKnowledge*)

Presentations

- "Legislative Strategy & Legal Updates: Primer on Prevailing Wage Requirements," California Association of Resource Conservation Districts Annual Conference, Jan. 21, 2022
- "Ethical Issues: CEQA in the COVID-19 Era," 16th Annual CEQA Conference, Continuing Legal Education International, Dec. 7-8, 2020
- "Short-Term Rentals: Burdens and Opportunities," BB&K Webinar, April 27, 2017
- "Administrative Remedies," BB&K's From Code Compliance to Fighting Fire-Traps: How to Deal with Dangerous Dwellings in Your City Webinar Series, Jan. 19, 2017
- "Lorman Seminar: What You Need to Know About Public Records and Open Meetings in California," Lorman Education Services, Feb. 14, 2013

EDUCATION & ADMISSIONS

Education

University of California, Davis
School of Law, J.D.

Cornell University, B.S., industrial
and labor relations

Bar Admissions

California

Nevada

LANGUAGES

English



PARTNER

Malathy Subramanian

✉ msubramanian@bbklaw.com

☎ (925) 977-3303 📍 Walnut Creek



Malathy Subramanian represents a diverse set of public agencies throughout Northern California as a partner in the Municipal Law practice group of Best Best & Krieger LLP's Walnut Creek office and also serves as Office Managing Partner. Mala serves as city attorney for Albany, Clayton and Lafayette. She also serves as general counsel to El Dorado LAFCO, Marin LAFCO, Merced LAFCO, Santa Clara LAFCO, Solano LAFCO and various joint powers authorities and special districts.

Land Use

Mala guides clients through the various questions and hurdles that arise with development projects, including the Subdivision Map Act, the Housing Accountability Act and others.

Brown Act, Public Records Act and Conflict of Interest

In addition to regularly representing her clients at their public meetings, she frequently trains them on the Public Records Act, the Brown Act, conflicts of interest and AB 1234 ethics compliance.

Transportation

Transportation projects involve many different agencies and legal hurdles. Mala enjoys working on complex projects and collaborating with other BB&K attorneys on finance, the California Environmental Quality Act, public contracts and election law. She served as general counsel to Contra Costa Transportation Authority and assisted the Authority in

CORE PRACTICES

Housing, Economic Development and Real Estate

Government Policy & Public Integrity

Local Agency Formation Commission (LAFCO)

Municipal Law

Special Districts

Transportation

California Public Records Act

its effort to place a half-cent sales tax on the March 2020 ballot.

She has served as president of the Contra Costa County City Attorney Association and as president of the Bay Area City Attorney Association.

Accolades

- Land Use and Zoning Law Lawyer of the Year in Oakland, Best Lawyers®, 2023
- The Best Lawyers in America®, Land Use and Zoning Law & Municipal Law, 2020–2023

EDUCATION & ADMISSIONS

Education

UC College of the Law, San Francisco (formerly Hastings), J.D.

University of California, San Diego, B.A.

Bar Admissions

California

LANGUAGES

English

AGREEMENT FOR LEGAL SERVICES

This AGREEMENT is made and entered into by and between the San Benito Local Agency Formation Commission, hereinafter referred to as “LAFCO”, and the law firm of _____, hereinafter referred to as “Counsel.” LAFCO and Counsel agree to the following terms and conditions by which Counsel will be engaged to represent LAFCO in connection with the provision of legal services.

RECITALS

- A. WHEREAS, LAFCO desires to obtain from Counsel all legal services which Counsel can provide in the capacity of legal counsel for LAFCO; and
- B. WHEREAS, this Agreement is entered into pursuant to the provisions of Government Code section 56384(b).

NOW, THEREFORE, LAFCO and Counsel, for the consideration hereinafter named, agree as follows:

1.0 Scope of Services

1.1 Counsel shall perform all general and specialized legal services as may be required by LAFCO and shall attend all meetings of LAFCO as well as other meetings as required.

1.1.1 General Counsel Services

All services with the exception of the Special Counsel Services described in Section 1.1.2 shall be considered General Counsel Services for purposes of this Agreement.

1.1.2 Special Counsel Services

- A. Litigation and formal administrative or other adjudicatory hearing matters
- B. Labor relations and employment matters
- C. Non-routine real estate matters
- D. Land acquisition and disposal matters (including pre-condemnation)
- E. Taxes, fees and charges matters (e.g. Prop. 218 & Mitigation Fee Act)
- F. Non-routine contract negotiation matters
- G. Environmental law, water law and toxic substance matters
- H. Intergovernmental Relations and Advocacy efforts (e.g. legislative and regulatory representation) at the federal and state level.
- I. Other matters mutually agreed upon between Counsel and the Executive Officer.

2.0 **Personnel**

- 2.1 [Individual1] shall serve as legal counsel to LAFCO. [Individual1] shall be responsible for the performance of services hereunder and shall supervise any services performed by other members of Counsel.
- 2.2 [Individual2] shall provide backup to [Individual1] regarding the provision of legal services.
- 2.3 In addition, [Individual1] shall make available to LAFCO other Counsel attorneys having the requisite experience on LAFCO matters, and shall make available other Counsel attorneys services specifically requested by LAFCO or its staff.

3.0 **Compensation**

3.1 General Counsel Services:

LAFCO shall compensate Counsel on an hourly basis for General Counsel Services rendered as follows: _____

3.2 LAFCO shall compensate Counsel on an hourly basis for Special Counsel Services rendered as follows: _____

3.3 Counsel's hourly rates shall automatically increase effective for services provided by Counsel on and after _____ of every calendar year [*terms of any increases to be determined*].

3.4 Reimbursement of costs advanced by Counsel on LAFCO's behalf, as well as other expenses, shall be billed in addition to the amount billed for fees. These include automobile mileage at the current IRS approved rate per mile, actual expenses away from Counsel's office on LAFCO's business, and extraordinary photocopy charges. All costs will be itemized on LAFCO's monthly statement and supporting documents of the direct costs will be provided to LAFCO for payment. For purposes of mileage reimbursement to and from LAFCO meetings the parties agree that Counsel shall bill for mileage to and from its _____ office. Attorney travel time for attendance at LAFCO meetings shall be capped at _____ hours each meeting.

3.5 Counsel shall submit monthly to LAFCO a statement of account for services which clearly sets forth by date the type of work for which the billing is submitted. LAFCO shall review Counsel's monthly statements and pay Counsel for services rendered and costs incurred, as provided for in this Agreement, on a monthly basis.

4.0 **Insurance Coverage**

Counsel carries errors and omissions insurance with _____. After a standard deductible amount, this insurance provides coverage which exceeds what is required by the State of California. Counsel shall provide LAFCO with a copy of this insurance policy. Counsel agrees to notify LAFCO if this policy is cancelled or non-renewed.

5.0 **Mutual Cooperation**

- 5.1 Counsel will not represent LAFCO and one of Counsel’s public agency clients interacting with LAFCO unless both LAFCO and the public agency client have consented to such dual representation.
- 5.2 Counsel understands that clients interested in matters under California Rule of Professional Conduct 3-310 are clients qualifying as “affected agencies” under the Cortese-Knox-Hertzberg Act. Counsel will provide the Executive Officer notice under Rule 3-310 as clients appear on staff’s work in progress matrix or as counsel otherwise becomes aware of their involvement as “affected agencies.” The Executive Officer will forward such notices to the Commission prior to Commission workshops, or if no workshop occurs, with notices of hearings. The Executive Officer may acknowledge disclosures and may waive conflicts under Rule 3-310, subject to revocation by the Commission prior to the workshop or hearing.

6.0 **Term of Agreement**

This Agreement becomes effective on _____, 2023, and shall continue until _____. This Agreement may be extended by LAFCO with written notice to Counsel for an additional _____ - year term, which shall be provided by LAFCO prior to the expiration of the then-existing term. In addition, this Agreement may be terminated without cause by either party with thirty (30) days written notice to the other party.

7.0 **Notice of Parties**

All notices permitted or required under this Agreement notices shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

LAFCO: San Benito County Local Agency Formation Commission
2301 Technology Parkway
Hollister CA 95023
Attention: Executive Officer

Counsel: _____

8.0 **Enforcement**

This Agreement shall be construed and enforced in accordance with the laws of the State of California.

9.0 **Entire Agreement**

This Agreement constitutes the entire written agreement for legal services between LAFCO and Counsel and may be modified only by further written agreement between the parties.

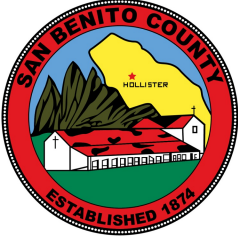
Dated this _____ day of _____, 2023.

SAN BENITO COUNTY LOCAL AGENCY FORMATION COMMISSION

By: _____

LAW FIRM (TO BE DETERMINED)

By: _____



**SAN BENITO COUNTY
AGENDA ITEM
TRANSMITTAL FORM**

Angela Curro
Board of Supervisors

Bea Gonzalez
Boad of Supervisors

Mia Casey
Hollister City Council

Leslie Jordan
San Juan Bautista
City Council

Richard
Bettencourt
Public Member

Item Number: 5.3

MEETING DATE: 08/10/2023

DEPARTMENT:

AGENDA ITEM PREPARER: Vanessa Delgado

SUBJECT:

REPORT ON PREPARATION OF MUNICIPAL SERVICE REVIEWS

AGENDA SECTION:

BUSINESS ITEMS - GENERAL BUSINESS, NON-HEARING ITEMS

BACKGROUND/SUMMARY:

Recommended Action: Receive a presentation on Municipal Service Reviews and provide general direction to staff

Municipal Service Reviews (MSRs) were added to LAFCO's mandate with the passage of the Cortese-Knox-Hertzberg Act in 2000. An MSR is a comprehensive study designed to better inform LAFCO, local agencies, and the community about the municipal services provided by cities and special districts. MSRs seek to capture and analyze information about the governance structures and efficiencies of service providers, and to identify opportunities for greater coordination and cooperation between providers. An MSR evaluates the structure and operation of service providers and discusses possible areas for improvement and coordination.

An MSR is a prerequisite to a sphere of influence* determination, and may also lead a LAFCO to take other actions under its authority. (*A "sphere of influence" means a plan for the probable physical boundaries and service area of a local agency, as defined by the Commission; the area in which LAFCO anticipates a local agency to expand into, in the future).

MSRs are designed to equip LAFCO with relevant information and data necessary for the Commission to make informed decisions on spheres of influence. The CKH Act, however, gives LAFCO broad discretion in deciding how to conduct MSRs, including geographic focus, scope of study, and the identification of alternatives for improving the efficiency, cost-effectiveness, accountability, and reliability of public services.

San Benito LAFCO prepared an MSR for the two cities and all special districts countywide in 2007. In

2014, MSR's were prepared for four of the districts: Sunnyslope County Water District, Aromas Tri-County Fire Protection District, San Benito Healthcare District, and the Resource Conservation District.

On June 8, 2023, the Commission authorized Chair Curro to execute an agreement with Policy Consulting Associates, LLC (Jennifer Stephenson, Principal) for supplemental staffing services, with a focus on processing annexation applications and preparing MSR's. At the August 10 meeting, Ms. Stephenson will present an overview of the MSR process with an initial priority focus on the City of Hollister's wastewater treatment plant as potential regional infrastructure asset. A copy of the presentation is attached. At the meeting, staff will be seeking the Commission's input on guiding and shaping preparation of this initial MSR update.

Respectfully submitted-
Darren McBain
Interim Executive Officer

ATTACHMENTS:

[Regional Wastewater MSR presentation](#)

Municipal Service Review

Requirements and Process

Prepared for San Benito LAFCo
by
Jennifer Stephenson, Principal
Policy Consulting Associates, LLC

August 10, 2023

1

What is a Municipal Service Review?

In order to prepare and update spheres of influence in accordance with Section 56425, the Commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission.- Government Code §56430

GC Code Section 56430 requires LAFCo to make certain determinations:

- ❖ Growth and population projections for the affected area
- ❖ The Location and Characteristics of Disadvantaged Unincorporated Communities Within or Contiguous to the Agency's SOI

2

MSR Requirements (cont.)

- ❖ Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies (including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any DUCs within or contiguous to the sphere of influence)
- ❖ Financial ability of agencies to provide services
- ❖ Status of, and opportunities for, shared facilities
- ❖ Accountability for community service needs, including governmental structure and operational efficiencies
- ❖ Any other matter related to effective or efficient service delivery, as required by commission policy.

3

MSR Process

- ❖ Formation of an ad hoc committee
- ❖ Identification of key issues
- ❖ Identification of determination criteria
- ❖ Notification of agencies to be reviewed and kick-off meeting
- ❖ Initial request for information
- ❖ Agency provides prepared documents
- ❖ Collection of central data from other sources
- ❖ Interviews
- ❖ Drafting of agency chapters/profiles
- ❖ Review of profiles by agency

4

MSR Process

- ❖ Edits to profiles based on agency comments
- ❖ Drafting of overview and key issues sections
- ❖ Compilation of Administrative Draft
- ❖ Edits to report based on staff and Ad Hoc Committee comments
- ❖ Presentation to LAFCo
- ❖ Release of Public Review Draft
- ❖ Review period for public comments
- ❖ Release of draft final with edits based on comments received
- ❖ Public hearing and potential adoption of determinations by LAFCo

5

Agency Profile Outline

- ❖ Agency Overview
- ❖ Map of Agency
- ❖ Accountability & Governance
- ❖ Planning & Management
- ❖ Existing Demand & Growth Projections
- ❖ Financing
- ❖ Service Specific Sections
- ❖ Determinations

6

Determination Criteria/Metrics

Growth and population projections for the affected area:

- ❖ The amount and percent of population growth projected by the SBCOG between 2020 and 2040.
- ❖ The type and extent of any significant planned or proposed development.

The location and characteristics of any disadvantaged unincorporated communities (DUC) within or contiguous to the SOI:

- ❖ Pursuant to GC 56033.5, a DUC in San Benito County is a community with an annual median household income that is less than 80% of the statewide annual median household income (i.e., less than \$60,188 per U.S. Census Bureau, 2015–2019 Five-Year American Community Survey) and where twelve or more registered voters reside.

7

Determination Criteria/Metrics

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies (including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI):

- ❖ Age/condition of collection and treatment system as reported by Agency.
- ❖ The physical and operational capacities of collection and treatment system.
- ❖ Capacity constraints as reported by the Agency.
- ❖ Percent of the system's capacity in use during average and peak demand periods and related need for capacity enhancements.
- ❖ Sewer system collection integrity defined by 1) sewer system overflow rate represented by number of overflows per 100 miles of mainline collection and 2) infiltration and inflow.

