

LAFCO MEETING: April 6, 2016
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
SUBJECT: PROPOSED LAFCO BUDGET FOR FISCAL YEAR 2017

STAFF RECOMMENDATION

1. Select the additional LAFCO staffing/funding option and adopt the Proposed Budget for Fiscal Year 2016-2017.
2. Find that the Proposed Budget for Fiscal Year 2017 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
3. Authorize staff to transmit the Proposed Budget adopted by the Commission including the estimated agency costs as well as the LAFCO public hearing notice on the adoption of the Fiscal Year 2016 Final Budget to the cities, the special districts, the County, the Cities Association and the Special Districts Association.

BACKGROUND

LAFCO Budget Process Requirements

The Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (CKH Act) which became effective on January 1, 2001, requires LAFCO, as an independent agency, to annually adopt a draft budget by May 1 and a final budget by June 15 at noticed public hearings. Both the draft and the final budgets are required to be transmitted to the cities, the special districts and the County. Government Code §56381(a) establishes that at a minimum, the budget must be equal to that of the previous year unless the Commission finds that reduced staffing or program costs will nevertheless allow it to fulfill its statutory responsibilities. Any unspent funds at the end of the year may be rolled over into the next fiscal year budget. After adoption of the final budget by LAFCO, the County Auditor is required to apportion the net operating expenses of the Commission to the agencies represented on LAFCO.

LAFCO and the County of Santa Clara entered into a Memorandum of Understanding (MOU)(effective since July 2001), under the terms of which, the County provides staffing, facilities, and services to LAFCO. The associated costs are reflected in the proposed LAFCO budget. LAFCO is a stand-alone, separate fund within the County’s accounting/budget system and the LAFCO budget information is formatted using the County’s account descriptions/codes.

Fiscal Year 2016-2017 Budget Timeline

Dates	Staff Tasks / LAFCO Action
March 14 - April 6	Notice period, Draft Budget posted on LAFCO website and available for review and comment
April 6	LAFCO public hearing on adoption of Draft Budget
April 7	Draft Budget, draft apportionments and LAFCO public hearing notice on Final Budget transmitted to agencies
June 1	Public hearing and adoption of Final Budget
June 1 - July 1	Final Budget transmitted to agencies; Auditor requests payment from agencies

LAFCO FINANCE COMMITTEE

At its February 3, 2016 LAFCO meeting, the Commission appointed Commissioners Tucker, Wasserman and Wilson, to the LAFCO Finance Committee, and directed the Committee to develop a draft budget for Commission consideration.

The Finance Committee held a meeting on March 4, 2016. Commissioners Wasserman and Wilson attended the Finance Committee meeting. The Committee discussed issues related to the budget including the highlights and progress on the current year work plan, and the status of the current year budget.

The Finance Committee discussed the need for additional staffing; concurred with staff recommendation that increased staffing levels are necessary to allow LAFCO to meet its responsibilities; and recommended that staff develop three staffing options for the full commission’s consideration.

Please see discussion (starting on Page 4) of the alternative staffing options and their fiscal implications to the LAFCO budget and its funding agencies.

STATUS OF CURRENT YEAR (FISCAL YEAR 2016) WORK PLAN AND BUDGET

Attachment A depicts the current status of the work items/projects in the Fiscal Year 2016 Work Program. The major focus of LAFCO’s work in FY 2016 was the completion of service reviews and sphere of influence updates for the 15 cities; and the review and evaluation of large, complex urban service area amendment applications. The LAFCO

Annual Report which will be published at the end of the current fiscal year will document all the applications processed by LAFCO and the various activities/projects that LAFCO has completed in Fiscal Year 2016.

Attachment B depicts the current Fiscal Year budget status. The adopted LAFCO budget for FY 2016 is \$819,843. Based on information through the end of February 2015, total year-end projected expenditures for FY 2016 would be approximately \$108,000 (13%) less than the adopted budget for FY 2016. Actual revenue for FY 2016 is projected to be approximately the same as that in the adopted budget for FY 2016. The County, the cities and the independent special districts paid their respective shares of LAFCO's FY 2016 costs as apportioned by the County Controller. The actual fund balance rolled over at the end of FY 2015 was \$187,310, which is approximately \$62,000 (\$187,310- \$124,839) more than projected in the adopted FY 2016 budget.

It is projected that there will be a savings or fund balance of approximately \$170,894 at the end of Fiscal Year 2016, which will be carried over to reduce the proposed Fiscal Year 2017 costs for the funding agencies (cities, independent special districts and the County).

$$\begin{aligned} \text{Proj. Year-End [FY 16] Fund Balance} &= (\text{Projected Year-End [FY 16] Revenue} + \text{Actual} \\ &\quad \text{Fund Balance from Previous Fiscal Year [FY 15]} + \\ &\quad \text{Funds Received from Local Agencies in FY 16}) - \\ &\quad (\text{Projected Year-End [FY 16] Expenses}) \\ &= (\$33,000 + 187,310 + \$662,004) - \$711,420 \\ &= \$170,894 \end{aligned}$$

Please note that the fund balance excludes the \$150,000 set aside as a reserve, which is expected to be unused at the end of FY 2016 and will be rolled over to the next year as-is and maintained as the reserve.

PROPOSED WORK PROGRAM FOR FISCAL YEAR 2016-2017

LAFCO is mandated by the state to process jurisdictional boundary change applications in accordance with provisions of the Cortese Knox Hertzberg Act. Associated with this mandate, LAFCO has several responsibilities/requirements including but not limited to adopting written policies and procedures, maintaining a website, serving as a conducting authority for protest proceedings and conducting public hearings and providing adequate public notice. Other state mandates for LAFCO include preparation of service reviews and the corresponding sphere of influence review and update for each city and special district within the county.

