

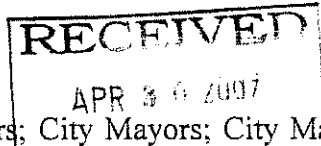
cc: WM
CR
TK

LAFCO of Monterey County

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

KATE MCKENNA, AICP
Executive Officer

DATE: April 27, 2007



TO: Board of Supervisors; City Mayors; City Managers; Clerk and Chair of Mayors Selection Committee; ~~County Administrative~~ Officer; General Managers of Independent Special Districts; and Clerk and President of Special Districts Association of Monterey County

FROM: Kate McKenna, AICP, Executive Officer *Kate McKenna*

SUBJECT: Proposed Fiscal Year 2007-08 LAFCO Budget

This memorandum transmits the Local Agency Formation Commission's proposed budget and work program for Fiscal Year 2007-08, as adopted on April 23. Revised estimates of each agency's contribution to the proposed budget are included in the transmittal.

The enclosed budget proposal is different than the first draft circulated for review and comment a month ago. The Commission reduced the proposed expenses by nearly \$100,000, in response to concerns expressed by some of our contributing agencies. Funding was reduced or eliminated for three reserves (litigation defense, accrued leave benefit liability and general contingencies) and some operational items. The litigation reserve is still, however, a significant factor in the proposed 15 percent overall cost increase for FY 2007-08 as compared to FY 2006-07.

The Commission will consider adopting a final budget and work program at a public hearing on **May 21 at 4:00 p.m.** in Salinas. Your comments can be included in the Executive Officer's report if I receive them by May 14, and will be welcome up to and at the hearing. I will provide copies of the meeting agenda and report to you five days before the hearing.

LAFCO policy is that project fee revenue received in a fiscal year is applied toward the following year's budget. The Commission has directed me to study revisions to the current fee schedule. I will keep you informed about opportunities to participate in that discussion and decision making process this summer.

Thank you for your support of the Local Agency Formation Commission. Please contact me if you have questions or concerns.

Enclosures
cc: LAFCO Chair and Commissioners

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTICE OF PUBLIC HEARING

Pursuant to Government Code Sections 56381 and 56660, notice is hereby given that the Local Agency Formation Commission of Monterey County will consider the following at a public hearing on **May 21, 2007 at 4:00 p.m.:**

Final LAFCO Budget for Fiscal Year 2007-08.

The public hearing will be held on Monday, May 21, 2007 at 4:00 p.m. in the Board of Supervisors Chambers, Monterey County Government Center, First Floor, 168 West Alisal Street, Salinas, California. All persons wishing to make presentations for or against the proposal will be heard. Information on the proposal is on file at the LAFCO office and may be examined by interested persons. The agenda and staff report will be available by 4 p.m. on Thursday, May 17, 2007 at www.monterey.lafco.ca.gov. The LAFCO office is located at 132 W. Gabilan Street, Suite 102 in Salinas, phone number (831)754-5838. Please contact us if you have questions or would like information.



KATE McKENNA, AICP, Executive Officer
Local Agency Formation Commission of
Monterey County

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
 PROPOSED BUDGET WORKSHEET
 FISCAL YEAR 2007 - 2008
 AS ADOPTED ON APRIL 23, 2007