8

Determination Criteria/Metrics

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies (including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI):

- ❖ Regulatory compliance with RWQCB permits as indicated by enforcement actions and notices of violation.
- ❖ Infrastructure needs and Agency's plans to address those needs, as reported by Agency or identified in planning documents.
- ❖ Number of additional connections/equivalent dwelling units that can be served based on current wastewater flows and system capacity.
- ❖ Comparison of system capacity and projected demands to illustrate the City's ability to serve in 5-year increments to 2040
- ❖ Preventative maintenance practices as defined as % of system inspected each year and flushed
- ❖ Customer service based on number of customer complaints time to respond to calls for service

9

Determination Criteria/Metrics

Financial ability of an agency to provide services:

- ❖ Budget: The degree of stability in utility expenditures and budgets between 2019–20 and 2022–23, defined as a reduction of < 5%.
- ❖ The adequacy of the level of financing and any financing challenges or constraints as reported by the agency, including credit rating.
- ❖ The degree to which the agency is investing in capital as compared to depreciation of capital assets during FYs 20, 21, 22, and 23.
- ❖ Capital planning: Does the agency have an up-to-date capital improvement plan with estimated timing and anticipated financing.
- ❖ Capital reserves: The capital reserve fund balance as of June 30, 2022 and 2023, and the anticipated capital funding needs.
- ❖ Reserves: Does the agency have a policy that identifies its reserve policies, including but not limited to unrestricted and operating costs.

10

Determination Criteria/Metrics

Status of and opportunities for shared facilities:

- ❖ The degree of existing cost minimization efforts through facility, personnel, and equipment sharing.
- ❖ The potential for facility, personnel, and equipment sharing as reported by the agency.

11

Determination Criteria/Metrics

Accountability for community service needs, including governmental structure and operational efficiencies:

- ❖ Agency's efforts to meet state laws designed to ensure transparency and accountability consisting of:
 - Availability and ease of access of information to the public;
 - Compilation and maintenance of an agency website that meets all document and agenda reporting requirements;
 - Staff/governing board ethics training and economic interest reporting;
 - Compliance with financial compilation, adoption, & reporting requirements;
 - Adherence to open meeting requirements; and
 - Efforts beyond legal mandates.
- ❖ Identify options and feasibility for potential governance alternatives or other cooperative and/or resource-sharing opportunities, based on analysis of service efficiencies, cost-effectiveness, and viability.

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Example Determinations

Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies

- ❖ St. Helena has more than adequate capacity to accommodate existing and projected demand at its wastewater treatment plant beyond 2030 under all anticipated load conditions.
- ❖ The level of wastewater services offered by the City were found to be marginally adequate based on integrity of the wastewater collection system and regulatory compliance. The City has struggled with a higher than statewide average rate of sanitary sewer overflows, as a result of infiltration and inflow during wet weather periods. Additionally, the City has had numerous violations and enforcement actions at its WWTP. The City is in the midst of addressing the regulatory issues at the WWTP.

13

Example Determinations (cont.)

Financial Ability of Agencies to Provide Services

- ❖ The City of St. Helena has the ability to continue providing water and wastewater services. The FY19 budget's positive annual utility balances indicated that its utilities were beginning to stabilize due to recently adopted rate increases, after several years of financial stress.
- ❖ The City appears to have adequate reserves, although in FY19 it was not meeting its adopted reserve targets. The unrestricted net position of both utilities were significantly positive.
- ❖ Combined utility rates are well below maximum standards. The City adopted new rate schedules in December 2017 to address anticipated water operations shortfalls and to fund needed wastewater improvements and regulatory requirements.

14

Example Determinations (cont.)

Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies

- ❖ NapaSan provides outside wastewater services to four connections outside of its boundaries—four residences (two served by one connection) and the Napa State Hospital. Two connections were established prior to G.C. §56133 and are specifically exempt given that the service was extended prior to January 1, 2001. For the other two connections, LAFCO approval was appropriately sought. NapaSan does not have policies specific to the extension of services outside of its boundaries or sphere of influence. It is recommended that NapaSan consider defining where outside services will be considered.
- ❖ A majority of the NapaSan's recycled water service area lies outside of its boundaries to the northeast, southeast, and west. Recycled water services are exempt from requiring LAFCO approval prior to extension of services beyond an agency's boundaries under Government Code §56133.

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Example Determinations (cont.)

Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies

- ❖ NapaSan makes its recycled water available for trucking through two filling stations. The District has appropriately adopted limitations on the location and type of uses for trucked water, to which users are required to sign agreement.
- ❖ The Monticello Park community is experiencing failing septic systems, and replacement is cost prohibitive. There is a need for wastewater services in the area that could be provided by NapaSan. Extension of needed services to the already developed area through provisions in Government Code §56133.5 is an option that would allow for needed services to the defined developed area.

16

Sphere of Influence Update – Possible Outcomes

An SOI is a LAFCO-approved plan that designates an agency's probable future boundary and service area. In determining the SOI, LAFCO is required to complete an MSR and adopt determinations. An SOI does not change the existing service structure.

- ❖ Coterminous SOI
- ❖ Annexable SOI
- ❖ Detachable SOI
- ❖ Provisional SOI
- ❖ Service Specific SOI
- ❖ Zero SOI

17

SOI Update – Determinations

- ❖ Present and planned land uses in the area, including agricultural and open-space lands;
- ❖ Present and probable need for public facilities and services in the area;
- ❖ Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide;
- ❖ Existence of any social or economic communities of interest in the area if the Commission determines these are relevant to the agency; and
- ❖ Present and probable need for water, wastewater, and structural fire protection facilities and services of any DUCs within the existing sphere of influence.

18

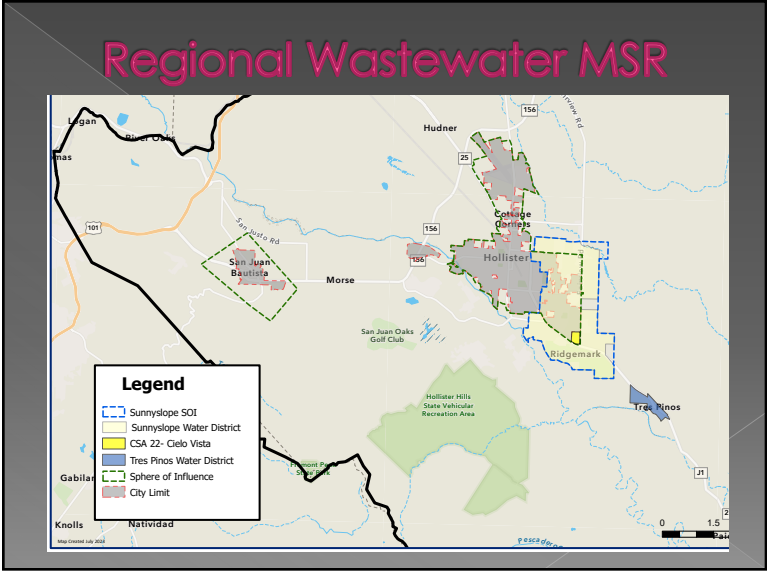
Regional Wastewater MSR

- ❖ City of Hollister
- ❖ Sunnyslope County Water District
- ❖ San Benito County Water District
- ❖ Tres Pinos Water District
- ❖ City of San Juan Bautista

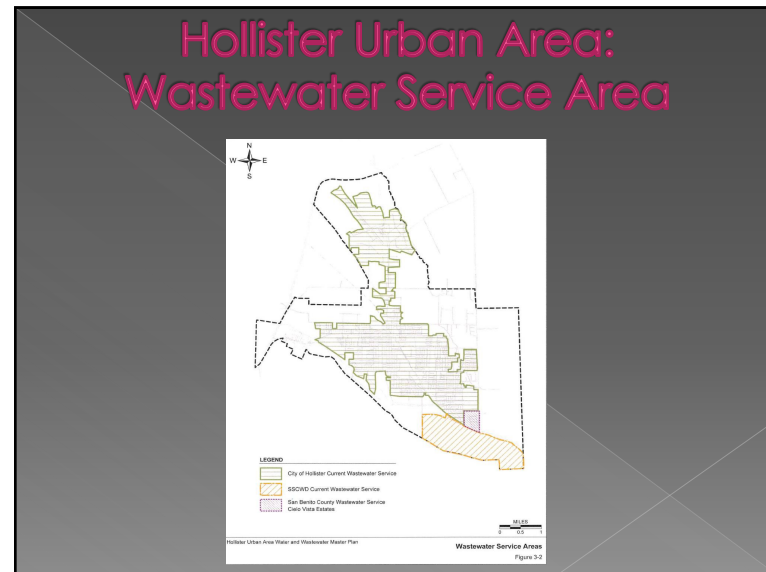
Other Providers of Interest

- ❖ San Benito County Service Area 22 (Cielo Vista Estates) - SSCWD
- ❖ San Benito County Service Area 45 (Rancho Larios)

19



20



21

Identification of Key Issues

As sewer plant approaches capacity, Hollister OKs more housing hookups

SAN JUAN BAUTISTA AND SAN JUAN OAKS TO LINK TO CITY'S WASTEWATER PLANT

Hollister council approves San Juan Bautista and San Juan Oaks to wastewater treatment hookups

Despite protests against wastewater facility connections, Mayor Mia Carey says the city needs to act in good faith and provide services outside city limits.

Hollister Wastewater Treatment Plant to the rescue

The city's modern, efficient operation will be replacing San Juan Bautista's antiquated facility.

\$3 million state grant helps fund San Juan Bautista wastewater project

Assemblyman Rivas and Senator Coballera present the city with a ceremonial check.

Hollister 2040 General Plan: Community Services and Facilities Element

This section outlines the city's goal of providing high-quality infrastructure and public services.

Water and sewage rates in San Juan Bautista may rise more than predicted

Study cites COVID-driven labor shortages and increased costs of materials.

22

Identification of Key Issues

- ❖ Defining the Hollister Urban Area (HUA) and San Benito County Water District's HUA for wastewater services
- ❖ Defining LAFCO requirements for approving expansion of urban services within and outside city and special district boundaries
- ❖ Identifying and recommending alternatives to efficiently and adequately provide wastewater services to the area
- ❖ Ameliorate/align Hollister's SOI, General Plan, HUA, and out of area wastewater service connections
- ❖ Ensure adequate financing, capacity, and level of services by all wastewater providers in the region
- ❖ Commission feedback on any other issues of interest is appreciated

23

MSR Follow-Up and Outcomes

- ❖ Determinations and SOI Updates as communication tools with agencies
- ❖ Limits to LAFCo's ability to initiate reorganizations
- ❖ Identifying issues and options as first step to improvement
- ❖ Means to ensure MSR is effective and has positive impact towards change
- ❖ Other tools to promote change following MSR

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**SAN BENITO COUNTY
AGENDA ITEM
TRANSMITTAL FORM**

Angela Curro
Board of Supervisors

Bea Gonzalez
Boad of Supervisors

Mia Casey
Holister City Council

Leslie Jordan
San Juan Bautista
City Council

Richard
Bettencourt
Public Member

Item Number: 5.4

MEETING DATE: 08/10/2023

DEPARTMENT:

AGENDA ITEM PREPARER: Vanessa Delgado

SUBJECT:

UPDATE ON FINANCIAL REPORTING AND FINANCIAL RESERVES

AGENDA SECTION:

BUSINESS ITEMS - GENERAL BUSINESS, NON-HEARING ITEMS

BACKGROUND/SUMMARY:

Recommended action: Receive an update on financial status reporting and development of a financial reserve policy (items 1 and 2 below), and provide any general direction to staff

1) Financial Status Reports

At the June meeting, the Commission adopted a final budget for Fiscal Year 2023-24 (*Attachment 1*). The annual budget establishes LAFCO's revenues and anticipated expenditures. Commissioners have requested that staff establish a protocol for bringing forward periodic status reports to keep the Commission informed about LAFCO's finances. Periodic financial reports serve the interests of openness and transparency and will keep the Commission apprised of any budget items that may warrant review and adjustment during the course of the fiscal year.

Staff recommends that financial reports be brought to the Commission on a quarterly basis. Staff will work with the County Auditor-Controller's Office staff to generate financial reports for the Commission's consideration at the first meeting following the close of each quarter of the fiscal year, in accordance with the schedule shown below. With the new Fiscal Year 2023-24 having begun on July 1, the first quarter will end on September 30 and the first quarterly financial report would therefore occur as part of the October 12, 2023 meeting agenda.

The attached March 2023 agenda item from Monterey LAFCO (*Attachment 2*) provides an illustrative example of the information in a quarterly financial report to the Commission.

| Reporting period | Anticipated review by Commission |
|-------------------------|---|
| Q1: June 1 - Sept. 30 | October |
| Q2: Oct 1 - Dec. 31 | January |
| Q3: Jan. 1 - Mar. 31 | April |
| Q4: Apr. 1 - June 30 | July/August |

2) Financial Reserves / Development of a Financial Reserve Policy

San Benito LAFCO has not historically had a policy or practice of maintaining financial reserves. In recent years, the Commission has included a contingency line item (typically \$20,000) in the annual budget. However, this dollar amount, if unused at the end of any given fiscal year, would become part of an "available fund balance" - along with any other unspent funds - and would, essentially, be credited toward the next year's budget. Therefore, no mechanism existed for any funds to be kept in reserve for unanticipated future needs such as potential litigation. Staff notes that LAFCO's actual expenditures in some recent fiscal years have tended to be significantly less than the budgeted amounts.

The Commission's June 2023 adoption of a final FY23-24 budget included direction to discontinue the prior practice of applying the year-end fund balance to partly offset the next year's annual LAFCO budget. The adopted resolution specified:

- "With adoption of this resolution, it is the Commission's intent that the County Auditor-Controller shall invoice the County of San Benito, City of Hollister, and City of San Juan Bautista for the full amount of their respective contributions to LAFCO's annual budget (discontinuing the prior practice of reducing the amounts collected from local agencies for LAFCO operations by applying the actual year-end fund balance to partly offset the next year's annual LAFCO budget)."

The adopted resolution further directed staff to:

- a) Advise the Commission on any changed budgetary conditions that could adversely affect the Commission's ability to fulfill its responsibilities in the coming year;
- b) Work with the County Auditor-Controller's Office to establish a dedicated financial reserve account and transfer the fiscal year-end balance into this account; and
- c) Bring back policy options to cap the new reserve account at a preset dollar amount, or an approximate percentage of the annual budget, to a future Commission meeting for further discussion and consideration of a specific policy.

Updates since June 2023:

Regarding item 'b' above, staff has coordinated with the County Auditor-Controller to establish a dedicated, long-term financial reserve account. The account will be maintained within the LAFCO fund of the County Treasury, but sequestered off from the cash account that LAFCO uses for day-to-day operations. Going forward, LAFCO will coordinate with the Auditor-Controller to annually transfer remaining fiscal year-end balances into this account as soon as practicable after the close of each fiscal year. This step has not yet occurred for the recently concluded Fiscal Year 2022-23, because budget contributions to fund LAFCO's current operations in the new fiscal year (23-24) have not yet been invoiced to the County and the two Cities.

Regarding item 'c' above, staff's initial information-gathering finds that several LAFCOs have grappled with development of a financial reserve policy over the years. Some LAFCOs have no reserves and/or no adopted policies regarding reserves, while others have one or more reserve accounts that may be of either a "general" nature or designated for specific purposes.