The LAFCO work program for FY 2016- 2017 is presented in **Attachment C**. Santa Clara LAFCO has completed two rounds of service reviews for each of the cities and districts under LAFCO jurisdiction. In FY 2017, LAFCO will evaluate its previous studies and develop a work plan for conducting future service reviews. Other items that LAFCO was unable to make significant progress on during the current year due to its heavy application workload, will be pursued next year. These items include the development of a public information / communications strategy, development of or collaboration on

programs to improve our local community's understanding of the importance of preserving agricultural lands, revision of the LAFCO fee schedule, and publication of an updated wall map of city boundaries. In other areas of work, including island annexations, application processing, public outreach/communication and administration, it is similar to the work plan for the current year.

PROPOSED BUDGET: FISCAL YEAR 2016-2017

The Finance Committee recommended for the full Commission's consideration and approval –the Proposed Budget for Fiscal Year 2016-2017 (See Attachment D), based on selection of the LAFCO staffing option. The following is a detailed itemization of the proposed budget.

EXPENDITURES

Expenditures are divided into two main sections: Staff Salary and Benefits (Object 1), and Services and Supplies (Object 2).

OBJECT 1. SALARIES AND BENEFITS

This includes salary and benefits for the three current LAFCO staff positions including Executive Officer, Analyst and Clerk, which are all staffed through the County Executive's Office. **The County projects that the salaries and benefits for the three existing LAFCO position would be \$514,370 in FY 2017.** The proposed amount is based on the best available projections from the County. Any further changes to the projections for these three positions that occur within the next couple of months will be reflected in the Final LAFCO budget.

Proposed Additional Staffing for the LAFCO Program

As mentioned on Page 2 of this Staff Report, the Finance Committee concurred that increased staffing levels are necessary to allow LAFCO to meet its responsibilities, which have progressively and substantially expanded over the past 15 years, due to changes in State law, emerging issues, and related new initiatives in the county and region. Staff augmentation will greatly assist the LAFCO Office in its ongoing efforts to implement the priority goals established by the Commission in 2012, of clarifying and strengthening LAFCO's policies, providing greater oversight of local agencies, and increasing visibility and public awareness of LAFCO and its mandate. It will also allow for greater cross training of staff and support succession planning efforts that ensure consistency, continuity, and reliability in the services that LAFCO provides to affected agencies and the community.

The Finance Committee recommended that staff present the following increased staffing/funding options for the full commission's consideration. The proposed options include:

Staffing/Budget Option #1: \$674,370

Add 1.00 FTE for a LAFCO Analyst position (i.e., create a unique classification staffed at the general level of a Senior Management Analyst / Management Analyst position), and appropriate related services and supplies expenditure.

The anticipated salary and benefits cost of this recommended position is approximately \$160,000. To cover the incremental costs for services and supplies associated with this added position an additional \$2,000 in annual as well as a one-time appropriation of \$8,000 to provide needed computer, equipment, and office setup requirements, is necessary. The total ongoing cost is \$162,000. The total one-time cost is \$8,000.

As seen in Attachment D, under Option 1, this additional cost (\$170,000) of adding a 1.0 FTE position combined with a proposed \$25,000 reduction in consultant costs, will bring LAFCO's total expenditures amount for FY 2017 to \$936,227. While the proposed FY 2017 total expenditures would be more than FY 2016 adopted expenditures by approximately \$116,000, LAFCO's net operating expenses would only increase by approximately \$70,000 from the previous fiscal year. (i.e., from \$662,004 in FY 2016 to \$732,333 in FY 2017). The corresponding cost to the County will therefore increase by approximately \$23,500 and the total cities' and total special districts' shares will also increase by approximately \$23,500 from the previous fiscal year costs.

Staffing/Budget Option #2: \$594,370

Add 0.5 FTE for a LAFCO Analyst position (i.e., create a unique classification staffed at the general level of a Senior Management Analyst / Management Analyst position), and appropriate related services and supplies expenditure.

The anticipated salary and benefits cost for this position on a part-time (halftime salary and pro-rated benefits) basis is approximately \$80,000. To cover the incremental costs for services and supplies associated with this added position an additional \$2,000 in annual as well as a one-time appropriation of \$8,000 to provide needed computer, equipment, and office setup requirements, is necessary. The total ongoing cost is \$82,000. The total one-time cost is \$8,000.

Again, as seen in Attachment D, under Option 2, this additional cost (\$90,000) of adding a 0.5 FTE position will bring LAFCO's total expenditures amount to \$881,227. While the proposed FY 2017 total expenditures would be more than the FY 2016 adopted expenditures by approximately \$61,000, LAFCO's net operating expenses would only increase by approximately \$15,000 from the previous fiscal year. (i.e., from \$662,004 in FY 2016 to \$677,333 in FY 2017). The corresponding cost to the County will increase by approximately \$5,000 and the total cities' and total special districts' shares will also increase by approximately \$5,000 from the previous fiscal year costs.

Staffing / Budget Option #3: \$514,370

No change in staffing levels.

There would be no increase in salary and benefit amounts under this option. Rather, LAFCO would hire a contractor on an as-needed basis during periods of heavy workload.

This option does not address the program's needs because 1.) the need for staffing augmentation is year-round rather than for a short period of time; 2.) the nature and level of work expertise will require the new staff person to have detailed knowledge of local policies and procedures, which can only be developed over-time with training and experience within the office; 3.) training a new staff person is a significant investment of the Office's time and resources and potentially having to continuously train new contractors is not practical; 4.) contractor option would not allow for a more permanent delegation of duties, which is necessary to ultimately free up EO's time for tasks best suited for the EO. For these reasons this option is not recommended.

OBJECT 2. SERVICES AND SUPPLIES

5255100 INTRA-COUNTY PROFESSIONAL \$45,000

This amount includes costs for services from various County agencies such as the County Surveyor's Office, the County Assessors' Office, and the Registrar of Voters etc.

