



LAFCO FINANCE COMMITTEE MEETING AGENDA

Friday, March 4, 2016

2:30 PM

Conference Room, 10th Floor
70 West Hedding Street, San Jose, CA 95110

FINANCE COMMITTEE MEMBERS: Cat Tucker, Mike Wasserman, Susan Vicklund Wilson

NOTICE TO THE PUBLIC

1. Pursuant to Government Code §84308, no LAFCO commissioner shall accept, solicit, or direct a contribution of more than \$250 from any party, or his/her agent; or any participant or his /or her agent, while a LAFCO proceeding is pending, and for three months following the date a final decision is rendered by LAFCO. Prior to rendering a decision on a LAFCO proceeding, any LAFCO commissioner who received a contribution of more than \$250 within the preceding 12 months from a party or participant shall disclose that fact on the record of the proceeding. If a commissioner receives a contribution which would otherwise require disqualification returns the contribution within 30 days of knowing about the contribution and the proceeding, the commissioner shall be permitted to participate in the proceeding. A party to a LAFCO proceeding shall disclose on the record of the proceeding any contribution of more than \$250 within the preceding 12 months by the party, or his or her agent, to a LAFCO commissioner. For forms, visit the LAFCO website at www.santaclaralafco.org. No party, or his or her agent and no participant, or his or her agent, shall make a contribution of more than \$250 to any LAFCO commissioner during the proceeding or for 3 months following the date a final decision is rendered by LAFCO.
2. Pursuant to Government Code Sections 56100.1, 56300, 56700.1, 57009 and 81000 et seq., any person or combination of persons who directly or indirectly contribute(s) a total of \$1,000 or more or expend(s) a total of \$1,000 or more in support of or in opposition to specified LAFCO proposals or proceedings, which generally include proposed reorganizations or changes of organization, may be required to comply with the disclosure requirements of the Political Reform Act (See also, Section 84250 et seq.). These requirements contain provisions for making disclosures of contributions and expenditures at specified intervals. More information on the scope of the required disclosures is available at the web site of the FPPC: www.fppc.ca.gov. Questions regarding FPPC material, including FPPC forms, should be directed to the FPPC's advice line at 1-866-ASK-FPPC (1-866-275-3772).
3. Pursuant to Government Code §56300(c), LAFCO adopted lobbying disclosure requirements which require that any person or entity lobbying the Commission or Executive Officer in regard to an application before LAFCO must file a declaration prior to the hearing on the LAFCO application or at the time of the hearing if that is the initial contact. In addition to submitting a declaration, any lobbyist speaking at the LAFCO hearing must so identify themselves as lobbyists and identify on the record the name of the person or entity making payment to them. Additionally every applicant shall file a declaration under penalty of perjury listing all lobbyists that they have hired to influence the action taken by LAFCO on their application. For forms, visit the LAFCO website at www.santaclaralafco.org.
4. Any disclosable public records related to an open session item on the agenda and distributed to all or a majority of the Commissioners less than 72 hours prior to that meeting are available for public inspection at the LAFCO Office, 70 W. Hedding Street, 11th Floor, San Jose, California, during normal business hours. (Government Code §54957.5.)
5. In compliance with the Americans with Disabilities Act, those requiring accommodation for this meeting should notify the LAFCO Clerk 24 hours prior to the meeting at (408)299-6415.

70 West Hedding Street ▪ 8th Floor, East Wing ▪ San Jose, CA 95110 ▪ (408) 299-5127 ▪ www.santaclaralafco.org

COMMISSIONERS: Sequoia Hall, Johnny Khamis, Linda J. LeZotte, Cat Tucker, Mike Wasserman, Susan Vicklund Wilson, Ken Yeager

ALTERNATE COMMISSIONERS: Cindy Chavez, Ash Kalra, Yoriko Kishimoto, Tara Martin-Milius, Terry Trumbull

EXECUTIVE OFFICER: Neelima Palacherla

1. PUBLIC COMMENTS

This portion of the meeting is reserved for persons desiring to address the Committee on any matter not on this agenda. Speakers are limited to THREE minutes. All statements that require a response will be referred to staff for reply in writing.

2. STATUS OF CURRENT YEAR WORK PLAN AND BUDGET

Recommended Action: Accept report and provide direction, as necessary.

3. PROPOSED WORK PLAN FOR FISCAL YEAR 2017

Recommended Action: Consider the proposed Work Plan for Fiscal Year 2017, provide further direction to staff, as necessary, and forward a recommendation to the full Commission.