A September 2022 report prepared by Sonoma LAFCO provides an insightful overview of issues and considerations related to developing a reserve policy. Their report, which is attached for Commissioners' reference (*Attachment 3*), recommended that Sonoma LAFCO establish a "general reserve" - as opposed to reserves designated for a specific categorical purpose such as litigation. The report added that

- "One possible approach would be to set a target range for the general reserve, e.g., between 25% and 50% of the current fiscal year budget. If funds accrued above the 50% target, these would be refunded to the apportioning agencies."

This approach of establishing a general reserve of 25 to 50 percent of the current budget appears to be a

reasonable and straightforward option for this Commission to adopt, at least as an initial policy subject to further review and refinement in the future. This general range of 25 to 50 percent would also be consistent with other LAFCOs that have specified a target reserve amount in an adopted policy. For example, Riverside and Butte County LAFCOs have adopted a 25% and 50% target level, respectively, for maintaining general fiscal reserves. These LAFCOs' policies are provided for reference (*Attachments 4 & 5*).

Request for Commission direction

Staff is requesting guidance and direction from the Commission on developing a policy for financial reserves. The Commission may wish to consider appointing a committee to provide initial input on shaping a policy, to be followed by the full Commission's review. Alternatively, the Commission could consider temporarily tabling this matter until roughly midway through the fiscal year (Dec.-Jan.) By that time, more information would be available to compare LAFCO's actual and budgeted expenditures in this newly begun Fiscal Year 2023-24, and to develop an anticipated year-end fund balance.

Respectfully submitted-
Darren McBain
Interim Executive Officer

ATTACHMENTS:

- 1- Resolution approving Final FY 2023-24 Annual Budget
- 2- Example of quarterly financial reporting
- 3- Sonoma LAFCO staff report on financial reserve policy development
- 4- Riverside LAFCO reserves policy
- 5- Butte LAFCO reserves policy

LAFCO No. 2023-01

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF SAN BENITO COUNTY ADOPTING THE FINAL FISCAL YEAR 2023-2024 ANNUAL 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 Local Agency Formation Commission (LAFCO) of San Benito County considered staff recommendations, conducted an initial public hearing, and approved a proposed budget on May 11, 2023; and

WHEREAS, the approved proposed budget was distributed to the County, to each city, and to each independent special district for review and comment through the close of a second hearing on June 8, 2023; and

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

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

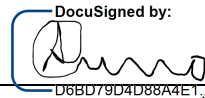
1. That the Commission adopts a final budget for Fiscal Year 2023-2024 (Exhibit 1);
2. That the Executive Officer shall transmit the adopted final budget to the Board of Supervisors, to each city, and to each independent special district,
3. That the Executive Officer shall transmit the adopted final budget to the Auditor-Controller for apportionment of LAFCO's expenses pursuant to the requirements of Government Code Section 56381(b)(1). With adoption of this resolution, it is the Commission's intent that the County Auditor-Controller shall invoice the County of San Benito, City of Hollister, and City of San Juan Bautista for the full amount of their respective contributions to LAFCO's annual budget (discontinuing the prior practice of reducing the amounts collected from local agencies for LAFCO operations by applying the actual year-end fund balance to partly offset the next year's annual LAFCO budget);
4. LAFCO staff is hereby directed to
 - a) Advise the Commission on any changed budgetary conditions that could adversely affect the Commission's ability to fulfill its responsibilities in the coming year;
 - b) Work with the County Auditor-Controller's Office to establish a dedicated financial reserve account and transfer the fiscal year-end balance into this account; and

- c) Bring back policy options to cap the new reserve account at a preset dollar amount, or an approximate percentage of the annual budget, to a future Commission meeting for further discussion and consideration of a specific policy.

PASSED AND ADOPTED by the Local Agency Formation Commission of San Benito County, on this 8th day of June 2023, by the following vote:

AYES: **Curro, Bettencourt, Casey, Jordan, Gonzales**
 NOES: **None**
 ALTERNATES: **None**
 ABSENT: **None**

Dated: June 8, 2023

DocuSigned by:

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 Angela Curro, Chair
 San Benito County Local Agency Formation Commission

ATTEST:

Darren McBain
 Darren McBain, Interim Executive Officer

APPROVED AS TO LEGAL FORM:

DocuSigned by:

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 Barbara Thompson, LAFCO Counsel

DATE: June 8, 2023

DATE: 6/16/2023

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

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

KATE McKENNA, AICP
Executive Officer

DATE: March 27, 2023
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: Draft Financial Statements for Period Ending December 31, 2022
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378.

SUMMARY OF RECOMMENDATION:

The Budget and Finance Committee recommends that the Commission accept the quarterly financial statements for the period ending December 31, 2022.

EXECUTIVE OFFICER'S REPORT:

This matter was reviewed by the Budget and Finance Committee on February 27, 2023 and discussed with Mr. Mike Briley, CPA, CGMA, Regional Managing Principal, CliftonLarsonAllen, LLP.

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

1. Litigation reserve and expenses shown on Pages 2 and 3 of the statements will be addressed at the Committee's next meeting on May 8, 2023. At that time, staff may propose a fiscal year-end replenishment of the litigation reserve from the Unreserved Fund Balance.
2. Line items shown on Page 2 include some over-expensed categories. A proposed minor budget amendment to move funds between line items is addressed separately as Agenda Item No. 7.
3. All income has been received for the year from our local agencies (Attachment, Page 6).

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachment: Financial Statements for Period Ending December 31, 2022, CliftonLarsonAllen, LLP

**Local Agency Formation Commission
of Monterey County
Financial Statements
December 31, 2022**

Draft

**LOCAL AGENCY FORMATION COMMISSION
OF MONTEREY COUNTY**

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Accountant's Compilation Report

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

Management is responsible for the financial statements of the Local Agency Formation Commission of Monterey County (LAFCO), as of and for the six months ended December 31, 2022, included in the accompanying prescribed form in accordance with the requirements of LAFCO. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements included in the accompanying prescribed form, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion or a conclusion, nor provide any form of assurance on the financial statements included in the accompanying prescribed form.

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

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

We are not independent with respect to LAFCO.

CliftonLarsonAllen LLP

February 9, 2023
Salinas, CA

LAFCO of Monterey County
Balance Sheets
December 31, 2022 and 2021

| ASSETS | | | |
|---|--------|------------------------|------------------------|
| | ACCT # | 2022 | 2021 |
| CURRENT ASSETS: | | | |
| Cash Held in Bank: | | | |
| Wells Fargo Operating | 1007 | \$ 86,305.10 | \$ 157,804.25 |
| Total Cash Held in Bank | | <u>86,305.10</u> | <u>157,804.25</u> |
| Cash Held in County Treasury: | | | |
| Cash Held for Operating Expenses | 1010 | 987,597.00 | 616,216.56 |
| Designated Cash for Reserve for Litigation | 1012 | 202,469.03 | 300,036.51 |
| Designated Cash for Accrued Leave | 1013 | 84,624.31 | 71,014.80 |
| Designated Cash for Post Retirement (GASB 75) | 1014 | 85,475.00 | 90,300.00 |
| Designated Cash for Reserve for Contingency | 1015 | 269,914.00 | 258,357.00 |
| Restricted Cash for FORA Litigation | 1020 | 345,627.78 | 345,779.47 |
| Total Cash Held in County Treasury | | <u>1,975,707.12</u> | <u>1,681,704.34</u> |
| Petty Cash | 1100 | 300.00 | 300.00 |
| Total Cash | | <u>2,062,312.22</u> | <u>1,839,808.59</u> |
| Other Current Assets: | | | |
| Accounts Receivable - For Fiscal Yr Ending 6/22 | 1234 | - | 121,389.44 |
| Accounts Receivable - For Fiscal Yr Ending 6/23 | 1235 | - | - |
| Prepaid Insurance | 1400 | 6,353.95 | 5,860.72 |
| Prepaid Expenses | 1405 | 5,111.33 | 5,256.26 |
| Total Other Current Assets | | <u>11,465.28</u> | <u>132,506.42</u> |
| Total Current Assets | | <u>2,073,777.50</u> | <u>1,972,315.01</u> |
| NON-CURRENT ASSETS: | | | |
| Equipment | 1500 | 57,801.99 | 57,801.99 |
| Accumulated Depreciation | 1550 | (51,343.69) | (47,088.74) |
| Total Non-Current Assets | | <u>6,458.30</u> | <u>10,713.25</u> |
| DEFERRED OUTFLOWS OF RESOURCES (GASB 68): | | | |
| Deferred Outflows of Resources - PERS Contributions | 1800 | 46,559.54 | 69,874.49 |
| Deferred Outflows of Resources - Actuarial | 1805 | 262,201.83 | 38,893.32 |
| Total Deferred Outflows of Resources (GASB 68) | | <u>308,761.37</u> | <u>108,767.81</u> |
| DEFERRED OUTFLOWS OF RESOURCES (GASB 75): | | | |
| Deferred Outflows of Resources - OPEB Contributions | 1810 | 1,752.00 | 4,080.00 |
| Deferred Outflows of Resources - OPEB Actuarial | 1815 | 7,238.00 | 2,609.00 |
| | | <u>8,990.00</u> | <u>6,689.00</u> |
| | | <u>\$ 2,397,987.17</u> | <u>\$ 2,098,485.07</u> |
| LIABILITIES AND EQUITY | | | |
| | ACCT # | 2022 | 2021 |
| CURRENT LIABILITIES: | | | |
| Accounts Payable | 2000 | \$ 22,560.88 | \$ 11,879.71 |
| Payroll Liabilities | 2200 | 168.00 | 210.00 |
| Accrued Leave | 2220 | 84,624.31 | 71,014.80 |
| Dissolution of FORA Legal Liability | 2380 | 345,074.28 | 345,779.47 |
| Dissolution of FORA Admin Liability | 2381 | 54,947.00 | 58,910.00 |
| Total Current Liabilities | | <u>507,374.47</u> | <u>487,793.98</u> |
| NON-CURRENT LIABILITIES: | | | |
| Net Pension Liability/(Asset) (GASB 68) | 2400 | (262,199.19) | (10,976.20) |
| Net OPEB Liability/(Asset) (GASB 75) | 2410 | 85,475.00 | 90,300.00 |
| Total Non-Current Liabilities | | <u>(176,724.19)</u> | <u>79,323.80</u> |
| DEFERRED INFLOWS OF RESOURCES (GASB 68): | 2500 | 9,278.43 | 10,172.41 |
| DEFERRED INFLOWS OF RESOURCES (GASB 75): | 2505 | 52,790.00 | 46,684.00 |
| EQUITY: | | | |
| Invested in Capital Assets | 3700 | 6,458.30 | 10,713.25 |
| Encumbered Funds | 3710 | 70,749.02 | 70,749.02 |
| Reserve for Litigation | 3800 | 202,469.03 | 300,036.51 |
| Reserve for Contingency | 3810 | 269,914.00 | 258,357.00 |
| Restricted for Pension | 3825 | 262,199.19 | 10,976.20 |
| Unreserved Fund* | 3850 | 1,193,478.92 | 823,678.90 |
| Total Equity | | <u>2,005,268.46</u> | <u>1,474,510.88</u> |
| | | <u>\$ 2,397,987.17</u> | <u>\$ 2,098,485.07</u> |

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

LAFCO of Monterey County
Income and Expense Budget Performance - Summary
December 31, 2022

| ACCT # | Income: | Dec 22 | Dec 21 | % of Budget | | Adopted 22/23 Budget | Remaining Budget Balance | % of Remaining Budget Balance | |
|--------|--|-----------------------|-----------------------|------------------------------|----------------------|----------------------------|--------------------------------|--|----------------|
| | | | | Received/ Spent Dec 22 | July 22-Dec 22 | | | | July 21-Dec 21 |
| 4000 | Fees: Project | \$ 5,000.00 | \$ 14,802.74 | 50.00% | \$ 15,330.00 | \$ 89,802.74 | \$ 10,000.00 | \$ 5,330.00 | 53.30% |
| 4205 | County Contributions | - | - | 0.00% | 354,931.00 | 298,814.00 | 354,931.00 | - | 0.00% |
| 4210 | City Contributions | - | - | 0.00% | 354,930.99 | 298,813.00 | 354,931.00 | (0.01) | 0.00% |
| 4220 | District Contributions | - | - | 0.00% | 354,928.00 | 298,814.00 | 354,931.00 | (3.00) | 0.00% |
| 4249 | FORA Administrative Revenue | 85.50 | 495.00 | 0.00% | 1,075.50 | 2,475.00 | - | 1,075.50 | 0.00% |
| 4300 | Interest | 11.09 | 1.24 | 0.23% | 3,826.92 | 1,270.09 | 4,862.00 | (1,035.08) | -21.29% |
| | Total Income | 5,096.59 | 15,298.98 | 0.47% | 1,085,022.41 | 989,988.83 | 1,079,655.00 | 5,367.41 | 0.50% |
| | Expense: | | | | | | | | |
| VAR | Employee Salaries | 42,331.07 | 31,889.81 | 7.64% | 271,886.82 | 224,385.35 | 554,169.00 | 282,282.18 | 50.94% |
| VAR | Employee Benefits | 20,461.82 | 16,410.59 | 8.64% | 122,542.33 | 81,084.31 | 236,928.00 | 114,385.67 | 48.28% |
| 7000 | Postage and Shipping | 286.87 | 404.36 | 7.54% | 1,958.18 | 2,230.56 | 3,804.00 | 1,845.82 | 48.52% |
| 7010 | Books and Periodical | 799.70 | - | 49.33% | 1,087.40 | 637.28 | 1,621.00 | 533.60 | 32.92% |
| 7030 | Copy Machine | 343.75 | 444.26 | 2.97% | 2,357.51 | 3,013.23 | 11,576.00 | 9,218.49 | 79.63% |
| 7040 | Outside Printers | - | 57.95 | 0.00% | - | 667.88 | 6,300.00 | 6,300.00 | 100.00% |
| 7060 | Office Supplies | 225.18 | - | 3.24% | 2,105.99 | 509.99 | 6,946.00 | 4,840.01 | 69.68% |
| 7070 | Office Equipment & Furnishings | - | - | 0.00% | - | 273.11 | 6,946.00 | 6,946.00 | 100.00% |
| 7080 | Computer Hardware/Peripherals | - | 43.69 | 0.00% | 698.05 | 1,899.78 | 5,789.00 | 5,090.95 | 87.94% |
| 7085 | Computer Support Svcs Fixed Costs | 1,361.34 | - | 11.20% | 8,168.04 | 3,304.48 | 12,155.00 | 3,986.96 | 32.80% |
| 7090 | Computer Support Svcs Variable Costs | 626.00 | - | 3.22% | 1,095.50 | 273.00 | 19,448.00 | 18,352.50 | 94.37% |
| 7100 | Computer Software | 239.88 | 179.88 | 0.00% | 554.85 | 494.85 | 1,216.00 | 661.15 | 54.37% |
| 7105 | Meeting Broadcast Services | 668.75 | - | 13.75% | 668.75 | - | 4,863.00 | 4,194.25 | 86.25% |
| 7110 | Property and Gen Liability Insurance | 640.54 | 594.11 | 7.36% | 3,843.24 | 3,564.66 | 8,700.00 | 4,856.76 | 55.82% |
| 7120 | Office Maintenance Services | - | - | 0.00% | 168.00 | 160.00 | 463.00 | 295.00 | 63.71% |
| 7140 | Travel | 47.07 | - | 1.06% | 9,447.74 | - | 4,450.00 | (4,997.74) | -112.31% |
| 7150 | Training, Conferences & Workshops | (273.79) | - | -5.23% | 7,071.93 | - | 5,238.00 | (1,833.93) | -35.01% |
| 7160 | Vehicle Mileage | 78.38 | - | 4.98% | 190.94 | - | 1,575.00 | 1,384.06 | 87.88% |
| 7170 | Rental of Buildings | 2,397.69 | 2,397.69 | 8.33% | 14,386.14 | 14,386.14 | 28,772.00 | 14,385.86 | 50.00% |
| 7200 | Telephone Communications | 329.54 | 77.34 | 4.07% | 2,098.36 | 1,872.95 | 8,104.00 | 6,005.64 | 74.11% |
| 7230 | Temp Help Services (Clerical) | - | 7,898.63 | 0.00% | - | 15,497.63 | - | - | 0.00% |
| 7240 | Outside Prof. Services: Other | 2,625.00 | 2,820.00 | 0.00% | 8,825.00 | 75,180.00 | 25,000.00 | 16,175.00 | 64.70% |
| 7242 | Outside Prof. Services: Accounting | 5,000.00 | 4,800.00 | 8.33% | 34,800.00 | 36,400.00 | 60,000.00 | 25,200.00 | 42.00% |
| 7242A | Outside Prof. Services: General Admin and HR | 400.00 | 400.00 | 2.70% | 2,800.00 | 4,640.00 | 14,800.00 | 12,000.00 | 81.08% |
| 7245 | General and Special Legal Services | 6,494.60 | 35.00 | 74.81% | 11,328.50 | 57,048.00 | 8,682.00 | (2,646.50) | -30.48% |
| 7247 | Outside Prof. Services: Human Resources | - | - | 0.00% | - | - | 5,789.00 | 5,789.00 | 100.00% |
| 7248 | Outside Prof. Services: Annual Audit | 6,000.00 | - | 30.00% | 20,000.00 | 14,500.00 | 20,000.00 | - | 0.00% |
| 7250 | Miscellaneous Office Expense | 74.08 | 19.21 | 6.40% | 325.86 | 221.93 | 1,158.00 | 832.14 | 71.86% |
| 7260 | Legal Notices | - | 684.99 | 0.00% | 1,374.75 | 2,619.73 | 4,863.00 | 3,488.25 | 71.73% |
| 7270 | Recruitment Advertising | - | - | 0.00% | - | 675.00 | 1,000.00 | 1,000.00 | 100.00% |
| 7280 | LAFCO Memberships | - | - | 0.00% | 7,503.00 | 7,283.01 | 9,300.00 | 1,797.00 | 19.32% |
| 7290 | Litigation Reserve | 5,224.28 | - | 0.00% | 62,118.98 | - | - | (62,118.98) | 0.00% |
| 7300 | Depreciation | 331.00 | 372.37 | 0.00% | 2,009.95 | 2,298.37 | - | (2,009.95) | 0.00% |
| | Total Expense | 96,712.75 | 69,529.88 | 8.96% | 601,415.81 | 555,121.24 | 1,079,655.00 | 478,239.19 | 44.30% |
| | Net Ordinary Income (Loss) | (91,616.16) | (54,230.90) | | 483,606.60 | 434,867.59 | - | | |
| | Other Income/(Expense): | | | | | | | | |
| 8106 | Prior Year Project Fees Returned | - | - | | (2,697.50) | (218.25) | - | | |
| 8115 | Encumbered Funds: Temp Professional Services | - | (687.50) | | - | (3,437.50) | - | | |
| | Total Other Income/(Expense) | - | (687.50) | | (2,697.50) | (3,655.75) | - | | |
| | Net Income (Loss) | \$ (91,616.16) | \$ (54,918.40) | | \$ 480,909.10 | \$ 431,211.84 | \$ - | | |