The County Surveyor assists with map review and approval for boundary change proposals. In addition, the Surveyor's Office also assists with research to resolve boundary discrepancies. It is estimated that 250 to 300 hours of service will be required in the next fiscal year.

The County Assessor's Office prepares reports for LAFCO and the Registrar of Voters provides data, necessary for processing LAFCO applications. This item also allows LAFCO to seek GIS mapping services including maintenance and technical assistance from the County Planning Office, as necessary.

5255800 LEGAL COUNSEL \$65,000

This item covers the cost for general legal services for the fiscal year. In February 2009, the Commission retained the firm of Best Best & Krieger for legal services on a monthly retainer. The contract was amended in 2010 to reduce the number of total hours required to 240 hours per year. The contract sets the hourly rate and allows for an annual automatic adjustment to the rates based on the Consumer Price Index (CPI). The monthly retainer for FY 2017 increases to \$5,034, based on a 2.6% increase in the Consumer Price Index for the prior calendar year 2015.

5255500 CONSULTANT SERVICES \$75,000 or \$100,000 based on Selected Budget Option

This item is allocated for hiring consultants to assist LAFCO with special projects. This year, the amount is allocated for hiring consultants to develop a public information /

communications strategy and for programs to improve our local community's understanding of the importance of preserving agricultural lands.

5285700 MEAL CLAIMS \$750

This item is being maintained at \$750.

5220200 INSURANCE \$7,000

This item is for the purpose of purchasing general liability insurance and workers' compensation coverage for LAFCO. In 2010, LAFCO switched from the County's coverage to the Special District Risk Management Authority (SDRMA), for the provision of general liability insurance. Additionally, LAFCO also obtains workers' compensation coverage for its commissioners from SDRMA. Workers' compensation for LAFCO staff is currently covered by the County and is part of the payroll charge. Workers Compensation coverage costs are estimated at \$6,200 and General Liability insurance costs are estimated at \$700 in Fiscal Year 2017.

5250100 OFFICE EXPENSES \$2,000 or \$12,000 based on Selected Budget Option

This item includes funds for purchase of books, periodicals, small equipment and supplies throughout the year, including computer and office set up needs for new staffing.

5255650 DATA PROCESSING SERVICES \$5,000

This item includes costs associated with County Information Services Department providing IT services to the LAFCO program which include: Techlink Center Services, Integrated Workplace Management System, Enterprise Content Management, Security and Privacy and Claranet - the County network. Additionally, this item also includes costs associated with hosting the LAFCO website by an outside provider.

5225500 COMMISSIONER'S FEES \$10,000

This item covers the \$100 per diem amount for LAFCO commissioners and alternate commissioners to attend LAFCO meetings and committee meetings in the Fiscal Year 2017.

5260100 PUBLICATIONS AND LEGAL NOTICES \$2,500

This is being maintained at \$2,500 and includes costs associated with publication of hearing notices for LAFCO applications and other projects/ studies, as required by state law.

5245100 MEMBERSHIP DUES \$8,107

This amount includes funding for membership dues to CALAFCO - the California Association of LAFCOs. The CALAFCO Board, in July 2015, voted to increase LAFCO member dues by 7% for two years beginning in FY 2016-2017. At their meeting in February 2016, the Board considered and decided not to also increase the dues by the CPI increase as allowed by its bylaws. As a result, the 2017 CALAFCO dues will increase to \$8,107.

5250750 PRINTING AND REPRODUCTION \$1,500

This covers printing expenses for reports such as service reviews or other studies.

5285800 BUSINESS TRAVEL \$16,000

This item includes costs incurred by staff and commissioners to attend conferences and workshops. It would cover air travel, accommodation, conference registration and other expenses at the conferences. CALAFCO annually holds a Staff Workshop and an Annual Conference that is attended by commissioners as well as staff. In addition, this item covers expenses for travel to the CALAFCO Legislative Committee meetings. The Executive Officer serves on the CALAFCO Legislative Committee.

5285300 PRIVATE AUTOMOBILE MILEAGE \$2,000

This item provides for mileage reimbursement when staff travels by private car to conduct site visits and attend meetings / training sessions.

5285200 TRANSPORTATION AND TRAVEL (for use of County car) \$1,000

This item would cover costs associated with the use of a County vehicle for travel to conferences, workshops, site visits and meetings.

5281600 OVERHEAD (\$666)

This is an amount established by the County Controller's Office, for service rendered by various County departments that do not directly bill LAFCO. The overhead includes LAFCO's share of the County's FY 2016 Cost Allocation Plan which is based on actual overhead costs from FY 2015 – the most recent year for which actual costs are available. This amount totals to \$19,910 and includes the following charges from:

County Executive's Office:	\$588
Controller-Treasurer:	\$4,863
Employee Services Agency:	\$2,948
OBA:	\$1,573
Other Central Services:	\$130
ISD Intergovernmental Service:	\$5,272
ISD:	\$4,529
Procurement:	\$7

Secondly, a "roll forward" is applied which is calculated by comparing FY 2015 Cost Plan estimates with FY 2015 actuals. The FY 2015 cost estimates were higher than the actuals by \$20,576. As noted above, the FY 2016 cost is only \$19,910; the difference of \$666 will therefore be credited to LAFCO in the FY 2017 Cost Plan. This is a state requirement.

5275200 COMPUTER HARDWARE \$3,000

This item is designated for any required hardware upgrades / purchases.

5250800 COMPUTER SOFTWARE \$4,000

This amount is designated for computer software purchases, and annual licenses for GIS software and records management (LaserFische) hardware/software annual maintenance agreement.

5250250 POSTAGE \$2,000

This amount covers postage costs associated with mailing notices, agendas, agenda packets and other correspondence and is being maintained at \$2,000.

5252100 TRAINING PROGRAMS \$2,000

This item covers the costs associated with attendance at staff development courses and seminars. CALAFCO conducts CALAFCO University Courses throughout the year on topics of relevance to LAFCO.