	Adopted Budget Fiscal Year 2006-07	Revised Budget Fiscal Year 2006-07, Adopted by Commission 02/26/07	Estimated Year End Expenditures Fiscal Year 2006-07	Proposed Budget Fiscal Year 2007-08
6000 Employee Salaries	\$ 347,116.00	\$ 347,116.00	\$ 347,116.00	\$ 374,027.00
6010-Accrued Leave Reserve	\$ -	\$ 25,025.48	\$ 25,025.48	\$ -
6100 Employee Benefits	\$ 179,000.00	\$ 179,000.00	\$ 179,000.00	\$ 216,599.00
7000 Postage and Shipping	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 7,000.00
7010 Books and Periodicals	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
7030 Copy Machine Charges	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 7,000.00
7040 Outside Printers	\$ 5,000.00	\$ 3,500.00	\$ 3,500.00	\$ 2,500.00
7060 Office Supplies	\$ 1,500.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00
7070 Office Equipment and Furnishings	\$ 2,000.00	\$ 516.20	\$ 516.20	\$ 1,000.00
7080 Computer/Hardware/Peripherals	\$ 2,500.00	\$ 3,120.00	\$ 3,120.00	\$ 2,500.00
7085 Computer Equipment Maintenance	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00
7090 Computer Support Services	\$ 15,300.00	\$ 15,300.00	\$ 15,300.00	\$ 16,000.00
7100 Computer Software	\$ 5,000.00	\$ -	\$ -	\$ -
7110 Property and General Liability Insurance	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 6,000.00
7120 Office Maintenance Services	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00
7130 Other Equipment Maintenance	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00
7140 Travel	\$ 6,800.00	\$ 5,663.60	\$ 5,663.60	\$ 7,575.00
7150 Training, Conferences and Workshops	\$ 3,000.00	\$ 2,600.00	\$ 2,600.00	\$ 4,500.00
7160 Vehicle Mileage	\$ 500.00	\$ 1,000.00	\$ 1,000.00	\$ 1,500.00
7170 Rental of Buildings	\$ 27,000.00	\$ 27,000.00	\$ 27,000.00	\$ 28,000.00
7200 Telephone Communications	\$ 6,000.00	\$ 8,000.00	\$ 8,000.00	\$ 7,500.00
7210 County Cost Plan Charges (Indirect)	\$ 5,350.00	\$ 5,350.00	\$ 5,350.00	\$ -
7230 Temporary Help Services (Clerical)	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
7240 Outside Professional Services - Total for Line Items (a) - (g) Below	\$ 127,000.00	\$ 140,475.00	\$ 140,475.00	\$ 111,000.00
(a) Completion of Municipal Services Reviews	\$ 10,000.00	\$ -	\$ -	\$ -
(b) Legal Counsel	\$ 35,000.00	\$ 53,529.00	\$ 53,529.00	\$ 40,000.00
(c) Accounting and Financial Services	\$ 22,000.00	\$ 45,000.00	\$ 45,000.00	\$ 45,000.00
(d) Human Resources	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
(e) Annual Audit	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 11,000.00
(f) Temporary In-House Professional Services	\$ 25,000.00	\$ 6,946.00	\$ 6,946.00	\$ -
(g) Pass-Through Charges for Project Related Work	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 10,000.00
7250 Miscellaneous Office Expenses	\$ 300.00	\$ 700.00	\$ 700.00	\$ 1,000.00
7260 Legal Notices	\$ 10,000.00	\$ 20,000.00	\$ 20,000.00	\$ 18,500.00
7270 Recruitment Advertising	\$ -	\$ -	\$ -	\$ -
7280 LAFCO Memberships	\$ 2,500.00	\$ 3,000.00	\$ 3,000.00	\$ 3,500.00
7290 Litigation Reserve	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 80,000.00
7295 Records Storage and Security	\$ 5,000.00	\$ -	\$ -	\$ -
XXXX Contingency Reserve	\$ -	\$ -	\$ -	\$ 5,000.00
SUB TOTAL EXPENDITURES	\$ 817,716.00	\$ 857,716.00	\$ 857,716.00	\$ 913,351.00
LESS PASS-THROUGH CHARGES (Line item "g" above)	\$ (20,000.00)	\$ (20,000.00)	\$ (20,000.00)	\$ (10,000.00)
TOTAL EXPENDITURES (NET)	\$ 797,716.00	\$ 837,716.00	\$ 837,716.00	\$ 903,351.00

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
 PROPOSED BUDGET WORKSHEET
 FISCAL YEAR 2007 - 2008
 AS ADOPTED ON APRIL 23, 2007

Revenues:	Adopted Budget Revenues for Fiscal Year 2006-07	Revised Budget Revenues for Fiscal Year 2006-07 Adopted by Commission on 02/26/07	Estimated Year End Revenues Fiscal Year 2006-07	Proposed Budget Revenues for Fiscal Year 2007-08
Fees:				
a. Project	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
b. Pass-through	\$ 20,000	\$ 20,000	\$ 20,000	\$ 10,000
Carryover from Unreserved Fund Balance	\$ -	\$ 40,000	\$ 40,000	\$ -
County Contribution	\$ 245,905	\$ 245,905	\$ 245,905	\$ 282,784
City Contribution	\$ 245,905	\$ 245,905	\$ 245,905	\$ 282,784
District Contribution	\$ 245,905	\$ 245,905	\$ 245,905	\$ 282,784
Interest	\$ 10,000	\$ 10,000	\$ 10,000	\$ 5,000
SUB TOTAL REVENUES	\$ 817,716	\$ 857,716	\$ 857,716	\$ 913,351
LESS: PASS-THROUGH FEES (Line Item 7240 (g))	\$ (20,000)	\$ (20,000)	\$ (20,000)	\$ (10,000)
TOTAL REVENUE (NET)	\$ 797,716	\$ 837,716	\$ 837,716	\$ 903,351

Monterey County Independent Special Districts
 LAFCO Cost Allocation Formula: Proportionate Percentages