LAFCO of Monterey County
Income and Expense by Month
December 31, 2022

| Ordinary Income/Expense | July 22 | Aug 22 | Sept 22 | Oct 22 | Nov 22 | Dec 22 | Total |
|---|----------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|----------------------|
| Income: | | | | | | | |
| 4000 · Fees: Project | \$ - | \$ - | \$ 10,330.00 | \$ - | \$ - | \$ 5,000.00 | \$ 15,330.00 |
| 4205 · County Contributions | 354,931.00 | - | - | - | - | - | 354,931.00 |
| 4210 · City Contributions | 354,930.99 | - | - | - | - | - | 354,930.99 |
| 4220 · District Contributions | 354,928.00 | - | - | - | - | - | 354,928.00 |
| 4249 · FORA Administrative Revenue | 660.00 | - | 165.00 | 82.50 | 82.50 | 85.50 | 1,075.50 |
| 4300 · Interest | 1.30 | 1.68 | 1.03 | 3,807.56 | 4.26 | 11.09 | 3,826.92 |
| Total Income | 1,065,451.29 | 1.68 | 10,496.03 | 3,890.06 | 86.76 | 5,096.59 | 1,085,022.41 |
| Expense: | | | | | | | |
| 6000 · Employee Salaries | 40,780.28 | 41,937.61 | 62,962.63 | 41,937.62 | 41,937.61 | 42,331.07 | 271,886.82 |
| 6100 · Employee Benefits | 21,442.51 | 18,863.46 | 25,307.53 | 17,839.82 | 18,627.19 | 20,461.82 | 122,542.33 |
| 7000 · Postage and Shipping | 79.62 | 101.40 | 306.83 | 773.00 | 410.46 | 286.87 | 1,958.18 |
| 7010 · Books and Periodical | 238.00 | - | - | 49.70 | - | 799.70 | 1,087.40 |
| 7030 · Copy Machine | 231.12 | 494.78 | 400.68 | 343.75 | 543.43 | 343.75 | 2,357.51 |
| 7060 · Office Supplies | - | 289.25 | 3.74 | 495.43 | 1,087.39 | 225.18 | 2,105.99 |
| 7080 · Computer Hardware/Peripherals | - | 311.26 | - | - | 386.79 | - | 698.05 |
| 7085 · Computer Support Svcs Fixed Costs | - | - | - | 1,361.34 | 5,445.36 | 1,361.34 | 8,168.04 |
| 7090 · Computer Support Svcs Variable Costs | - | - | - | - | 469.50 | 626.00 | 1,095.50 |
| 7100 · Computer Software | 214.98 | - | - | 99.99 | - | 239.88 | 554.85 |
| 7105 · Meeting Broadcast Services | - | - | - | - | - | 668.75 | 668.75 |
| 7110 · Property and Gen Liability Insurance | 640.54 | 640.54 | 640.54 | 640.54 | 640.54 | 640.54 | 3,843.24 |
| 7120 · Office Maintenance Services | - | - | - | - | 168.00 | - | 168.00 |
| 7140 · Travel | - | - | - | - | - | 47.07 | 9,447.74 |
| 7150 · Training, Conferences & Workshops | - | - | - | 8,182.86 | 1,217.81 | 550.00 | 7,071.93 |
| 7160 · Vehicle Mileage | - | - | 112.56 | - | - | 78.38 | 190.94 |
| 7170 · Rental of Buildings | 2,397.69 | 2,397.69 | 2,397.69 | 4,795.38 | - | 2,397.69 | 14,386.14 |
| 7200 · Telephone Communications | 452.38 | 328.68 | 328.68 | 329.54 | 329.54 | 329.54 | 2,098.36 |
| 7240 · Outside Prof. Services: Other | 3,225.00 | 2,475.00 | 500.00 | - | - | 2,625.00 | 8,825.00 |
| 7242 · Outside Prof. Services: Accounting | 4,800.00 | 5,000.00 | 5,000.00 | 5,000.00 | 10,000.00 | 5,000.00 | 34,800.00 |
| 7242A · Outside Prof. Services: Gen Admin & HR Assistance | 400.00 | 400.00 | 400.00 | 400.00 | 800.00 | 400.00 | 2,800.00 |
| 7245 · General and Special Legal Services | - | 405.90 | 3,136.50 | - | 1,291.50 | 6,494.60 | 11,328.50 |
| 7248 · Outside Prof. Services: Annual Audit | - | 2,000.00 | - | 12,000.00 | - | 6,000.00 | 20,000.00 |
| 7250 · Miscellaneous Office Expense | 28.16 | 96.24 | 53.90 | 36.74 | 36.74 | 74.08 | 325.86 |
| 7260 · Legal Notices | 551.25 | - | - | - | 823.50 | - | 1,374.75 |
| 7280 · LAFCO Memberships | 7,503.00 | - | - | - | - | - | 7,503.00 |
| 7290 · Litigation Reserve | - | 9,421.90 | 28,926.50 | - | 18,546.30 | 5,224.28 | 62,118.98 |
| 7300 · Depreciation | 338.00 | 335.00 | 331.95 | 336.00 | 338.00 | 331.00 | 2,009.95 |
| 8106 · Prior Year Project Fees Returned | - | 12.50 | - | - | - | - | 2,697.50 |
| Total Expense | 83,322.53 | 85,511.21 | 130,814.73 | 101,417.42 | 106,334.66 | 96,712.75 | 604,113.31 |
| Net Income/(Loss) | \$ 982,128.76 | \$ (85,509.53) | \$ (120,318.70) | \$ (97,527.37) | \$ (106,247.90) | \$ (91,616.16) | \$ 480,909.10 |

LAFCO of Monterey County
Accounts Receivable Summary
As of December 31, 2022

Accounts Receivable-For Fiscal Year Ending 6/2023:

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

Draft

**LAFCO of Monterey County
Accounts Payable Summary
As of December 31, 2022**

Accounts Payable:

| Vendor | Description | Date | Inv#/Acct# | Amount |
|--|--|------------|----------------------|---------------------|
| AT&T | Credit | 12/10/2021 | | \$ (42.77) |
| AT&T | Telephone Services | 12/17/2022 | 317277339 | 205.79 |
| Bianchi, Kasavan & Pope. LLP | Audit Progress Billing #3 for FY 2022-2023 | 12/31/2022 | 01109436 | 6,000.00 |
| CliftonLarsonAllen, LLP | Accounting Services for December 2022 | 12/31/2022 | 3542407 | 5,400.00 |
| Comcast | Telephone Services from 12/27/22-1/26/23 | 12/22/2022 | 8155100301512806 | 123.75 |
| County of Monterey, Information Technology | Computer Support Services through 10/31/22 | 10/31/2022 | Dept 812 P/E 10/2022 | 1,361.34 |
| County of Monterey, Information Technology | Computer Support Services through 11/30/22 | 11/30/2022 | Dept 812 P/E 11/2022 | 1,361.34 |
| County of Monterey, Information Technology | Computer Support Services through 12/31/22 | 12/31/2022 | Dept 812 P/E 12/2022 | 1,987.34 |
| Darren McBain | Vehicle Mileage Reimbursement (89 Miles @ 0.625/Mile) | 12/29/2022 | 7/5/22-7/14/22 | 55.63 |
| Monterey Herald | 52 Week Subscription | 12/16/2022 | 49013 | 799.70 |
| Office of County Counsel-Co of Monterey | General Legal Services for December 2022 | 12/31/2022 | 23-00006 | 3,763.80 |
| Office of County Counsel-Co of Monterey | LAFCO-MPWMD Latent Power Legal Services for December 2022 | 12/31/2022 | 23-000018 | 479.70 |
| Principal Life | January 2023 Insurance: Life, ADD, STD, LTD | 12/17/2022 | 1095234-10001 | 557.87 |
| Safarina Maluki | Vehicle Mileage Reimbursement (36.4 Miles @ 0.625/Mile) | 12/29/2022 | Oct-Dec 2022 | 22.75 |
| Wells Fargo Bank Credit Card | Culligan Water Service \$19.58; Adobe \$239.88; Misc. Office Supplies \$225.18 | 9/30/2022 | | 484.64 |
| | | | ACCT # 2000 | <u>\$ 22,560.88</u> |

**LAFCO of Monterey County
Detail of Reserve for Litigation
As of December 31, 2022**

Reserve for Litigation:

| Date | Vendor/Description | Invoice # | Amount |
|------------|--|--------------------|-----------------------------|
| | Beginning Balance as of 7/1/08 | | \$ 18,330.28 |
| 7/1/2008 | 08/09 Budget Amount | | 25,000.00 |
| 8/22/2008 | Office of County Counsel-Co. of Monterey | 08-000147 | (564.69) |
| 8/27/2008 | Best, Best & Krieger | 582486 | (2,713.66) |
| 10/14/2008 | Best, Best & Krieger | 586916 | (390.00) * |
| 2/19/2009 | Best, Best & Krieger | 596717 | (2,106.00) * |
| 3/13/2009 | Best, Best & Krieger | 598793 | (19.50) |
| 3/13/2009 | Best, Best & Krieger | 599174 | (6,907.12) * |
| 4/22/2009 | Best, Best & Krieger | 601472 | (156.00) |
| 5/26/2009 | Best, Best & Krieger | 603629 | (175.50) |
| 7/1/2009 | 09/10 Budget Amount | | 10,000.00 |
| 10/15/2009 | Best, Best & Krieger | 614071 | (312.00) |
| 7/1/2010 | 10/11 Budget Amount | | 30,000.00 |
| 6/30/2011 | Transfer from Unreserved Fund | | 174,950.70 |
| 7/1/2011 | 11/12 Budget Amount | | 30,000.00 |
| 7/1/2012 | 12/13 Budget Amount | | 25,000.00 |
| 7/1/2013 | 13/14 Budget Amount | | 100.00 |
| 4/12/2022 | Office of County Counsel-Co. of Monterey | 22-0003000 | (110.70) |
| 5/12/2022 | Best, Best & Krieger | 934608 | (8,005.67) |
| 5/24/2022 | Office of County Counsel-Co. of Monterey | 22-000420 | (4,243.50) |
| 6/10/2022 | Best, Best & Krieger | 937410 | (16,393.23) |
| 6/16/2022 | Office of County Counsel-Co. of Monterey | 22-000478 | (996.30) |
| 6/30/2022 | Best, Best & Krieger | 939818 | (4,739.70) |
| 6/30/2022 | Office of County Counsel-Co. of Monterey | 22-000557 | (959.40) |
| 8/11/2022 | Best, Best & Krieger | 942253 | (8,905.30) |
| 8/23/2022 | Office of County Counsel-Co. of Monterey | 22-000686 | (516.60) |
| 9/8/2022 | Best, Best & Krieger | 94461 | (15,907.50) |
| 9/12/2022 | Office of County Counsel-Co. of Monterey | 22-000787 | (959.40) |
| 9/30/2022 | Best, Best & Krieger | 947478 | (11,506.10) |
| 9/30/2022 | Office of County Counsel-Co. of Monterey | 22-000870 | (553.50) |
| 11/15/2022 | Best, Best & Krieger | 950787 | (18,435.60) |
| 11/15/2022 | Office of County Counsel-Co. of Monterey | 22-000892 | (110.70) |
| 12/9/2022 | Best, Best & Krieger | 952842 | (4,523.18) |
| 12/14/2022 | Office of County Counsel-Co. of Monterey | 22-000975 | (221.40) |
| 12/31/2022 | Office of County Counsel-Co. of Monterey | 23-000018 | (479.70) |
| | | ACCT # 3800 | \$ <u>202,469.03</u> |

*The original invoice is greater than the amount stated above. This is the amount allocated to the litigation reserve. The remaining balance is allocated to general and special legal services.