5701000 RESERVES \$0

No additional funds are budgeted for reserves in FY 2017.

REVENUES

4103400 APPLICATION FEES \$30,000

It is anticipated that LAFCO will receive approximately \$30,000 in fees from processing applications. The actual amount earned from fees depends entirely on the level of application activity.

4301100 INTEREST \$3,000

It is estimated that LAFCO will receive an amount of approximately \$3,000 from interest earned on LAFCO funds.

RESERVES

3400800 RESERVES \$150,000

This item includes reserves for two purposes: litigation reserve – for use if LAFCO is involved with any litigation and contingency reserve - to be used for unexpected expenses. If used during the year, this account will be replenished in the following year. Since 2012, the reserves have been retained in a separate Reserves account, thus eliminating the need for LAFCO to budget each year for this purpose. LAFCO currently retains \$150,000 in reserves separate from operating expenses. No additional funds are budgeted for this purpose in FY 2017.

COST APPORTIONMENT TO CITIES, INDEPENDENT SPECIAL DISTRICTS AND COUNTY

In January 2013, independent special districts were seated on LAFCO. Government Code §56381(b)(1)(A) provides that when independent special districts are represented on

LAFCO, the county, cities and independent special districts must each provide a one-third share of LAFCO's operational budget.

The City of San Jose has permanent membership on LAFCO pursuant to Government Code Section 56327. As required by Government Code §56381.6(b), the City of San Jose's share of LAFCO costs must be in the same proportion as its member bears to the total membership on the commission, excluding the public member. The remaining cities' share must be apportioned in proportion to each city's total revenues, as reported in the most recent edition of the Cities Annual Report published by the Controller, as a percentage of the combined city revenues within a county.

Government Code Section 56381 provides that the independent special districts' share shall be apportioned in proportion to each district's total revenues as a percentage of the combined total district revenues within a county. The Santa Clara County Special Districts Association (SDA), at its August 13, 2012 meeting, adopted an alternative formula for distributing the independent special districts' share to individual districts. The SDA's agreement requires each district's cost to be based on a fixed percentage of the total independent special districts' share.

Therefore in Santa Clara County, the County pays a third of LAFCO's operational costs, the independent special districts pay a third, the City of San Jose pays one sixth and the remaining cities pay one sixth. Government Code §56381(c) requires the County Auditor to request payment from the cities, independent special districts and the County no later than July 1 of each year for the amount each agency owes based on the net operating expenses of the Commission and the actual administrative costs incurred by the Auditor in apportioning costs and requesting payment.

Calculation of Net Operating Expenses

FY 2017 Net Operating Expenses = (Proposed FY 2017 Expenditures) - (Proposed FY 2017 Fee & Interest Revenues + Projected Fund Balance from FY 2016)
= \$732,333 (Budget Option 1)
= \$677,333 (Budget Option 2)
= \$587,333 (Budget Option 3)

Please note that the projected operating expenses for FY 2017 are based on projected savings and expenses for the current year. Further revisions may be needed as we get a better indication of current year expenses/revenues towards the end of this fiscal year. Additionally, a more accurate projection of costs/revenues for the upcoming fiscal year could become available, particularly for employee salary/benefits. This could result in changes to the proposed net operating expenses for FY 2017 which could in turn impact the costs for each of the agencies. The following is a draft apportionment to the agencies based on the proposed net operating expenses for FY 2017.

Proposed FY 2017 Budget Options				
Cost to Agencies	FY 2016	Option 1	Option 2	Option 3
County of Santa Clara	\$220,668	\$244,111	\$225,778	\$195,778
City of San Jose	\$110,334	\$122,055	\$112,889	\$97,889
Remaining 14 Cities in the County	\$110,334	\$122,055	\$112,889	\$97,889
17 Independent Special Districts	\$220,668	\$244,111	\$225,778	\$195,778

Apportionment of the costs among the 14 cities and among the 17 independent special districts will be calculated by the County Controller's Office after LAFCO adopts the final budget in June. In order to provide each of the cities and districts with a general indication of their costs in advance, **Attachment E** includes draft estimated apportionments based on the selected budget option.

ATTACHMENTS

- Attachment A: Status of FY 2016 Work Plan
- Attachment B: Status of FY 2016 Budget
- Attachment C: Proposed Work Program for Fiscal Year 2017
- Attachment D: Proposed LAFCO Budget for Fiscal Year 2017
- Attachment E: Estimated Costs to Agencies Based on the Proposed Budget