Projected for FY 2007-08

Based on LAFCO Proposed Budget for FY 2007-08 - As Adopted on April 23, 2007

Source: PBCSD, 3/28/02 & State Controller's Report, FY 97-9	Non-Enterprise (Rev for Gen Transactions)	Enterprise (Operating Revenue)	Cost	Percent	Cost	Percent	Cost	Total LAFCO Cost	Percent	Off-Page Parameters:
AIRPORTS										
Monterey Airport District	\$0	\$4,385,098	\$0	0.00%	\$0	7.42%	\$20,992	\$20,992	7.42%	
CEMETERIES										
Castroville Cemetery	93,493		448	0.16%			\$448	\$448	0.16%	Total Cost \$282,784.00
Cholame Cemetery District	184		1	0.00%			\$1	\$1	0.00%	Salinas Valley Memorial Ho 25%
Gonzales Cemetery District	61,230		293	0.10%			\$293	\$293	0.10%	Salinas Valley Memorial Ho \$70,686.00
Greenfield Cemetery District	49,175		235	0.08%			\$235	\$235	0.08%	Percent Distributed between others 75%
King City Cemetery District	125,511		601	0.21%			\$601	\$601	0.21%	!!! Change Only T10 and T11, if you need to
San Ardo Cemetery District	6,055		29	0.01%			\$29	\$29	0.01%	T12 and T13 will be calculated !!!
San Lucas Cemetery District	10,399		50	0.02%			\$50	\$50	0.02%	
Soledad Cemetery District	62,291		298	0.11%			\$298	\$298	0.11%	
COMMUNITY SERVICES DISTRICTS										
Pajaro/Sunny Mesa CSD	63,570	308,700	304	0.11%	1,478	0.52%	\$1,782	\$1,782	0.63%	
Pebble Beach CSD	3,811,114	2,411,120	18,245	6.45%	11,543	4.08%	\$29,787	\$29,787	10.53%	
Santa Lucia CSD				N/A						
Spreckels CSD	70,667		338	0.12%			\$338	\$338	0.12%	
FIRE DISTRICTS										
Aromas Tri-County FPD	746,415		3,573	1.26%			\$3,573	\$3,573	1.26%	
Cachagua FPD				N/A						
Carmel Highlands FPD	901,183		4,314	1.53%			\$4,314	\$4,314	1.53%	
Carmel Valley FPD	2,251,275		10,777	3.81%			\$10,777	\$10,777	3.81%	
Cypress FPD	1,732,627		8,294	2.93%			\$8,294	\$8,294	2.93%	
Gonzales Rural FPD	47,804		229	0.08%			\$229	\$229	0.08%	
Greenfield FPD	275,564		1,319	0.47%			\$1,319	\$1,319	0.47%	
Mission-Soledad FPD	128,432		615	0.22%			\$615	\$615	0.22%	
North County FPD	2,831,837		13,557	4.79%			\$13,557	\$13,557	4.79%	
Salinas Rural FPD	2,921,520		13,986	4.95%			\$13,986	\$13,986	4.95%	
South Monterey County FPD	70,779		339	0.12%			\$339	\$339	0.12%	
HARBOR DISTRICTS										
Moss Landing Harbor District		1,340,886			6,419	2.27%	\$6,419	\$6,419	2.27%	
HEALTH CARE DISTRICTS										
Salinas Valley Memorial Hospital										
Soledad Community Health Care										
	See end of worksheet for adjustment of disproportionate impact above 25%							\$0	0.00%	

Monterey County Independent Special Districts
 LAFCO Cost Allocation Formula: Proportionate Percentages

Projected for FY 2007-08

Based on LAFCO Proposed Budget for FY 2007-08 - As Adopted on April 23, 2007

MEMORIAL DISTRICTS										
Greenfield Memorial District										
Spreckels Memorial District										
MOSQUITO ABATEMENT DISTRICTS										
No. Salinas Valley Mosquito Abatement										
RECREATION & PARK DISTRICTS										
Carmel Valley Recreation & Park										
North County Public Recreation										
Greenfield Recreation & Park										
Monterey Peninsula Regional Park										
Soledad-Mission Recreation & Park										
RESOURCE CONSERVATION										
Monterey Co. Resource Conservation										
SOLID WASTE DISPOSAL										
Monterey Regional Waste Mgt. District										
WASTEWATER/SANITARY										
Carmel Area Wastewater District										
WATER DISTRICTS										
Arenas County-Water District										
Castroville County Water District										
Marina Coast Water District (County WD)										
San Ardo Water District (Calif. WD)										
San Lucas County Water District										
TOTALS:										
Subtotal Operating Revenue:										
DISPROPORTIONATE IMPACT MITIGATION										
Salinas Valley Memorial Hospital - Allocation Based on Total Revenue										
Salinas Valley Memorial Hospital - Adjusted at a fixed percentage of total special districts LAFCO cost:										
Total Cost										