**LAFCO of Monterey County
Detail of Reserve for Contingency
As of December 31, 2022**

Reserve for Contingency:

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

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

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

SONOMA LOCAL AGENCY FORMATION COMMISSION

575 ADMINISTRATION DRIVE, ROOM 104A, SANTA ROSA, CA 95403

(707) 565-2577 FAX (707) 565-3778

www.sonomalafco.org

Staff Report

Meeting Date: September 7, 2022

Agenda No. Item 5

Agenda Item Title: Commission Policy Development: Fiscal Reserves

Proposal: None

Environmental Determination: Not a project under CEQA

Staff Contacts: Mark Bramfitt

ANALYSIS

Overview

In 2017, staff worked with the Commission’s Policy Committee in exploring development of a fiscal reserve policy. The Policy Committee was unable to recommend a fiscal reserve policy after extensive discussion. (This staff report is largely identical to that prepared in 2017, and is being presented to the Budget Committee for consideration.)

The Commission has evolved from having very small “Fund Balances” on the order of \$25,000, to balances that are on the order of \$400,000. A fiscal reserve policy would guide staff and the Budget Committee in preparation of future budgets, indicating when Fund Balances (or “reserves”) are at appropriate levels.

Staff has prepared a preliminary report describing the variety of reserve mechanisms that the Budget Committee might consider, and is seeking guidance to support drafting a formal policy, if indicated.

Background

Public agencies generally maintain reserve fund accounts, either generally or for specific types of potential expenses, to be used in case of short-term funding gaps. In fact, the Commission often evaluates whether public agencies under its purview maintain adequate fiscal reserves when conducting Municipal Service Reviews.

Even with its diminutive size as a public agency, and given a steady source of primary funding (apportionments from public agencies that enjoy LAFCO oversight), staff believes it prudent for the Commission to evaluate potential contingencies that might require funding outside of the annual budget and apportionment process.

The Commission might also consider another category of use for fiscal reserves: making agency apportionments “even” and predictable over time by using reserves when agency apportionments fall (e.g. when local government agencies experience significant decreases in revenues).

Types of Reserves

In a survey of about two dozen other LAFCOs, staff was able to identify several types and categories of fiscal reserves, though there is no apparent best or even common practice with regard to fiscal reserve policies.

“Categorical Reserves”

Many LAFCOs have budget line items for “categorical reserves”. These accounts typically have a set target, and are specifically intended for only one type of contingency. Examples include:

- A potential litigation reserve, intended to be used when LAFCO is engaged in unforeseen litigation.
- An accrued employee salary or benefit reserve, intended to cover employee costs that have accrued but that are unscheduled. For example, employees may accrue paid vacation time, and seek payment for that time upon retirement, resignation, or termination.
- A general operating reserve, intended to cover Commission operations for some period of time if normal funding sources are interrupted.

“General Reserve” or “Fund Balance”

All LAFCOs surveyed had a budget category that captured accrued funds from the differences between budgeted revenues and expenses, denominated as either a general reserve or a fund balance.

The general reserve/fund balance is notable in that it is undesignated (can be used for any purpose). Although some LAFCOs appear to have a “target” level for a general reserve/fund balance, we could locate no examples of policies that explicitly describe the management of this category.

General reserves/fund balances are also notable in that they can be accessed to reduce agency apportionments – essentially refunded. This facility could be used to “smooth” agency apportionment levels; for example by supplementing revenues when funding agencies are experiencing declining revenues due to economic conditions.

(As an example, the Commission is operating on annual apportionment revenue of about \$800,000. If, in an upcoming year, economic conditions resulted in lower property tax revenues for our supporting agencies, the Commission might lower apportionments and supplement the reduction using general reserve funds.)

Discussion

Categorical Reserves

Of the types of categorical reserves described above, staff believes that establishing an accrued employee benefit reserve would be prudent. For example, when the previous Executive Officer resigned in 2015, the payout for accrued vacation leave was not factored into the budget for that fiscal year.

Staff would propose seeking an annual valuation of accrued employee benefits and including a line item in future budgets identifying that potential expense. As an alternative, to avoid annual estimates of potential accrued, benefits, the Commission could establish

an estimated valuation and maintain that balance subject to review every three or five years.

Of the other categorical reserves described above, staff has some ambivalence.

On its face, maintaining a litigation reserve would appear to provide some insurance against an unforeseen matter where the Commission is subjected to litigation. However, staff has no basis for evaluating what potential there is for unseen litigation, and further, how to ascertain a level of funding that would provide some respite from litigation costs.

Similarly, staff cannot conceive of a case whereby expected revenues were not received from apportioned agencies, or a case where other expenses (non-litigation) would be unforeseen.

For both of these categories, staff does note that the Commission has express regulatory authority to seek funding from the County, in the form of a loan against future apportionments (which the Commission can set for each fiscal year), to cover unforeseen budgetary shortfalls. Staff has yet to confirm whether the County has the facility to provide loans, however.

General Reserve

Staff recommends that the Commission establish the practice of designating the accruals from differences in budgeted revenues and expenses as a “general reserve” rather than a “fund balance”.

(A review of recent budgetary performance indicates that the preponderance of the accrued funds has come from generally lower expenditures than planned for in annual budgets, and from application fees, which are not included in the budget process.)

Leaving the general reserve undesignated allows the Commission to allocate funds to staff projects, initiatives, and activities, or other contingencies, at the Commission’s discretion.

Staff seeks Budget Committee guidance on what level of general reserve to target. Some LAFCOs appear to set a defined funding target, others appear to set a target as a percentage of the total Commission budget.

One possible approach would be to set a target range for the general reserve, e.g. between 25% and 50% of the current fiscal year budget. If funds accrued above the 50% target, these would be refunded to apportioning agencies.

For reference, here is a history of the Budgeted (not actual) fund balance (what we are now recommending as “general reserves”) levels for Sonoma LAFCO since the 2010-11 FY:

| Fiscal Year | Ending Fund Balance | % of Budget |
|--------------------|----------------------------|--------------------|
| 2010-11 | \$ 38,345 | 8 % |
| 2011-12 | \$ 51,603 | 11 % |
| 2012-13 | \$ 39,209 | 8 % |
| 2013-14 | \$ 32,456 | 6 % |
| 2014-15 | \$ 64,404 | 11 % |
| 2015-16 | \$ 48,904 | 9 % |
| 2016-17 | \$ 289,142 | 46 % |
| 2017-18 | \$ 293,858 | 47 % |
| 2018-19 | \$ 106,260 | 13 % |
| 2019-20 | \$ 148,768 | 19 % |
| 2020-21 | \$ 347,244 | 41 % |
| 2021-22 | \$ 516,417 | 55 % |

Staff is keenly aware that accumulation of a large fund balance presents an opportunity to lower agency apportionments, so setting a target level would assist in future budget preparations, triggering reduced apportionments when a target level is reached.

RECOMMENDATION

Staff is seeking guidance and direction from the Budget Committee regarding whether a “Fiscal Reserve Policy” should be prepared, and what features the policy should have.

Riverside LAFCO
Policy A-9
General Reserve Policy

Purpose

This Policy establishes a General Reserve (Unrestricted), and funding parameters for use when unforeseen major expenditures or fiscal issues arise that require supplemental funding. It is important that a reasonable annual set aside for this reserve be included in each annual budget, and contributions necessary to maintain the reserve at the appropriate annual level.

Riverside LAFCO is carried in the Riverside County financial system as one fund, inclusive of all revenue, expenditures and reserve accounts. Thus each LAFCO reserve is carried in the system as an account line item in the overall LAFCO fund. However, each reserve account line item shall be considered similar to a separate reserve fund for purposes of management of the reserve funding, allocation and expenditures.

Policy

It is the Policy of Riverside LAFCO to:

- 1) Establish a general unrestricted reserve account line item in the annual budget for major unforeseen expenses or fiscal crises, with a goal of maintaining a minimum annual reserve balance of 25% of the annual operating budget, net of appropriations for reserves and contingency.
- 2) Require a majority vote of the Commission to appropriate general reserve funds into a specified operating account or accounts.
- 3) Require a majority vote of the Commission to transfer general reserves to a designated restricted reserve account.
- 4) Require a majority vote of the Commission to alter the allocation of the 25% annual accumulation goal.

Adopted December 3, 2020

**RESOLUTION OF THE BUTTE LOCAL AGENCY FORMATION COMMISSION
FOR THE ESTABLISHMENT OF A FISCAL RESERVE POLICY**

WHEREAS, the Butte Local Agency Formation Commission is an independent agency under the provisions of Government Code §56000 et seq.; and

WHEREAS, the Butte Local Agency Formation Commission, pursuant to the Cortese-Knox-Hertzberg Act of 2000, Government Code Section 56381(a); shall adopt an annual budget; and

WHEREAS, the Butte Local Agency Formation Commission, has developed a Fiscal Reserve Policy that provides for an appropriation within the Butte Local Agency Formation Commission Treasury for the sole purposes of maintaining adequate fiscal reserves to address:

- The unexpected costs related to emergency or unforeseen issues that arise and cannot be accommodated within the Base Operations Budget; and
- The long term systemic costs related to accrued leave liabilities, other post employment benefits (OPEB); and
- The employee cost savings generated by the voluntary furlough participation that is dedicated to supplementing the annual budget within the employee salaries and wages line item; and
- Cash flow stabilization throughout any given budget cycle that does not permanently remove those funds at the end of the fiscal year in which they were borrowed.

WHEREAS, the Butte Local Agency Formation Commission desires that the Fiscal Reserve shall be equal to 50% of the prior year Base Operations Budget; and

WHEREAS, the Butte Local Agency Formation Commission retains the ability to annually review the Fiscal Reserve and to authorize allocations, as necessary to meet the intended Fiscal Reserve Policy; and

NOW, THEREFORE, BE IT RESOLVED that the Butte Local Agency Formation Commission adopt a Fiscal Reserve Policy (Exhibit A) that establishes and accounts for funds within Butte Local Agency Formation Commission Treasury equal to 50% of the prior year Base Operations Budget for unexpected or emergency costs; long-term systemic costs related to accrued leave liabilities and post employment benefits; voluntary furlough savings to supplement annual employee costs and cash flow stabilization.

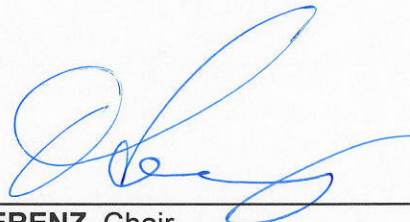
PASSED AND ADOPTED by the Butte Local Agency Formation Commission on this 3rd day of May 2012, by the following vote:

AYES: Commissioners Lotter, Duncan, Connelly, Fichter, Lambert and Chair Leverenz

NOES: None

ABSENT: Commissioner Sweany

ABSTAIN: None



CARL LEVERENZ, Chair
Butte Local Agency Formation Commission

EXHIBIT A

FISCAL RESERVE POLICY

Purpose:

The LAFCO "Fiscal Reserve" provides for an appropriation within Butte LAFCO Treasury Cash for the sole purpose of maintaining adequate fiscal reserves to address:

- The unexpected costs related to emergency or unforeseen issues that arise and cannot be accommodated within the Base Operations Budget; and
- The long term systemic costs related to accrued leave liabilities and other post employment benefits (OPEB); and
- The employee cost savings generated by the voluntary furlough participation that is exclusively dedicated to supplementing the annual budget within the employee salaries and wages line item; and
- Cash flow stabilization throughout any given budget cycle that does not permanently remove those funds at the end of the fiscal year in which they were borrowed.

Process:

The appropriation of Fiscal Reserve is maintained within treasury cash and can only be utilized for its intended purposes and with the authorization of the Commission by a two-thirds vote.

Each fiscal year, the Commission will adopt an annual budget that includes an appropriation for Fiscal Reserve allocations.

The annual budgeting for reserve allocations have been established to allow for the incremental accrual of funds that are to be directly allocated as Fiscal Reserve until such time the funds allocated as "Fiscal Reserve" meet the Commission's established balance.

The annual appropriation for Fiscal Reserve within the annual Base Operations Budget will be appropriated within LAFCO Treasury Cash as Fiscal Reserve at year end until such time the Fiscal Reserve meets the Commission's desired level.

Desired Fiscal Reserve Fund:

The Commission desires that the Fiscal Reserve shall be appropriated within Butte LAFCO Treasury Cash and equal to 50% of the prior year Base Operations Budget (operating budget). The Commission retains the ability to annually review the Fiscal Reserve and to authorize allocations as necessary to meet the intended policies established for the Fiscal Reserve within LAFCO Treasury.



**SAN BENITO COUNTY
AGENDA ITEM
TRANSMITTAL FORM**

Angela Curro
Board of Supervisors

Bea Gonzalez
Boad of Supervisors

Mia Casey
Holister City Council

Leslie Jordan
San Juan Bautista
City Council

Richard
Bettencourt
Public Member

Item Number: 5.5

MEETING DATE: 08/10/2023

DEPARTMENT:

AGENDA ITEM PREPARER: Vanessa Delgado

SUBJECT:

**CALIFORNIA ASSOCIATION OF LOCAL AGENCY FORMATION COMMISSIONS (CALAFCO)
ACTIVITIES**

AGENDA SECTION:

BUSINESS ITEMS - GENERAL BUSINESS, NON-HEARING ITEMS

BACKGROUND/SUMMARY:

1. 2023 Annual Conference:

As previously reported, the 2023 CALAFCO Annual Conference and Membership Meeting will occur October 18 through 20 at the Hyatt Regency hotel and conference center in Monterey. The initial conference schedule is now available; please see attached, along with information about the optional Tuesday bicycle tour and Wednesday mobile workshop.

As of this writing in early August, staff has registered the five commissioners and alternates who responded to staff's emails and phone calls asking for commissioners' interest in attending the conference and mobile workshop. Although the small discount for early registration no longer applies, there is still time to register any commissioners/alternates who have not yet responded but would like to attend.

The recently approved FY23-24 budget included funding for conference registration to cover all commissioners, but included only limited budget for overnight lodging (about \$1,500, matching the previous year's amount). If some commissioners would like to stay overnight, the lodging total may exceed that amount. However LAFCO's overall annual budget included a contingency line item (\$20,000) that would be available to make up the difference. Funding is also available in the budget to cover mileage reimbursement.

CALAFCO has arranged a discounted rate for staying at the Monterey Hyatt (the conference venue). The rate is available through the following link: <https://bit.ly/43guNNp> The rate is \$205/night plus tax; about

\$240 total. Rooms must be reserved by September 18 to receive the discount. Any Commissioners preferring to stay overnight will need to make their own lodging arrangements/reservations, given that CALAFCO does not have a credit card.