Status of Current Year (FY 2016) WORK PLAN Attachment A

	PROJECTS	Status
SERVICE REVIEWS & SPHERE OF INFLUENCE UPDATES	Cities Service Review	Complete, December 2015
	Follow up on implementation of recommendations from Cities Service Review	TBD
	Follow up from Special Districts Service Review	Complete
	Follow up on Water Service Review Report recommendations	In progress, potential dissolution of Pacheco Pass Water District
	Follow up on Fire Service Review Report recommendations: Los Altos Hills Fire District reserves	TBD
ISLAND ANNEXATIONS	Conduct outreach to cities with islands, follow up on responses including review/research of city limits/ USA boundaries, provide assistance with potential annexations and potential USA amendments	Ongoing, as needed
	Review and finalize city-conducted island annexations	Ongoing, as needed
LAFCO APPLICATIONS	Process applicant initiated LAFCO proposals	Ongoing, Morgan Hill USA application
	Comment on potential LAFCO applications, City General Plan updates and/ or related environmental documents	Ongoing, Morgan Hill, Gilroy GP Updates and USA amendment projects
	Respond to public enquiries re. LAFCO policies, procedures and filing requirements for LAFCO applications	Ongoing, as needed
PUBLIC OUTREACH / COMMUNICATION	Maintain boundaries of cities and special districts in GIS	Ongoing, as needed
	Develop a public information / communications strategy	TBD
	Publish updated wall map of cities	In progress
	Participate in CALAFCO conferences / workshops	Ongoing, as needed
	Conduct workshops and/or make presentations re. LAFCO program, policies and procedures to local agencies, organizations, commissioners, community groups, staff	Ongoing, as needed
	Participate in local, regional, statewide organizations: SDA, SCCAPO, CALAFCO, GIS Working Group	Ongoing, as needed
ADMINISTRATION	Track LAFCO related legislation (CALAFCO Legislative Committee)	Ongoing, as needed
	Maintain and enhance LAFCO Website /mapping	Ongoing, as needed
	Maintain LAFCO database	Ongoing, as needed
	Maintain LAFCO's electronic document management system (archiving LAFCO records)	Ongoing, as needed
	Prepare Annual Report	October 2015
	Staff training and development	Ongoing, as needed
	Staff performance evaluation	April 2016
	Prepare budget, work plan, fee schedule revisions	Ongoing, Fee Schedule revision in progress
OTHER	Review and update policies and procedures	Ongoing, comprehensive effort- TBD
	Mapping Mutual Water companies	In progress
	Program to improve community's understanding of the importance of agriculture to future of Santa Clara County	Ongoing - TBD

FY 2016 LAFCO BUDGET STATUS

ITEM # TITLE	ACTUALS FY 2008	ACTUALS FY 2009	ACTUALS FY 2010	ACTUALS FY 2011	ACTUALS FY 2012	ACTUALS FY 2013	ACTUALS FY 2014	ACTUALS FY 2015	APPROVED 2016	YEAR TO DATE 2/25/2016	YEAR END PROJECTIONS 2016
EXPENDITURES											
Salary and Benefits	\$356,009	\$400,259	\$406,650	\$413,966	\$393,194	\$411,929	\$450,751	\$466,755	\$499,823	\$298,144	\$480,000
Object 2: Services and Supplies											
5255100 Intra-County Professional	\$66,085	\$57,347	\$13,572	\$4,532	\$6,118	\$5,260	\$5,663	\$4,379	\$45,000	\$2,036	\$7,000
5255800 Legal Counsel	\$0	\$9,158	\$67,074	\$52,440	\$48,741	\$56,791	\$53,550	\$52,854	\$59,000	\$24,396	\$75,000
5255500 Consultant Services	\$19,372	\$75,000	\$76,101	\$58,060	\$102,349	\$59,563	\$35,602	\$37,250	\$100,000	\$31,975	\$50,000
5285700 Meal Claims	\$0	\$368	\$277	\$288	\$379	\$91	\$228	\$209	\$750	\$45	\$350
5220100 Insurance	\$491	\$559	\$550	\$4,582	\$4,384	\$4,378	\$4,231	\$4,338	\$5,600	\$4,135	\$5,600
5250100 Office Expenses	\$1,056	\$354	\$716	\$639	\$1,212	\$536	\$850	\$783	\$2,000	\$187	\$1,000
5255650 Data Processing Services	\$8,361	\$3,692	\$3,505	\$1,633	\$3,384	\$1,663	\$3,311	\$9,024	\$7,100	\$2,450	\$7,100
5225500 Commissioners' Fee	\$5,700	\$5,400	\$3,500	\$3,400	\$4,000	\$4,900	\$5,800	\$4,900	\$10,000	\$2,700	\$8,000
5260100 Publications and Legal Notices	\$1,151	\$563	\$1,526	\$363	\$916	\$222	\$378	\$2,484	\$2,500	\$393	\$1,000
5245100 Membership Dues	\$5,500	\$7,000	\$7,000	\$7,000	\$7,000	\$14,473	\$0	\$7,428	\$7,577	\$7,577	\$7,577
5250750 Printing and Reproduction	\$5	\$0	\$0	\$0	\$0	\$0	\$9	\$177	\$1,500	\$0	\$1,000
5285800 Business Travel	\$7,238	\$8,415	\$4,133	\$8,309	\$3,095	\$4,777	\$5,800	\$4,042	\$15,000	\$3,989	\$8,000
5285300 Private Automobile Mileage	\$1,016	\$704	\$832	\$1,185	\$615	\$424	\$409	\$396	\$2,000	\$136	\$600
5285200 Transportation&Travel (County Car Us	\$894	\$948	\$629	\$0	\$384	\$250	\$371	\$293	\$1,000	\$302	\$500
5281600 Overhead	\$42,492	\$62,391	\$49,077	\$46,626	\$60,647	\$43,133	\$42,192	\$34,756	\$49,993	\$24,997	\$49,993
5275200 Computer Hardware	\$0	\$451	\$0	\$83	\$2,934	\$1,791	\$2,492	\$0	\$3,000	\$106	\$3,000
5250800 Computer Software	\$0	\$0	\$626	\$314	\$579	\$3,124	\$933	\$1,833	\$4,000	\$854	\$4,000
5250250 Postage	\$1,160	\$416	\$219	\$568	\$309	\$589	\$246	\$597	\$2,000	\$244	\$700
5252100 Staff Training Programs	\$0	\$665	\$491	\$250	\$300	\$0	\$0	\$1,431	\$2,000	\$0	\$1,000
5701000 Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES	\$516,530	\$633,691	\$636,478	\$604,238	\$640,540	\$613,895	\$612,816	\$633,929	\$819,843	\$404,666	\$711,420
REVENUES											
4103400 Application Fees	\$46,559	\$41,680	\$35,576	\$48,697	\$37,426	\$45,458	\$63,561	\$27,386	\$30,000	\$26,559	\$30,000
4301100 Interest: Deposits and Investments	\$24,456	\$16,230	\$6,688	\$4,721	\$4,248	\$3,416	\$2,674	\$2,844	\$3,000	\$2,518	\$3,000
Savings/Fund Balance from previous FY	\$271,033	\$368,800	\$334,567	\$275,605	\$209,987	\$208,219	\$160,052	\$226,111	\$124,839	\$187,310	\$187,310
TOTAL REVENUE	\$342,048	\$426,711	\$376,831	\$329,023	\$251,661	\$257,092	\$226,287	\$256,341	\$157,839	\$216,387	\$220,310
NET LAFCO OPERATING EXPENSES	\$174,482	\$206,980	\$259,648	\$275,215	\$388,879	\$356,802	\$386,529	\$377,588	\$662,004	\$188,279	\$491,110
3400800 RESERVES					\$100,000	\$100,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
COSTS TO AGENCIES											
5440200 County	\$271,641	\$270,896	\$267,657	\$292,601	\$298,597	\$281,780	\$156,002	\$187,521	\$220,668	\$220,668	\$220,668
4600100 Cities (San Jose 50% +other cities 50%	\$271,641	\$270,896	\$267,657	\$292,601	\$298,597	\$282,625	\$156,002	\$187,521	\$220,668	\$220,668	\$220,668
Special Distrcits							\$296,892	\$187,521	\$220,668	\$220,668	\$220,668