Monterey County Cities
 LAFCO Projected Cost Allocation Formula - Using 2005-06 City Revenue Totals

Projected for FY 2007-08

Based on LAFCO Proposed Budget for FY 2007-08 - As Adopted on April 23, 2007

	All Funds Including General		2007-08 PROJECTED AMOUNT TO BE BILLED
	<u>2005-06 Revenue</u>		
1	Greenfield	\$11,186,841	\$ 11,506.24
2	King City	\$7,558,476	\$ 7,774.28
3	Monterey	\$66,231,743	\$ 68,122.77
4	Pacific Grove	\$15,632,543	\$ 16,078.88
5	Sand City	\$5,857,788	\$ 6,025.04
6	Salinas	\$95,064,198	\$ 97,778.44
7	Gonzales	\$4,764,377	\$ 4,900.41
8	Del Rey Oaks	\$1,805,416	\$ 1,856.96
9	Carmel	\$11,909,320	\$ 12,249.35
10	Marina	\$16,301,114	\$ 16,766.54
11	Soledad	\$9,761,340	\$ 10,040.04
12	Seaside	\$28,861,016	\$ 29,685.05
	Total	<u><u>\$274,934,172</u></u>	<u><u>\$ 282,784.00</u></u>
		100.0%	

Note: This is for rough estimates only, using out-of-date city revenue information. Current financial information is not yet available. The Actual 2007-08 Cost will be determined by adopted 2007-08 LAFCO budget and 2006-07 financial statements to be provided by Cities.

Last Updated: April 27, 2007

BOARD OF DIRECTORS

LEO LASKA
CHAIR

SUE McCLOUD
VICE CHAIR

GARY BALES
DAVID PENDERGRASS
KEN GRAY
JOSEPH P. RUSSELL
JERRY SMITH
DON JORDAN
LIBBY DOWNEY



MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Home of the Last Chance Mercantile

April 20, 2007

7
WILLIAM MERRY, P.E., DEE
GENERAL MANAGER/
DISTRICT ENGINEER

TIMOTHY S. FLANAGAN
ASST. GENERAL MANAGER

RICHARD SHEDDEN, P.E.
SENIOR ENGINEER

RICHARD NORTON
ADMIN. SERVICES MGR.

ROBERT WELLINGTON
COUNSEL

Via Facsimile (831-754-5831) and Regular Mail

Ms. Kate McKenna
Executive Director
Local Agency Formation Commission
PO Box 1369
Salinas, CA 93902

RE: 2007-08 Proposed Budget and Work Program

Dear Ms McKenna:

Thank you for appearing before the Board of the Monterey Regional Waste Management District (District) today to present LAFCO's proposed budget and work plan for the upcoming year, and for conveying District concerns directly to your Board at their meeting on April 23rd. In addition, the District Board requested that I express their concerns in this letter.

The District Board spent considerable time at their April 20, 2007 regular meeting discussing LAFCO's 2007-08 Proposed Budget and Work Program. Concerns were expressed regarding the proposed increases and the formula used to calculate the contributions made by each of the Special Districts. Board members are aware that the District currently pays 16% of the one-third share cost of special districts and that participation in LAFCO has benefits such as being a part of the decision making process shaping policies, service boundaries, services, work programs and budget. The District's proposed contribution for FY 2007-2008 is \$51,894, a 28% increase over last year's contribution, and a 123% increase over the amount from two years ago, \$23,237.

The District is number two among the Special District contributors to LAFCO's budget. When considering what services the District has received over the last couple of years, and looking into the future, the Board questions the value received when compared with the contributions made of well over \$100,000 so far.

This steep and continuing increase in LAFCO's budget is of significant concern to the District Board. The Board would like to know that LAFCO will be considering ways to stop these dramatic budget increases from year to year. One item of concern in the proposed budget is funding of the litigation reserve. Why is the litigation reserve being set as high as it is? Our Board would like to know what assurances LAFCO could provide to the Special Districts to protect us from future litigation costs and liabilities. Another suggestion was to charge the actual cost as a fee for LAFCO to provide services when requested, rather than subsidizing such costs. This would assure that those that request the service pay for it.


Ms. Kate McKenna

April 20, 2007

Page 2

Again, we appreciate the time you took to appear before the District Board to provide information and to answer the many questions raised.

Very truly yours,


William Merry
General Manager

cc: District Boardmembers
Tom Perkins, Special District Member and LAFCO Commission Chair
Anne D. McGowan, Special District Member, LAFCO Commissioner
Other LAFCO Commissioners
Peggy Shirrel, Special District Member, Alternate LAFCO Commissioner
Supervisor Dave Potter, MRWMD Interim Board Member and Interim LAFCO County Member