Recommended Action #1: Authorize Commissioners to arrange for overnight hotel stays during the conference and to submit claims for reimbursement after the conference concludes

2. CALAFCO 2023 Achievement Award nomination: Vice Chair Richard Bettencourt

At the June meeting, the Commission authorized Alternate Public Member Elia Salinas to draft an Outstanding Commissioner Award nomination for Vice Chair Bettencourt. The draft nomination is attached. Commissioners are welcome to propose any additions or amendments. Award nominations are due by Friday, August 18.

Recommended Action #2: Authorize staff to submit a nomination – including any desired additions or amendments – for Vice Chair Richard Bettencourt, in the category of Outstanding Commissioner, to CALAFCO on the Commission’s behalf

3. Carried over from the June 8 meeting at the Commission’s request: Consider Nominations for CALAFCO Board of Directors:

The Nomination period is now open for the fall CALAFCO Board of Directors elections. For CALAFCO's Coastal Region, which includes San Benito County, the following seats are up for election:

- City member
- Public member

The election will be held during the Annual Conference and Membership Meeting, scheduled for Thursday, October 19 in Monterey. It is not yet known whether the incumbents will be running for CALAFCO office again.

The CALAFCO Election Committee will be accepting nominations until Monday September 18, 2023 at 5:00 PM. Complete details of the nomination process are contained in the attached memo from Wendy Root Askew, CALAFCO's Elections Committee Chair.

Recommended Action #3: Receive and consider election nomination materials for CALAFCO Board of Directors seats (City Member and Public Member); provide any desired direction to staff

Respectfully submitted-

Darren McBain
Interim Executive Officer

ATTACHMENTS:

- 1- CALAFCO - Annual Conference
- 2 - R. Bettencourt nomination
- 3- CALAFCO Board of Directors Nomination

Join Us at the 2023 CALAFCO ANNUAL CONFERENCE

OCTOBER 18 – 20, 2023

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

Conveniently located near the Monterey Regional Airport



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

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

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

General Sessions include:



A panel discussion on the application, scope, and exemptions under Government Code section 56133.



Municipal Services in the 21st Century - LAFCo and Evolving Municipal Services



The Future of LAFCos - Reimagining, Rebranding and Promoting LAFCos and Opportunities for Innovation



LAFCos and Special Districts - Opportunities for Collaboration

Break Out Sessions:



LAFCo Dynamics - EO & Commissioner leadership and partnerships



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



Guiding Adrift Agencies Back on Course



When the Crystal Ball Hits the Wall: LAFCo Future Shock



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

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



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

TO MAKE HOTEL RESERVATIONS, PLEASE VISIT:

www.hyatt.com/en-US/group-booking/MRYDM/G-CL10 or call 877-803-7534 and reference the CALAFCO event.

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

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

Join Us at the
2023 CALAFCO ANNUAL CONFERENCE

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

TUESDAY – OCTOBER 17, 2023

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

WEDNESDAY – OCTOBER 18, 2023

7:00 a.m. Registration Opens

7:15 a.m. Mobile Workshop

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

1:30 p.m. Conference Opening

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

3:15 p.m. Break

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

5:30 p.m. CALAFCO Reception

7:00 p.m. Dinner on Your Own

THURSDAY – OCTOBER 19, 2023

7:00 a.m. Breakfast

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

9:15 a.m. CALAFCO Annual Business Meeting

10:30 a.m. Break

10:45 a.m. Attorney and Regional Roundtables

12:00 p.m. Lunch

1:45 p.m. BREAKOUT SESSIONS

1) LAFCo Dynamics

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

3:15 p.m. Break

3:30 p.m. BREAKOUT SESSIONS

1) When the Crystal Ball Hits the Wall

2) Guiding Adrift Agencies Back on Course

6:00 p.m. Pre-dinner Reception

7:00 p.m. Dinner and Awards

FRIDAY – OCTOBER 20, 2023

7:00 a.m. Breakfast

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

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

10:15 a.m. Break

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

12:00 p.m. Conference Adjourns

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

MONTEREY BAY COASTAL BIKE TOUR

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

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



WHERE: On the Monterey Bay Coastal Recreation Trail



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



DEPART: 2 p.m.

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



Monterey Bay Bike Tour participants at
the 2012 CALAFCO Conference

For more information, visit www.calafco.org





THE SKY IS THE LIMIT

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

2023 Annual Conference Mobile Workshop

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

Wednesday, October 18, 2023
7:15 a.m. – 12:30 p.m.

Monterey Peninsula Airport District

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

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

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



TOPICS INCLUDE:



Overview/History of the Monterey Peninsula Airport District



Sustainable Infrastructure: Solar Electricity and Water Service



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



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



“Art at the Airport Program” – Partnerships with Monterey County Historical Society, Youth Arts Program, and Iconic Events

REGISTER TODAY!

Visit <https://bit.ly/23Conference> to pay online via credit card or complete the registration form attached to pay by check.

REGISTRATION DEADLINE: Friday, September 29, 2023

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

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

Remember to register for the 2023 CALAFCO Annual Conference!

Visit www.calafco.org for conference details or call us at 916-442-6536.

Bike Tour on Tuesday, October 17th



Thank you to our Mobile Workshop sponsor!



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

More information is available at www.calafco.org



Achievement Award Nomination Form

NOMINEE - Person or Agency Being Nominated

Name: _____

Organization: _____

Address: _____

Phone: _____

E-mail: _____

NOMINATION CATEGORY (check one – see category criteria on attached sheet)

- Outstanding CALAFCO Volunteer
- Outstanding CALAFCO Associate Member
- Outstanding Commissioner
- Outstanding LAFCo Professional

Mike Gotch Excellence in Public Service (choose one category below)

- Protection of agricultural and open space lands and prevention of sprawl*
- Innovation, collaboration, outreach and effective support of the evolution and viability of local agencies, promotion of efficient and effective delivery of municipal services*
- Legislator of the Year (must be approved by the full CALAFCO Board)
- Lifetime Achievement Award

NOMINATION SUBMITTED BY:

Name: _____

Organization: _____

Address: _____

Phone: _____

E-mail: _____



**2023 Achievement Award Nominations
Due by Friday, August 18, 2023 at 5:00 p.m.**

EXECUTIVE SUMMARY

In no more than 250 words, summarize why this recipient is the most deserving of this award.



2023 Achievement Award Nominations
Due by Friday, August 18, 2023 at 5:00 p.m.

NOMINATION SUMMARY

Please indicate the reasons why this person or agency deserves to be recognized (this section must be no more than 1,000 words or 2 pages maximum).

Under Commissioner Bettencourt's tenure, the City of Hollister ended a 20-year state-imposed building moratorium caused by a lack of sewer capacity. There had been many housing developments projects on hold for decades. Once the moratorium ended, city annexations and water and sewer service extensions for several development projects came before San Benito LAFCO. The following is a list of a few development projects and other achievements that were able to proceed in San Benito County because of by LAFCO approvals that occurred while Commissioner Bettencourt has been the Public Member.

- Santa Ana Ranch: single-family and high-density housing
- Riverside Road: low-income, sweat-equity single-family housing
- Southside single-family housing
- Buena Vista Road and Robert Ranch annexations to the City of Hollister for housing
- San Juan Oaks senior housing
- San Benito County Water District: approval of purple valve (recycled water) to the Hollister airport
- Migrant Labor Camp: approval of additional dwellings
- Pacheco Pass Water District: Averted dissolution after years of being a nonfunctioning district. After locating five citizens to serve as directors, the District remains operational to the present day.



Nominations are now open for the 2023 **CALAFCO Achievement Awards**

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

NOMINATION CATEGORIES:

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



Mike Gotch Excellence In Public Service Award

AWARD CATEGORIES:



Protection of agricultural and open space lands and prevention of sprawl



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

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

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

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

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

Date: May 9, 2023

To: CALAFCO Members
LAFCo Commissioners and Staff
Other Interested Organizations

From: Anita Paque, Committee Chair
CALAFCO Achievement Awards Committee
CALAFCO Board of Directors



Subject: 2023 CALAFCO Achievement Award Nominations Period Open

Deadline: 5:00 p.m., Friday, August 18, 2023

On behalf of the Association, I am pleased to announce that the nomination period for the 2023 CALAFCO Achievement Awards is now open!

Each year, CALAFCO is honored to recognize outstanding achievements by dedicated and committed individuals and/or organizations from throughout the state at its Annual Conference Achievement Awards Ceremony. This year's ceremony will be held on October 19 at the Hyatt Regency Monterey, during the awards banquet.

Recognizing individual and organizational achievements is an important responsibility. It provides visible recognition and support to those who have gone **above and beyond** over the last year to advance the principles and goals of the Cortese-Knox-Hertzberg Act. We invite you to use this opportunity to nominate the individuals and organizations you feel deserve this important recognition based on the criteria outlined.

Before submitting a nomination, *please carefully review the nomination instructions and the criteria for each award as incomplete nominations, and nominations that do not adhere to the submission guidelines, will not be considered by the Committee.*

ACHIEVEMENT AWARDS NOMINATION PROCEDURE:

1. Nominations may be made by an individual, a LAFCo, a CALAFCO Associate Member, or any other organization.
2. Each nomination must meet the specific award category criteria for consideration. The Committee will not consider any nomination for an award for any category other than the one for which it was submitted. Duplicate nominations *will not be considered by the Committee.*
3. Nominations **must be submitted with a completed nomination form.** Please use a separate form for each nomination. The form is your opportunity to highlight the most important points of your nomination.
4. Nomination *Executive Summaries* must be *limited to no more than 250 words in length.* Nomination *Summaries* must be *limited to no more than 1,000 words or 2 pages in length maximum.* You are encouraged to write them in a clear, concise and understandable manner. If the Awards Committee members require additional information, you will be contacted with that request. Any nomination received that exceeds this amount *will not be considered by the Committee.*

5. All supporting information (e.g. reports, news articles, etc.) must be submitted with the nomination. **Limit supporting documentation to no more than 3 pages.** If the Awards Committee members require additional information, you will be contacted with that request. Any nomination received that exceeds this amount **will not be considered by the Committee.**
6. All nomination materials must be submitted at one time and must be received by the deadline. No late nominations will be accepted – no exceptions. Electronic submittals are required and must be submitted as pdf document, using the fillable pdf document provided.
7. **Nominations and supporting materials must be received no later than 5:00 p.m., Friday, August 18, 2023.** Send nominations via e-mail to:

Stephen Lucas, CALAFCO Executive Officer
slucas@buttecounty.net

You may contact Steve Lucas, CALAFCO Executive Officer, at slucas@buttecounty.net or (530) 538-7784 with any questions.

Members of the 2023 CALAFCO Board of Directors Awards Committee

Board Members:

| | |
|--|--|
| <i>Anita Paque</i> , Committee Chair (Calaveras LAFCo, Central Region) | apaque@calafco.org |
| <i>Michael Kelley</i> (Imperial LAFCo, Southern Region) | mkelley@calafco.org |
| <i>Debra Lake</i> (Humboldt LAFCo, Northern Region) | dlake@calafco.org |
| <i>Margie Mohler</i> (Napa LAFCo, Coastal Region) | mmohler@calafco.org |
| <i>Shane Stark</i> (Santa Barbara LAFCo, Coastal Region) | sstark@calafco.org |

Regional Officer Members:

| | |
|---|--|
| <i>Steve Lucas</i> , CALAFCO Executive Officer (Northern Region) | slucas@buttecounty.net |
| <i>José Henriquez</i> , CALAFCO Deputy Executive Officer (Central Region) | henriquezj@saccounty.net |
| <i>Dawn Longoria</i> , CALAFCO Deputy Executive Officer (Coastal Region) | dlongoria@napa.lafco.ca.gov |
| <i>Gary Thompson</i> , CALAFCO Deputy Executive Officer (Southern Region) | gthompson@lafco.org |

Attachments:

- 2023 Achievement Award nomination form
- Achievement Award categories, nomination and selection criteria
- Listing of prior Achievement Award recipients



CALAFCO ACHIEVEMENT AWARD CATEGORIES, NOMINATION & SELECTION CRITERIA

CALAFCO recognizes excellence within the LAFCo community and the full membership by presenting the *Achievement Awards* at the CALAFCO Annual Conference. Nominations are now open and being accepted until **5:00 p.m., Friday, August 18, 2023** in the following categories:

OUTSTANDING CALAFCO VOLUNTEER

Award Summary:

Recognizes a CALAFCO volunteer who has provided exemplary service during the past year. Exemplary service is service which clearly goes above and beyond that which is asked or expected in the charge of their responsibilities. This category may include a CALAFCO Board member, regional officer, program volunteer, or any other requested volunteer.

Nomination criteria:

1. Nominee must have volunteered for the Association during the year in which the nomination is being made.
2. Nominee does not have to be a CALAFCO member.
3. Volunteer efforts must have demonstrated the individual going above and beyond what was asked/expected with positive and effective results.
4. Nominee can be a CALAFCO Board member, regional officer, program volunteer or any other volunteer.

Selection criteria:

1. Must meet all nomination criteria requirements for consideration.
2. Equal consideration shall be given to each nominee, regardless of their position or role as a volunteer. Only the contributions and outcomes shall be considered, not the individual's position.
3. The extent of the volunteerism and the overall impact to the statewide Association and membership based on that volunteerism shall be considered.
4. Preference may be given to individuals who have not previously received this award and meet all the required criteria.

OUTSTANDING CALAFCO ASSOCIATE MEMBER

Award Summary:

Presented to an active CALAFCO Associate Member (person or agency) that has advanced or promoted the cause of LAFCos by consistently producing distinguished work that upholds the mission and goals of LAFCos and has helped elevate the role and mission of LAFCos through its work. Recipient consistently demonstrates a collaborative approach to LAFCo stakeholder engagement. Further, the individual or firm has a proven commitment to the Association membership through volunteering time and resources to further the cause of LAFCo and CALAFCO.

Nomination criteria:

1. Nominee must be a CALAFCO Associate Member in good standing with the Association.
2. Nominee shall be an Associate Member for the full year in which the nomination is being made.
3. The Associate Member nominated shall have been an Associate Member in good standing with the Association for at least one year prior to the year for which the nomination is being made.
4. As an Associate Member, the nominee may be an individual, firm or agency.
5. The nominee may be an individual within an Associate Member firm or agency.
6. Nominee shall demonstrate that through their work as an Associate Member, the role and mission of LAFCo has been upheld and furthered.
7. Nominee must have proven cooperative and collaborative approaches to situations and

solutions that affect LAFCo statewide as an Associate Member.

8. Proven commitment to the Association's membership as an Associate Member by volunteering resources to the Association during the year in which the nomination is made.

Selection criteria:

1. Must meet all nomination criteria requirements for consideration.
2. Equal consideration shall be given to all nominees that meet the nominating criteria.
3. The level of volunteering time and resources to the Association shall be a consideration with all other nomination criteria.