AGENDA ITEM # 5
Attachment B

AGENDA ITEM # 5
Attachment C

PROPOSED WORK PLAN FOR FISCAL YEAR 2017

	PROJECTS	TIME FRAME	RESOURCES
SERVICE REVIEWS & SPHERE OF INFLUENCE	Special Studies / Service Reviews	TBD	Consultant
	Follow up on implementation of recommendations from Cities Service Review	TBD	Staff
	Follow up on Water Service Review Report recommendations: PPWD	In progress	Staff
	Follow up on Fire Service Review Report recommendations: Los Altos Hills Fire District reserves	TBD	Staff
ISLAND ANNEXATIONS	Conduct outreach to cities with islands, follow up on responses including review/research of city limits/ USA boundaries, provide assistance with potential annexations and potential USA amendments	Ongoing, as needed	Staff
	Review and finalize city-conducted island annexations	Ongoing, as needed	Staff
LAFCO APPLICATIONS	Process applicant initiated LAFCO proposals	Ongoing, as needed	Staff
	Comment on potential LAFCO applications, City General Plan updates and/ or related environmental documents	Ongoing extensive work, as needed	Staff
	Respond to public enquiries re. LAFCO policies, procedures and filing requirements for LAFCO applications	Ongoing, as needed	Staff
PUBLIC OUTREACH / COMMUNICATION	Maintain boundaries of cities and special districts in GIS	Ongoing, as needed	Staff
	Develop a public information /communications strategy	TBD	Consultant / staff
	Participate in CALAFCO conferences / workshops	Ongoing, as needed	Staff
	Conduct workshops and/or make presentations re. LAFCO program, policies and procedures to local agencies, organizations, commissioners, community groups, staff	Ongoing, as needed	Staff
	Participate in local, regional, statewide organizations: SDA, SCCAPO, CALAFCO, GIS Working Group	Ongoing, as needed	Staff
ADMINISTRATION	Track LAFCO related legislation (CALAFCO Legislative Committee)	Ongoing, as needed	Staff
	Maintain and enhance LAFCO Website / mapping	Ongoing, as needed	Staff
	Maintain LAFCO database	Ongoing, as needed	Staff
	Maintain LAFCO's electronic document management system (archiving LAFCO records)	Ongoing, as needed	Staff
	Prepare Annual Report	August 2016	Staff
	Staff training and development	Ongoing	Staff
	Staff performance evaluation	February - April 2017	Staff, LAFCO
	Prepare budget, work plan, fee schedule revisions	Ongoing, as needed	Staff
OTHER	Review and update policies and procedures	Ongoing	Staff
	Mapping Mutual Water companies	Ongoing	Staff
	Program to improve community's understanding of the importance of agriculture to future of Santa Clara County / Participation in the County / OSA's SALC Plan	In progress - TBD	Consultant/ staff