4. PROPOSED BUDGET FOR FISCAL YEAR 2017

Recommended Action: Consider (a.) the proposed Budget for Fiscal Year 2017, and (b.) the proposal for additional LAFCO staffing. Provide further direction to staff, as necessary, and forward a recommendation to the full Commission.

5. ADJOURN

Recommended Action: Set date and time for the next Finance Committee meeting, as necessary.

Status of Current Year (FY 2016) WORK PLAN AGENDA ITEM # 2

	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 \$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

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 # 4

ITEM #	TITLE	APPROVED	ACTUALS	PROJECTIONS	PROPOSED
		BUDGET	Year to Date	Year End	FY 2017
		FY 2016	2/25/2016	2016	BUDGET
EXPENDITURES					
Object 1:	Salary and Benefits	\$499,823	\$298,144	\$480,000	\$514,370
Object 2:	Services and Supplies				
5255100	Intra-County Professional	\$45,000	\$2,036	\$7,000	\$45,000
5255800	Legal Counsel	\$59,000	\$24,396	\$75,000	\$65,000
5255500	Consultant Services	\$100,000	\$31,975	\$50,000	\$100,000
5285700	Meal Claims	\$750	\$45	\$350	\$750
5220100	Insurance	\$5,600	\$4,135	\$5,600	\$7,000
5250100	Office Expenses	\$2,000	\$187	\$1,000	\$2,000
5255650	Data Processing Services	\$7,100	\$2,450	\$7,100	\$5,000
5225500	Commissioners' Fee	\$10,000	\$2,700	\$8,000	\$10,000
5260100	Publications and Legal Notices	\$2,500	\$393	\$1,000	\$2,500
5245100	Membership Dues	\$7,577	\$7,577	\$7,577	\$8,107
5250750	Printing and Reproduction	\$1,500	\$0	\$1,000	\$1,500
5285800	Business Travel	\$15,000	\$3,989	\$8,000	\$16,000
5285300	Private Automobile Mileage	\$2,000	\$136	\$600	\$2,000
5285200	Transportation&Travel (County Car Usage)	\$1,000	\$302	\$500	\$1,000
5281600	Overhead	\$49,993	\$24,997	\$49,993	\$0
5275200	Computer Hardware	\$3,000	\$106	\$3,000	\$3,000
5250800	Computer Software	\$4,000	\$854	\$4,000	\$4,000
5250250	Postage	\$2,000	\$244	\$700	\$2,000
5252100	Staff/Commissioner Training Programs	\$2,000	\$0	\$1,000	\$2,000
5701000	Reserves	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES		\$819,843	\$404,666	\$711,420	\$791,227
REVENUES					
4103400	Application Fees	\$30,000	\$26,559	\$30,000	\$30,000
4301100	Interest: Deposits and Investments	\$3,000	\$2,518	\$3,000	\$3,000
TOTAL REVENUE		\$33,000	\$29,077	\$33,000	\$33,000
3400150	FUND BALANCE FROM PREVIOUS FY	\$124,839	\$187,310	\$187,310	\$170,894
NET LAFCO OPERATING EXPENSES		\$662,004	\$188,279	\$491,110	\$587,333
3400800	RESERVES	\$150,000	\$150,000	\$150,000	\$150,000
COSTS TO AGENCIES					
5440200	County	\$220,668	\$220,668	\$220,668	\$195,778
4600100	Cities (San Jose 50% + Other Cities 50%)	\$220,668	\$220,668	\$220,668	\$195,778
	Special Districts	\$220,668	\$220,668	\$220,668	\$195,778

ADDITIONAL STAFFING FOR THE LAFCO PROGRAM

Recommendation

Add 1.0 FTE LAFCO Analyst (unique classification at the general level of Senior Management Analyst/Management Analyst position) and appropriate related services and supplies expenditure in the LAFCO program.

Reasons for Recommendation

The requested augmentation in staffing will allow for 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.

This 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.

This proposal also allows for increased efficiencies, continuity, and performance effectiveness. 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.

Fiscal Implications

The ongoing 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.

This additional cost (\$170,000) and a \$25,000 reduction in proposed consultant costs, will increase LAFCO's net operating expenses 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 increase by approximately \$23,500 and the total cities' and total special districts' shares will also increase by approximately \$23,500.

Should the Finance Committee recommend in favor of adding this position, the proposed budget will be revised to reflect these costs and forwarded to the full LAFCO Commission for approval.