OUTSTANDING COMMISSIONER

Award Summary:

Presented to an individual Commissioner for extraordinary service to his or her Commission. Extraordinary service is considered actions above and beyond those required in the course of fulfilling their statutory responsibilities as a Commissioner. It requires consistently demonstrating independent judgment on behalf of the interest of the entire county, developing innovative and collaborative solutions to local issues, and leading the commission and community by example.

Nomination criteria:

1. Nominee must be a Commissioner of a LAFCo in good standing with the Association.
2. Nominee shall be a Commissioner for the full year in which the nomination is being made.
3. Proven demonstration of consistently exercising independent judgment for the greater good of the County is required.
4. Proven leadership of the commission and the community through collaborative, innovative and creative solutions to local issues is required.
5. Proven effective results and outcomes shall be demonstrated in the nomination.

Selection criteria:

1. Must meet all nomination criteria requirements for consideration.
2. Equal consideration shall be given to all nominees that meet the nominating criteria.
3. Representation type (city-county-district-public) shall not be a consideration nor shall be the size or geographic area of the LAFCo on which the Commissioner serves.
4. The overall impact of the leadership of the Commissioner shall be considered.
5. Preference may be given to individuals who have not previously received this award and meet all the required criteria.

OUTSTANDING LAFCo PROFESSIONAL

Award Summary:

Recognizes an Executive Officer, Staff Analyst, Clerk, Legal Counsel or any other LAFCo staff person for exemplary service during the past year. Exemplary service is considered actions which clearly go above and beyond that which is asked, expected, or required in the charge of their LAFCo responsibilities.

Nomination criteria:

1. Nominee must be a staff person of a LAFCo in good standing with the Association.
2. Nominee shall be a staff person for the full year in which the nomination is being made.
3. As a staff person, the nominee can be either an employee of the LAFCo or a contractor providing employee-type services to the LAFCo.
4. Efforts must be demonstrated that the individual has consistently gone above and beyond or outside the scope of their role or job responsibilities, with proven results that otherwise would not have occurred.

Selection criteria:

1. Must meet all nomination criteria requirements for consideration.
2. Equal consideration shall be given to all nominees that meet the nominating criteria.
3. Position within a LAFCo shall not be a consideration, nor shall be the size or geographic area of the LAFCo.

4. The overall impact of the LAFCo professional to their LAFCo and the greater community shall be considered.
5. Preference may be given to individuals who have not previously received this award and meet all the required criteria.

LIFETIME ACHIEVEMENT AWARD

Award Summary:

Recognizes any individual who has made extraordinary contributions to the statewide LAFCo community in terms of longevity of service, exemplary advocacy of LAFCo-related legislation, proven leadership in approaching a particular issue or issues, and demonstrated support in developing and implementing innovative and creative ways to support the goals of LAFCos throughout California. At a minimum, the individual should be involved in the LAFCo community for at least twenty (20) years.

Nomination criteria:

1. Nomination must be received from a member LAFCo or Associate Member in good standing with the Association.
2. A minimum of 20 years direct involvement with the LAFCo community is required for consideration.
3. During that time, nominee shall have a proven positive impact and effect on the support and evolution of LAFCos statewide.
4. This includes advocacy of LAFCos statewide through legislation, developing creative and innovative solutions to LAFCo issues that serve beyond their LAFCo to the greater good, and collaborative stakeholder approaches to issues and opportunities to further the cause and mission of LAFCo.

Selection criteria:

1. Must meet all nomination criteria requirements for consideration.
2. Preference may be given to nominees who also have proven experience volunteering for CALAFCO through a regional officer role, serving on committees, serving on the CALAFCO Board, or any other method of volunteering for the Association that serves to promote and support the mission and work of LAFCos throughout the state.

LEGISLATOR OF THE YEAR

Award Summary:

Presented to a member of the California State Senate or Assembly in recognition of leadership and valued contributions in support of LAFCo goals that have a statewide effect. The recipient shall have demonstrated clear support and effort to further the cause and ability of LAFCos to fulfill their statutory mission. Selected by CALAFCO Board by super majority.

Nomination criteria:

1. Nominee shall be a California State legislator during the full year in which the nomination was made.
2. Nominee must have demonstrated extraordinary leadership in the Legislature on behalf of LAFCos statewide, with efforts resulting in a positive impact for all LAFCos.

Selection criteria:

1. Must meet all nomination criteria requirements for consideration.
2. All Legislator of the Year nominations shall be forwarded by the Achievement Awards Committee to the Board for consideration.
3. Selection of the recipient of this award shall be done with a super majority approval of the Board (present at the time of the vote).

MIKE GOTCH EXCELLENCE IN PUBLIC SERVICE AWARD

Award Summary:

Awarded to an individual, group or agency for actions that rise above expected or common functions or

actions that are LAFCo-related; *and* reduce or eliminate common institutional roadblocks; *and* result in a truly extraordinary public service outcome. Individuals, a LAFCo, or collaborative effort among multiple LAFCos or a LAFCo with other entities are eligible. Other entities shall be decision-making bodies at the local, regional or state level. This award has two distinct categories, each focusing on a specific area:

1. *Protection of agricultural and open space lands and prevention of sprawl*
2. *Innovation, collaboration, outreach and effective support of the evolution and viability of local agencies, promotion of efficient and effective delivery of municipal services*

Award categories:

• **Protection of agricultural and open space lands and prevention of sprawl**

Includes the development and implementation of programs or other actions associated with agriculture, water, flood control, parks and recreation, habitat conservation plans and public lands. Demonstrates the recipient has identified, encouraged and ensured the preservation of agricultural and open space lands. Proven actions that encourage cities, counties and special districts to direct development away from all types of agricultural lands, including prime agricultural lands and open space lands. Includes demonstrated consideration given in decisions to Regional Transportation Plans, including sustainable communities strategies and other growth plans to ensure reliable services, orderly growth, and sustainable communities.

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

Includes the development and implementation of innovate support and systems within internal LAFCo operations in the support of local agencies. Actions produce systemic and sustainable improvements and innovation of local government. Proven facilitation of constructive discussions with local and regional agencies and proactive outreach to local and regional agencies as well as local stakeholders and communities to identify issues and solutions and demonstrated action as a coordinating agency in offering and supporting unique local solutions to meet local challenges. Successful demonstration of development of capacities and abilities of local agencies. Provide tools and resources to local agencies to address aging infrastructure, fiscal challenges and the maintenance of existing services. Demonstrated action to streamline the provision of local services with proven results that services are consistent or have been improved as a result, with little to no increased cost to the consumer. Focused efforts and proven results to ensure delivery of services to all communities, especially disadvantaged communities.

Nomination criteria:

1. Clear demonstration that the actions rise above expected or common functions or actions.
2. The actions reduced or eliminated common institutional roadblocks.
3. The actions clearly proven a truly extraordinary public service outcome that is systemic and sustainable.
4. Identified unique circumstances and factors leading to the solution/project.
5. The innovative steps taken by the LAFCo or entity/entities/individual to solve the problem, overcome the situation, or to take action.
6. Clear description of the results/outcomes of the work and the short- and long-term effects.
7. How this work can be promoted as a LAFCo best practice.
8. Clear demonstration how this nomination meets all criteria.

Selection Criteria:

1. Must meet all nomination criteria requirements for consideration.
2. Equal consideration shall be given to each nominee within each category. The size or geographic area of the LAFCo within a given category shall not be a consideration.
3. The overall impact of the actions and outcomes to the greater community being served shall be considered.
4. The level of impact based on the required nomination criteria shall be considered.

May 5, 2023

To: Local Agency Formation Commission
Members and Alternate Members

From: Wendy Root Askew, Committee Chair
CALAFCO Board Election Committee
CALAFCO Board of Directors



RE: Nomination Period Now Open for 2023/2024 CALAFCO Board of Directors

Nominations are now open for the fall elections of the CALAFCO Board of Directors for the following seats:

| CENTRAL REGION | COASTAL REGION | NORTHERN REGION | SOUTHERN REGION |
|----------------|----------------|-----------------|-----------------|
| City Member | City Member | County Member | County Member |
| Public Member | Public Member | District Member | District Member |

Please inform your Commission that the CALAFCO Election Committee will be accepting nominations for the above-cited seats until:

MONDAY, SEPTEMBER 18, 2023 at 5:00 PM

Serving on the CALAFCO Board is a unique opportunity to work with other commissioners throughout the state on legislative, fiscal, and operational issues that affect us all. The Board meets four to five times each year, with half of the meetings currently held virtually and the rest being held at alternate sites around the state.

Board seats span a two-year term, with no term limits, and any LAFCo commissioner or alternate commissioner is eligible to run for a Board seat. Elections are conducted during Regional Caucuses at the CALAFCO Annual Conference prior to the Annual Membership Meeting on Thursday, October 19, 2023 at the Hyatt Regency Hotel in Monterey, California.

Should your Commission nominate a candidate, please return a completed Nomination Form and Candidate's Résumé Form by the deadline.



Please note that completed nomination forms and all materials must be RECEIVED by the CALAFCO Executive Director no later than **Monday, September 18, 2023 at 5:00 p.m.**

Returning the completed nomination and resume forms prior to the deadline ensures your nominee is placed on the ballot. Names will be listed in the order nominations were received.

Electronic filing of nomination forms is **highly encouraged** to facilitate the recruitment process (please email to info@calafco.org). However, hard copy forms and materials may also be mailed to:

CALAFCO Election Committee c/o Executive Director
California Association of Local Agency Formation Commissions
1129 Firehouse Alley
Sacramento, CA 9581

Nominations received by the September 18th deadline will be included in the Election Committee's Report and will be on the ballot. The Report will be distributed to LAFCo members no later than October 5, 2023, with ballots made available to Voting Delegates at the Annual Conference.

Nominations received after the deadline will be returned; however, nominations may be made from the floor during the Regional Caucuses or during at-large elections, if required, at the Annual Membership Meeting.

For those member LAFCos who cannot send a representative to the Annual Meeting, an electronic ballot will be made available *if requested in advance*. **Ballot requests must also be received no later than 5:00 pm on Monday, September 18, 2023, with completed absentee ballots returned by 5:00 p.m. on Thursday, October 12, 2023.**

NOMINATION/ELECTION PROCESS DEADLINES AND TIMELINES

- **May 5** – Nomination Announcement and packet sent to LAFCo membership and posted on the CALAFCO website.
- **September 18** – Completed Nomination packet due
- **September 18** – Request for an absentee/electronic ballot due
- **September 18** – Voting delegate name due to CALAFCO
- **October 5** – Distribution of the Election Committee Report (includes all completed/submitted nomination papers)
- **October 5** – Distribution of requested absentee/electronic ballots.
- **October 12** – Absentee ballots due to CALAFCO
- **October 19** - Elections

If you have any questions about the election process, please contact CALAFCO Executive Director René LaRoche at rlaroche@calafco.org or by calling 916-442-6536.

Members of the 2023/2024 CALAFCO Election Committee are:

Wendy Root Askew, Chair
district4@co.monterey.ca.us

Monterey LAFCo (Coastal Region)
831-883-7570

Rodrigo Espinosa
Rodrigo.Espinosa@countyofmerced.com

Merced LAFCo (Central Region)
209-398-4340

Derek McGregor
dmcgregor@dmceng.com

Orange Co. LAFCo (Southern Region)
530-538-6834

Josh Susman
jsusman@calafco.org

Nevada LAFCo (Northern Region)
530-559-1725

Additionally, you will also find attached for your reference a copy of the CALAFCO Board of Directors Nomination and Election Procedures, as well as the current listing of Board Members and corresponding terms of office.

I sincerely hope that you will consider joining us!

Enclosures

Board of Directors Nomination and Election Procedures and Forms

The procedures for nominations and election of the CALAFCO Board of Directors [Board] are designed to assure full, fair and open consideration of all candidates, provide confidential balloting for contested positions and avoid excessive demands on the time of those participating in the CALAFCO Annual Conference.

The Board nomination and election procedures shall be:

1. APPOINTMENT OF AN ELECTION COMMITTEE:

- a. Following the Annual Membership Meeting the Board shall appoint an Election Committee of four members of the Board. The Election Committee shall consist of one member from each region whose term is not ending.
- b. The Board Chair shall appoint one of the members of the Election Committee to serve as Committee Chair. The CALAFCO Executive Director shall either serve as staff to the Election Committee or appoint a CALAFCO regional officer to serve as staff in cooperation with the Executive Director.
- c. Each regional officer shall serve as staff liaison to the Election Committee specifically to assist in conducting the election as directed by the Executive Director and Committee.
- d. Goals of the Committee are to encourage and solicit candidates by region who represent member LAFCoS across the spectrum of geography, size, and urban-suburban-rural population, and to provide oversight of the elections process.

2. ANNOUNCEMENT TO ALL MEMBER LAFCoS:

- a. No later than four months prior to the Annual Membership Meeting, the Election Committee Chair shall send an announcement to each LAFCo for distribution to each commissioner and alternate. The announcement shall include the following:
 - i. A statement clearly indicating which offices are subject to the election.
 - ii. A regional map including LAFCoS listed by region.
 - iii. The specific date by which all nominations must be received by the Election Committee. The deadline shall be no later than 30 days prior to the opening of the Annual Conference. Nominations received after the closing date shall be returned to the proposing LAFCo marked "Received too late for Election Committee action."
 - iv. The names of the Election Committee members and the name of their LAFCo, regional representation, email address and phone number. The name, email address and phone number of the Executive Director shall also be included.
 - v. The email address and physical address to send the nominations forms.
 - vi. A form for a Commission to use to nominate a candidate and a candidate resume form of no more than one page each to be completed for each nominee.
 - vii. The specific date by which all voting delegate names are due.
 - viii. The specific date by which absentee ballots must be requested, the date CALAFCO will

**Key Timeframes for
Nominations Process**

| Days* | |
|-------|---------------------------|
| 120 | Nomination announcement |
| 30 | Nomination deadline |
| 14 | Committee report released |

*Days prior to annual membership meeting

distribute the absentee ballots, and the date by which they must be received by the Executive Director.

- b. A copy of these procedures shall be posted on the web site.

3. THE ELECTION COMMITTEE:

- a. The Election Committee and the Executive Director have the responsibility to monitor nominations and help assure that there are adequate nominations from each region for each seat up for election. No later than two weeks prior to the Annual Conference, the Election Committee Chair shall distribute to the members the Committee Report organized by regions, including copies of all nominations and resumes, which are received prior to the end of the nomination period.
- b. At the close of the nomination period, the Election Committee shall prepare regional ballots. Each region will receive a ballot specific to that region. Each region shall conduct a caucus at the Annual Conference for the purpose of electing their designated representatives. Caucus elections must be held prior to the annual membership meeting at the Conference. The assigned regional officers along with a member of the Election Committee shall tally ballots at each caucus and provide the Election Committee the names of the elected Board members and any open seats. In the event of a tie, the regional officer and Election Committee member shall immediately conduct a run-off ballot of the tied candidates.
- c. Make available sufficient copies of the Committee Report for each Voting Delegate by the beginning of the Annual Conference. Only the designated Voting Delegate, or the designated Alternate Voting Delegate shall be allowed to pick up the ballot packet at the Annual Conference.
- d. Make available blank copies of the nomination forms and resume forms to accommodate nominations from the floor at either the caucuses or the annual meeting (if an at-large election is required).
- e. Advise the Executive Director to provide "CANDIDATE" ribbons to all candidates attending the Annual Conference.
- f. Advise the Executive Director to provide "VOTING DELEGATE" ribbons to all voting delegates attending the Annual Conference.
- g. Post the candidate statements/resumes organized by region on a bulletin board or other easily accessible location near the registration desk.
- h. Regional elections shall be conducted as described in Section 4 below. The representative from the Election Committee shall serve as the Presiding Officer for the purpose of the caucus election and shall be assisted by a regional officer from a region other than their own, as assigned by the Executive Director
- i. Following the regional elections, in the event that there are open seats for any offices subject to the election, the Election Committee Chair shall notify the Chair of the Board of Directors that an at-large election will be required at the annual membership meeting and to provide a list of the number and category of seats requiring an at-large election.