**PROPOSED LAFCO BUDGET
FISCAL YEAR 2016 - 2017**

**AGENDA ITEM # 5
Attachment D**

ITEM # TITLE	APPROVED BUDGET FY 2016	ACTUALS Year to Date 2/25/2016	PROJECTED Year End 2016	PROPOSED FY 2017 BUDGET		
				OPTION 1: Add 1.0 FTE	OPTION 2: Add 0.5 FTE	OPTION 3: No Staffing Change
EXPENDITURES						
Object 1: Salary and Benefits	\$499,823	\$298,144	\$480,000	\$674,370	\$594,370	\$514,370
Object 2: Services and Supplies						
5255100 Intra-County Professional	\$45,000	\$2,036	\$7,000	\$45,000	\$45,000	\$45,000
5255800 Legal Counsel	\$59,000	\$24,396	\$75,000	\$65,000	\$65,000	\$65,000
5255500 Consultant Services	\$100,000	\$31,975	\$50,000	\$75,000	\$100,000	\$100,000
5285700 Meal Claims	\$750	\$45	\$350	\$750	\$750	\$750
5220100 Insurance	\$5,600	\$4,135	\$5,600	\$7,000	\$7,000	\$7,000
5250100 Office Expenses	\$2,000	\$187	\$1,000	\$12,000	\$12,000	\$2,000
5255650 Data Processing Services	\$7,100	\$2,450	\$7,100	\$5,000	\$5,000	\$5,000
5225500 Commissioners' Fee	\$10,000	\$2,700	\$8,000	\$10,000	\$10,000	\$10,000
5260100 Publications and Legal Notices	\$2,500	\$393	\$1,000	\$2,500	\$2,500	\$2,500
5245100 Membership Dues	\$7,577	\$7,577	\$7,577	\$8,107	\$8,107	\$8,107
5250750 Printing and Reproduction	\$1,500	\$0	\$1,000	\$1,500	\$1,500	\$1,500
5285800 Business Travel	\$15,000	\$3,989	\$8,000	\$16,000	\$16,000	\$16,000
5285300 Private Automobile Mileage	\$2,000	\$136	\$600	\$2,000	\$2,000	\$2,000
5285200 Transportation (County Car Usage)	\$1,000	\$302	\$500	\$1,000	\$1,000	\$1,000
5281600 Overhead	\$49,993	\$24,997	\$49,993	\$0	\$0	\$0
5275200 Computer Hardware	\$3,000	\$106	\$3,000	\$3,000	\$3,000	\$3,000
5250800 Computer Software	\$4,000	\$854	\$4,000	\$4,000	\$4,000	\$4,000
5250250 Postage	\$2,000	\$244	\$700	\$2,000	\$2,000	\$2,000
5252100 Staff/Commissioner Training Progr	\$2,000	\$0	\$1,000	\$2,000	\$2,000	\$2,000
5701000 Reserves	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES	\$819,843	\$404,666	\$711,420	\$936,227	\$881,227	\$791,227
REVENUES						
4103400 Application Fees	\$30,000	\$26,559	\$30,000	\$30,000	\$30,000	\$30,000
4301100 Interest: Deposits and Investments	\$3,000	\$2,518	\$3,000	\$3,000	\$3,000	\$3,000
TOTAL REVENUE	\$33,000	\$29,077	\$33,000	\$33,000	\$33,000	\$33,000
3400150 FUND BALANCE FROM PREVIOUS FISCAL YEAR	\$124,839	\$187,310	\$187,310	\$170,894	\$170,894	\$170,894
NET OPERATING EXPENSES	\$662,004	\$188,279	\$491,110	\$732,333	\$677,333	\$587,333
3400800 RESERVES	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
COSTS TO AGENCIES						
5440200 County	\$220,668	\$220,668	\$220,668	\$244,111	\$225,778	\$195,778
4600100 Cities San Jose 50% + Other cities 50%	\$220,668	\$220,668	\$220,668	\$244,111	\$225,778	\$195,778
4600100 Special Districts	\$220,668	\$220,668	\$220,668	\$244,111	\$225,778	\$195,778

AGENDA ITEM # 5
Attachment E

LAFCO COST APPORTIONMENT: County, Cities, Special Districts
Estimated Costs to Agencies Based on the Proposed 2017 LAFCO Budget

Proposed LAFCO Net Operating Expenses for 2017				\$732,333
Jurisdictions	Revenue per 2012/2013 Report*	Percentage of Total Revenue	Allocation Percentages	Allocated Costs
County	N/A	N/A	33.3333333%	\$244,111.00
Cities Total Share			33.3333333%	\$244,111.00
San Jose	N/A	N/A	50.0000000%	\$122,055.50
Other cities share			50.0000000%	\$122,055.50
Campbell	\$45,748,435	2.2424301%		\$2,737.01
Cupertino	\$67,464,803	3.3068914%		\$4,036.24
Gilroy	\$69,772,278	3.4199959%		\$4,174.29
Los Altos	\$43,811,921	2.1475089%		\$2,621.15
Los Altos Hills	\$10,119,375	0.4960168%		\$605.42
Los Gatos	\$41,851,063	2.0513944%		\$2,503.84
Milpitas	\$114,364,889	5.6057715%		\$6,842.15
Monte Sereno	\$2,536,991	0.1243545%		\$151.78
Morgan Hill	\$73,750,274	3.6149835%		\$4,412.29
Mountain View	\$193,117,780	9.4659660%		\$11,553.73
Palo Alto	\$471,680,558	23.1201504%		\$28,219.42
Santa Clara	\$572,714,606	28.0724902%		\$34,264.02
Saratoga	\$21,788,228	1.0679836%		\$1,303.53
Sunnyvale	\$311,406,350	15.2640628%		\$18,630.63
Total Cities (excluding San Jose)	\$2,040,127,551	100.0000000%		\$122,055.50
Total Cities (including San Jose)				\$244,111.00
Special Districts Total Share			33.3333333%	\$244,111.00
Aldercroft Heights County Water District		0.06233%		\$152.15
Burbank Sanitary District		0.15593%		\$380.64
Cupertino Sanitary District		2.64110%		\$6,447.22
El Camino Healthcare District		4.90738%		\$11,979.45
Guadalupe Coyote Resource Conservation District		0.04860%		\$118.64
Lake Canyon Community Services District		0.02206%		\$53.85
Lion's Gate Community Services District		0.22053%		\$538.34
Loma Prieta Resource Conservation District		0.02020%		\$49.31
Midpeninsula Regional Open Space District		5.76378%		\$14,070.02
Purissima Hills Water District		1.35427%		\$3,305.92
Rancho Rinconada Recreation and Park District		0.15988%		\$390.28
San Martin County Water District		0.04431%		\$108.17
Santa Clara County Open Space Authority		1.27051%		\$3,101.45
Santa Clara Valley Water District		81.44126%		\$198,807.09
Saratoga Cemetery District		0.32078%		\$783.06
Saratoga Fire Protection District		1.52956%		\$3,733.82
South Santa Clara Valley Memorial District		0.03752%		\$91.59
Total Special Districts		100.00000%		\$244,111.00
Total Allocated Costs				\$732,333.00

* As of March 24, 2016, SCO has not posted the FY13-14 Annual Cities Report.

LAFCO COST APPORTIONMENT: County, Cities, Special Districts
Estimated Costs to Agencies Based on the Proposed 2017 LAFCO Budget

Proposed LAFCO Net Operating Expenses for 2017				\$677,333
Jurisdictions	Revenue per 2012/2013 Report*	Percentage of Total Revenue	Allocation Percentages	Allocated Costs
County	N/A	N/A	33.3333333%	\$225,777.67
Cities Total Share			33.3333333%	\$225,777.67
San Jose	N/A	N/A	50.0000000%	\$112,888.84
Other cities share			50.0000000%	\$112,888.83
Campbell	\$45,748,435	2.2424301%		\$2,531.45
Cupertino	\$67,464,803	3.3068914%		\$3,733.11
Gilroy	\$69,772,278	3.4199959%		\$3,860.79
Los Altos	\$43,811,921	2.1475089%		\$2,424.30
Los Altos Hills	\$10,119,375	0.4960168%		\$559.95
Los Gatos	\$41,851,063	2.0513944%		\$2,315.80
Milpitas	\$114,364,889	5.6057715%		\$6,328.29
Monte Sereno	\$2,536,991	0.1243545%		\$140.38
Morgan Hill	\$73,750,274	3.6149835%		\$4,080.91
Mountain View	\$193,117,780	9.4659660%		\$10,686.02
Palo Alto	\$471,680,558	23.1201504%		\$26,100.07
Santa Clara	\$572,714,606	28.0724902%		\$31,690.71
Saratoga	\$21,788,228	1.0679836%		\$1,205.63
Sunnyvale	\$311,406,350	15.2640628%		\$17,231.42
Total Cities (excluding San Jose)	\$2,040,127,551	100.0000000%		\$112,888.83
Total Cities (including San Jose)				\$225,777.67
Special Districts Total Share			33.3333333%	\$225,777.66
Aldercroft Heights County Water District		0.06233%		\$140.73
Burbank Sanitary District		0.15593%		\$352.06
Cupertino Sanitary District		2.64110%		\$5,963.01
El Camino Healthcare District		4.90738%		\$11,079.77
Guadalupe Coyote Resource Conservation District		0.04860%		\$109.73
Lake Canyon Community Services District		0.02206%		\$49.81
Lion's Gate Community Services District		0.22053%		\$497.91
Loma Prieta Resource Conservation District		0.02020%		\$45.61
Midpeninsula Regional Open Space District		5.76378%		\$13,013.33
Purissima Hills Water District		1.35427%		\$3,057.64
Rancho Rinconada Recreation and Park District		0.15988%		\$360.97
San Martin County Water District		0.04431%		\$100.04
Santa Clara County Open Space Authority		1.27051%		\$2,868.53
Santa Clara Valley Water District		81.44126%		\$183,876.16
Saratoga Cemetery District		0.32078%		\$724.25
Saratoga Fire Protection District		1.52956%		\$3,453.40
South Santa Clara Valley Memorial District		0.03752%		\$84.71
Total Special Districts		100.00000%		\$225,777.66
Total Allocated Costs				\$677,333.00

* As of March 24, 2016, SCO has not posted the FY13-14 Annual Cities Report.

LAFCO COST APPORTIONMENT: County, Cities, Special Districts
Estimated Costs to Agencies Based on the Proposed 2017 LAFCO Budget

Proposed LAFCO Net Operating Expenses for 2017				\$587,333
Jurisdictions	Revenue per 2012/2013 Report*	Percentage of Total Revenue	Allocation Percentages	Allocated Costs
County	N/A	N/A	33.3333333%	\$195,777.67
Cities Total Share			33.3333333%	\$195,777.67
San Jose	N/A	N/A	50.0000000%	\$97,888.84
Other cities share			50.0000000%	\$97,888.83
Campbell	\$45,748,435	2.2424301%		\$2,195.09
Cupertino	\$67,464,803	3.3068914%		\$3,237.08
Gilroy	\$69,772,278	3.4199959%		\$3,347.79
Los Altos	\$43,811,921	2.1475089%		\$2,102.17
Los Altos Hills	\$10,119,375	0.4960168%		\$485.55
Los Gatos	\$41,851,063	2.0513944%		\$2,008.09
Milpitas	\$114,364,889	5.6057715%		\$5,487.42
Monte Sereno	\$2,536,991	0.1243545%		\$121.73
Morgan Hill	\$73,750,274	3.6149835%		\$3,538.67
Mountain View	\$193,117,780	9.4659660%		\$9,266.12
Palo Alto	\$471,680,558	23.1201504%		\$22,632.04
Santa Clara	\$572,714,606	28.0724902%		\$27,479.83
Saratoga	\$21,788,228	1.0679836%		\$1,045.44
Sunnyvale	\$311,406,350	15.2640628%		\$14,941.81
Total Cities (excluding San Jose)	\$2,040,127,551	100.0000000%		\$97,888.83
Total Cities (including San Jose)				\$195,777.67
Special Districts Total Share			33.3333333%	\$195,777.66
Aldercroft Heights County Water District		0.06233%		\$122.03
Burbank Sanitary District		0.15593%		\$305.28
Cupertino Sanitary District		2.64110%		\$5,170.68
El Camino Healthcare District		4.90738%		\$9,607.55
Guadalupe Coyote Resource Conservation District		0.04860%		\$95.15
Lake Canyon Community Services District		0.02206%		\$43.19
Lion's Gate Community Services District		0.22053%		\$431.75
Loma Prieta Resource Conservation District		0.02020%		\$39.55
Midpeninsula Regional Open Space District		5.76378%		\$11,284.19
Purissima Hills Water District		1.35427%		\$2,651.36
Rancho Rinconada Recreation and Park District		0.15988%		\$313.01
San Martin County Water District		0.04431%		\$86.75
Santa Clara County Open Space Authority		1.27051%		\$2,487.37
Santa Clara Valley Water District		81.44126%		\$159,443.78
Saratoga Cemetery District		0.32078%		\$628.02
Saratoga Fire Protection District		1.52956%		\$2,994.54
South Santa Clara Valley Memorial District		0.03752%		\$73.46
Total Special Districts		100.00000%		\$195,777.66
Total Allocated Costs				\$587,333.00

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