4. ELECTRONIC BALLOT FOR LAFCO IN GOOD STANDING NOT ATTENDING ANNUAL MEETING

Limited to the elections of the Board of Directors

- a. Any LAFCo in good standing shall have the option to request an electronic ballot if there will be no representative attending the annual meeting.
- b. LAFCos requesting an electronic ballot shall do so in writing to the Executive Director no later than 30 days prior to the annual meeting.

- c. The Executive Director shall distribute the electronic ballot no later than two weeks prior to the annual meeting.
- d. LAFCo must return the ballot electronically to the Executive Director no later than three working days prior to the annual meeting.
- e. LAFCos voting by electronic ballot may discard their electronic ballot if a representative is able to attend the annual meeting.
- f. LAFCos voting under this provision may only vote for the candidates nominated by the Election Committee as noted on the ballot and may not vote in any run-off elections.

5. AT THE TIME FOR ELECTIONS DURING THE REGIONAL CAUCUSES OR ANNUAL MEMBERSHIP MEETING:

- a. The Presiding Officer shall:
 - i. Review the election procedure with the membership of their region.
 - ii. Present the Election Committee Report (previously distributed).
 - iii. Call for nominations from the floor by category for those seats subject to this election:
 - 1. For city member.
 - 2. For county member.
 - 3. For public member.
 - 4. For special district member.
- b. To make a nomination from the floor, a LAFCo, which is in good standing, shall identify itself and then name the category of vacancy and individual being nominated. The nominator may make a presentation not to exceed two minutes in support of the nomination.
- c. When there are no further nominations for a category, the Presiding Officer shall close the nominations for that category.
- d. The Presiding Officer shall conduct a “Candidates Forum”. Each candidate shall be given time to make a brief statement for their candidacy. If a candidate is absent from the regional caucus, they may ask someone in their region to make a brief statement on their behalf.
- e. The Presiding Officer shall then conduct the election:
 - i. For categories where there are the same number of candidates as vacancies, the Presiding Officer shall:
 - 1. Name the nominees and offices for which they are nominated.
 - 2. Call for a voice vote on all nominees and thereafter declare those unopposed candidates duly elected.
 - ii. For categories where there are more candidates than vacancies, the Presiding Officer shall:
 - 1. Poll the LAFCos in good standing by written ballot.
 - 2. Each LAFCo in good standing may cast its vote for as many nominees as there are vacancies to be filled. The vote shall be recorded on a tally sheet.

3. Any ballots submitted electronically for candidates included in the Election Committee Report shall be added to the tally.
 4. With assistance from the regional officer, tally the votes cast and announce the results.
- iii. Election to the Board shall occur as follows:
1. A majority of the total number of LAFCos in a given region are required for a quorum. Returned absentee ballots shall count towards the total required for a quorum.
 2. The nominee receiving the majority of votes cast is elected.
 3. In the case of no majority, the two nominees receiving the two highest number of votes cast shall face each other in a run-off election. Electronic ballots are not included in the tally for any run-off election(s).
 4. In case of tie votes:
 - a. A second run-off election shall be held with the same two nominees.
 - b. If there remains a tie after the second run-off, the winner shall be determined by a draw of lots.

6. ADDITIONAL PROCEDURES

- a. For categories where there are more candidates than vacancies, names shall be listed on the ballot in the order the nomination was received and deemed complete.
- b. The Election Committee Chair shall announce and introduce all Board Members elected during the Regional Caucuses at the annual business meeting.
- c. In the event that Board seats remain unfilled after a Regional Caucus, an election will be held immediately at the annual business meeting to fill the position at-large. Nominations will be taken from the floor and the election process will follow the procedures described in Section 4 above. Any commissioner or alternate from a member LAFCo may be nominated for at-large seats.
- d. Seats elected at-large become subject to regional election at the expiration of the term. Only representatives from the region may be nominated for the seat.
- e. As required by the Bylaws, the members of the Board shall meet as soon as possible after election of new Board members for the purpose of electing officers, determining meeting places and times for the coming year, and conducting any other necessary business.

7. LOSS OF ELECTION IN HOME LAFCO

Board Members and candidates who lose elections in their home office shall notify the Executive Director within 15 days of the certification of the election.

8. FILLING BOARD VACANCIES

Vacancies on the Board of Directors may be filled by appointment by the Board for the balance of the unexpired term. Appointees must be from the same category as the vacancy, and should be from the same region.

CALAFCO's Four Regions



The counties in each of the four regions consist of the following:

Northern Region

Butte
Colusa
Del Norte
Glenn
Humboldt
Lake
Lassen
Mendocino
Modoc
Nevada
Plumas
Shasta
Sierra
Siskiyou
Sutter
Tehama
Trinity
Yuba

CONTACT: Steve Lucas
Butte LAFCo
slucas@buttecounty.net

Southern Region

Orange
Los Angeles
Imperial
Riverside
San Bernardino
San Diego

CONTACT: Gary Thompson
Riverside LAFCo
gthompson@lafco.org

Coastal Region

Alameda
Contra Costa
Marin
Monterey
Napa
San Benito
San Francisco
San Luis Obispo
San Mateo
Santa Barbara
Santa Clara
Santa Cruz
Solano
Sonoma
Ventura

CONTACT: Dawn Longoria
Napa LAFCo
dlongori@napa.lafco.ca.gov

Central Region

Alpine
Amador
Calaveras
El Dorado
Fresno
Inyo
Kings
Madera
Mariposa
Merced
Mono
Placer
Sacramento
San Joaquin
Stanislaus
Tulare
Tuolumne
Yolo

CONTACT: José Henriquez
Sacramento LAFCo
henriquezj@saccounty.net

CURRENT BOARD MEMBERS AND TERMS

| NAME | REGION | TYPE & TERM |
|-------------------------------------|-----------------------------------|------------------------|
| Bill Connelly, Chair | Butte <i>Northern</i> | County (2023) |
| Rodrigo Espinosa | Merced <i>Central</i> | County (2024) |
| Blake Inscore | Del Norte <i>North</i> | City (2024) |
| Gay Jones | Sacramento <i>Central</i> | District (2024) |
| Michael Kelley | Imperial <i>Southern</i> | County (2023) |
| Debra Lake | Humboldt <i>Northern</i> | District (2023) |
| Jo MacKenzie | San Diego <i>Southern</i> | District (2023) |
| Michael McGill | Contra Costa <i>Coastal</i> | District (2024) |
| Derek McGregor | Orange <i>Southern</i> | Public (2024) |
| Margie Mohler, Vice Chair | Napa <i>Coastal</i> | City (2023) |
| Anita Paque | Calaveras <i>Central</i> | Public (2023) |
| Daniel Parra | Fresno <i>Central</i> | City (2023) |
| Wendy Root Askew | Monterey <i>Coastal</i> | County (2024) |
| Shane Stark | Santa Barbara <i>Coastal</i> | Public (2023) |
| Josh Susman | Nevada <i>Northern</i> | Public (2024) |
| Acquanetta Warren, Treasurer | San Bernardino <i>Southern</i> | City (2024) |

Date Received

CALIFORNIA ASSOCIATION OF
LOCAL AGENCY FORMATION
COMMISSIONS



Board of Directors

2023/2024 Nomination Form

(Must accompany the Candidate Résumé Form)

Nomination to the CALAFCO Board of Directors

In accordance with the Nominations and Election Procedures of CALAFCO,

_____ LAFCo of the _____ Region

Nominates _____

for the (check one) City County Special District Public

Position on the CALAFCO Board of Directors to be filled by election at the next Annual Membership Meeting of the Association.

_____ LAFCo Chair

_____ Date

NOTICE OF DEADLINE

Nomination Packets must be received by **September 18, 2023 at 5:00 p.m.** to be considered by the Election Committee.

Send completed nominations to
info@calafco.org

Or, mail to:

CALAFCO Election Committee
CALAFCO
1129 Firehouse Alley
Sacramento, CA 95814

Date Received

CALIFORNIA ASSOCIATION OF
LOCAL AGENCY FORMATION
COMMISSIONS



Board of Directors 2023/2024 Candidate Résumé Form (Complete both pages)

Nominated By: _____ LAFCo Date: _____

Region (please check one): Northern Coastal Central Southern

Category (please check one): City County Special District Public

Candidate Name _____

Address _____

Phone Office _____ Mobile _____

e-mail _____

Personal and Professional Background:

LAFCo Experience:

CALAFCO or State-level Experience:

Availability:

Other Related Activities and Comments:

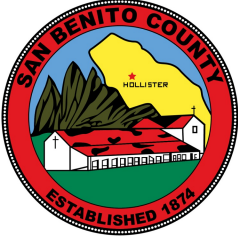
NOTICE OF DEADLINE

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Send completed nominations to
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Or, mail to:

CALAFCO Election Committee
CALAFCO
1129 Firehouse Alley
Sacramento, CA 95814



**SAN BENITO COUNTY
AGENDA ITEM
TRANSMITTAL FORM**

Angela Curro
Board of Supervisors

Bea Gonzalez
Boad of Supervisors

Mia Casey
Holister City Council

Leslie Jordan
San Juan Bautista
City Council

Richard
Bettencourt
Public Member

Item Number: 6.1

MEETING DATE: 08/10/2023

DEPARTMENT: CLERK OF THE BOARD

AGENDA ITEM PREPARER: Vanessa Delgado

SUBJECT:

EXECUTIVE OFFICER COMMUNICATIONS

AGENDA SECTION:

INFORMATIONAL

BACKGROUND/SUMMARY:

Recommended action: receive an update from staff on the following items.

1. Executive Officer recruitment: The Commission's agreement with Monterey LAFCO for interim Executive Officer services will expire at the end of September. In consultation with the two-member ad hoc committee (Chair Curro and Commissioner Casey) that the Commission appointed in May for initial review of E.O. applicants, last month I re-distributed the E.O. recruitment flyer with a "submission deadline for initial review of candidates" of Friday, August 25. The updated flyer is also posted at the top of LAFCO's website with a prominent announcement about the submission deadline,

<https://www.cosb.us/departments/lafco>

I will continue to coordinate with the ad hoc committee, and will update the full Commission at the September 14 meeting.

2. Commissioner Handbook: The Handbook was provided to commissioners as part of the May meeting packet, which is available via this [link](#). Staff will bring back a discussion of Handbook amendments to the Commission's September 14 meeting.

Respectfully submitted-
Darren McBain
Interim Executive Officer

ATTACHMENTS:



**SAN BENITO COUNTY
AGENDA ITEM
TRANSMITTAL FORM**

Angela Curro
Board of Supervisors

Bea Gonzalez
Boad of Supervisors

Mia Casey
Holister City Council

Leslie Jordan
San Juan Bautista
City Council

Richard
Bettencourt
Public Member

Item Number: 6.2

MEETING DATE: 08/10/2023

DEPARTMENT: CLERK OF THE BOARD

AGENDA ITEM PREPARER: Vanessa Delgado

SUBJECT:

COMMISSIONER ANNOUNCEMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

AGENDA SECTION:

INFORMATIONAL

ATTACHMENTS:



**SAN BENITO COUNTY
AGENDA ITEM
TRANSMITTAL FORM**

Angela Curro
Board of Supervisors

Bea Gonzalez
Boad of Supervisors

Mia Casey
Holister City Council

Leslie Jordan
San Juan Bautista
City Council

Richard
Bettencourt
Public Member

Item Number: 7.1

MEETING DATE: 08/10/2023

DEPARTMENT: CLERK OF THE BOARD

AGENDA ITEM PREPARER: Vanessa Delgado

SUBJECT:

ADJOURN TO NEXT REGULAR MEETING ON SEPTEMBER 14, 2023, UNLESS MEETING IS CANCELLED BY THE CHAIR.

AGENDA SECTION:

ADJOURNMENT

ATTACHMENTS:

LAFCO No. 2023-01

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF SAN BENITO COUNTY ADOPTING THE FINAL FISCAL YEAR 2023-2024 ANNUAL 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 Local Agency Formation Commission (LAFCO) of San Benito County considered staff recommendations, conducted an initial public hearing, and approved a proposed budget on May 11, 2023; and

WHEREAS, the approved proposed budget was distributed to the County, to each city, and to each independent special district for review and comment through the close of a second hearing on June 8, 2023; and

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

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

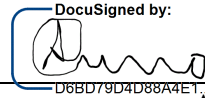
1. That the Commission adopts a final budget for Fiscal Year 2023-2024 (Exhibit 1);
2. That the Executive Officer shall transmit the adopted final budget to the Board of Supervisors, to each city, and to each independent special district,
3. That the Executive Officer shall transmit the adopted final budget to the Auditor-Controller for apportionment of LAFCO's expenses pursuant to the requirements of Government Code Section 56381(b)(1). With adoption of this resolution, it is the Commission's intent that the County Auditor-Controller shall invoice the County of San Benito, City of Hollister, and City of San Juan Bautista for the full amount of their respective contributions to LAFCO's annual budget (discontinuing the prior practice of reducing the amounts collected from local agencies for LAFCO operations by applying the actual year-end fund balance to partly offset the next year's annual LAFCO budget);
4. LAFCO staff is hereby directed to
 - a) Advise the Commission on any changed budgetary conditions that could adversely affect the Commission's ability to fulfill its responsibilities in the coming year;
 - b) Work with the County Auditor-Controller's Office to establish a dedicated financial reserve account and transfer the fiscal year-end balance into this account; and

- c) Bring back policy options to cap the new reserve account at a preset dollar amount, or an approximate percentage of the annual budget, to a future Commission meeting for further discussion and consideration of a specific policy.

PASSED AND ADOPTED by the Local Agency Formation Commission of San Benito County, on this 8th day of June 2023, by the following vote:

AYES: **Curro, Bettencourt, Casey, Jordan, Gonzales**
 NOES: **None**
 ALTERNATES: **None**
 ABSENT: **None**

Dated: June 8, 2023

DocuSigned by:

 D6BD79D4D88A4E1...

 Angela Curro, Chair
 San Benito County Local Agency Formation Commission

ATTEST:

Darren McBain
 Darren McBain, Interim Executive Officer

APPROVED AS TO LEGAL FORM:

DocuSigned by:

 8F73E30FC300415...
 Barbara Thompson, LAFCO Counsel

DATE: June 8, 2023

DATE: 6/16/2023