



Local Agency
Formation Commission
of Santa Clara County
777 North First Street
Suite 410
San Jose, CA 95112
SantaClaraLAFCO.org

Commissioners
Susan Ellenberg
Sequoia Hall
Sergio Jimenez
Linda J. LeZotte
Rob Rennie
Mike Wasserman
Susan Vicklund Wilson

ITEM # 5

Alternate Commissioners
Cindy Chavez
Maya Esparza
Yoriko Kishimoto
Russ Melton
Terry Trumbull
Executive Officer
Neelima Palacherla

LAFCO MEETING: APRIL 3, 2019

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer

SUBJECT: PROPOSED LAFCO BUDGET FOR FISCAL YEAR 2020

FINANCE COMMITTEE / STAFF RECOMMENDATION

1. Adopt the Proposed Work Plan and Budget for Fiscal Year 2019-2020.
2. Find that the Proposed Budget for Fiscal Year 2020 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 2020 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 and budget system and the LAFCO budget information is formatted using the County's account descriptions/codes.

FISCAL YEAR 2019-2020 BUDGET TIMELINE

Dates	Staff Tasks / LAFCO Action
March 13 - April 3	Notice period, Draft Budget posted on LAFCO website and available for review and comment
April 3	LAFCO public hearing on adoption of Draft Budget
April 4	Draft Budget, draft apportionments and LAFCO public hearing notice on Final Budget transmitted to agencies
June 5	Public hearing and adoption of Final Budget
June 5 - July 1	Final Budget transmitted to agencies; Auditor requests payment from agencies

LAFCO FINANCE COMMITTEE MEETING

At its February 6, 2019 LAFCO meeting, the Commission appointed Commissioners Hall, and LeZotte and Alternate Commissioner Melton to the LAFCO Finance Committee and directed the Committee to develop a draft budget for Commission consideration.

The Finance Committee held a special meeting on March 18, 2019. Commissioner LeZotte and Alternate Commissioner Melton attended the 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 Committee considered and recommended the proposed LAFCO work plan and budget for FY 2020. The Committee also recommended that the Commission delegate authority for executing small contracts up to \$5,000 to the Executive Officer with prior LAFCO Counsel review and provided sufficient funds are contained in the LAFCO budget (see Agenda Item #5). The Committee also made other recommendations specific to individual line items in the proposed budget. These recommendations are described under the relevant line item.

FY 2018-2019 IN REVIEW

STATUS OF FY 2019 WORK PLAN

Attachment A depicts the current status of the work plan projects in the Fiscal Year 2019 Work Program. Substantial progress has been made on each of the work plan areas in the current year.

In addition to reviewing and processing LAFCO applications for boundary amendments in a timely manner, a major focus of LAFCO's work during this fiscal year centered around the preparation and adoption of its Public Communications

and Outreach Plan and the development of communication material including the design and production of print collateral such as the “Santa Clara County and Cities Boundaries” map and the “What is LAFCO?” brochure. Staff will begin work with the consultant on revision of the LAFCO powerpoint presentation and on the redesign of the LAFCO website. The work plan item to conduct a Strategic Planning Workshop for the Commission is on hold until completion of the development of these public communications tools.

Staff has developed for Commission consideration and adoption, a work plan for conducting LAFCO’s third round of service reviews. Staff will provide an updated inventory and maps of all the remaining unincorporated islands in the county by May 2019; and has committed to work with the Town of Los Gatos on its island annexation efforts. In October 2018, a first ever external audit of LAFCO’s financial statements was performed for fiscal year 2018. Staff continues to attend meetings of various local and regional associations and is gearing up to host the 2019 CALAFCO staff workshop in April. Santa Clara LAFCO received the 2018 Most Effective Commission Award at the CALAFCO Annual Conference in October 2018.

The LAFCO Annual Report to be published at the end of the current fiscal year will document all the applications reviewed and processed by LAFCO over the course of this fiscal year; and will summarize the various accomplishments, activities/projects that LAFCO has engaged in or completed in Fiscal Year 2019.

STATUS OF FY 2019 BUDGET

Attachment C depicts the current Fiscal Year budget status. The adopted LAFCO budget for FY 2019 is \$1,131,997. It is estimated that the total year-end projected expenditures for FY 2019 would be approximately 4% lower than the adopted budget for FY 2019. Revenue for FY 2019 is projected to be slightly higher than that projected in the adopted budget for FY 2019. The County, the cities and the independent special districts paid their respective shares of LAFCO’s FY 2019 costs as apportioned by the County Controller. The actual fund balance rolled over at the end of FY 2018 was \$314,693, which is approximately \$55,522 (\$314,693-\$259,171) or 20% higher than projected in the adopted FY 2019 budget.

PROPOSED WORK PROGRAM FOR FISCAL YEAR 2020

The Finance Committee discussed and recommended the proposed FY 2020 Work Plan for Commission consideration and adoption. The proposed work program for FY 2020 is presented in **Attachment C**.

LAFCO is mandated by the state to process applications in accordance with the 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 mandated projects include conducting service reviews prior to reviewing and updating spheres of influence for cities and special districts once every five years, or

as necessary. Staff has prepared a work plan for conducting LAFCO's third round of service reviews. (see Agenda Item #7). As proposed in the Service Review Work Plan, in FY 2020, LAFCO will begin work on its third round of service reviews with a special study on the Rancho Rinconada Recreation and Park District in order to further evaluate potential governance structure options for the district.

LAFCO's statutorily mandated activities take priority over administrative projects that are not statutorily required, and over proactive commission-initiated projects which are discretionary but support LAFCO's mission and statutory requirements.

The LAFCO Finance Committee identified and prioritized the following key proactive projects for FY 2020:

- Implement LAFCO's Public Communications and Outreach Plan in order to expand understanding of LAFCO's role and responsibility in promoting sustainable growth and good governance in the county
- Conduct a comprehensive review and update of LAFCO's policies in order to strengthen, clarify and ensure consistency with state law
- Work with interested cities to facilitate island annexations
- Engage in and seek Sustainable Agricultural Lands Conservation (SALC) grant partnership opportunities
- Implement LAFCO agenda management software and video recording and online posting of LAFCO meeting videos in order to promote public engagement
- Organize and scan LAFCO's recent hardcopy records for inclusion into LAFCO's existing electronic document management system

FISCAL YEAR 2020 PROPOSED BUDGET

The Finance Committee recommended the Proposed FY 2020 Budget, for the full Commission's consideration and approval. (See Attachment D). 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 \$772,591

This includes the salary and benefits for the four current LAFCO staff positions including Executive Officer, the two Analyst positions and Clerk position. All four of these positions are staffed through the County Executive's Office. The County projects that the salaries and benefits for the four LAFCO positions would total approximately \$756,913 in FY 2020. The proposed amount is based on the best available projections from the County. Any further changes to the projections for these four positions that occur within the next couple of months will be reflected in the Final LAFCO budget.

Additionally, the Finance Committee recommended that this line item include funds that may be necessary to reflect any increase in compensation for the LAFCO Clerk position as a result of the classification and compensation review that is currently in progress at the County Employee Services Agency. Therefore, this item includes approximately \$15,600 in anticipation of reclassification of the LAFCO Clerk position to the requested/appropriate position. In 2018, staff initiated a classification and compensation review for the LAFCO Clerk position, in order to better reflect the requirements, duties and responsibilities of the position.

OBJECT 2. SERVICES AND SUPPLIES

5255100 Intra-County Professional \$45,000

This amount includes the costs for services from various County agencies such as the County Surveyor's Office, the County Assessors' Office, and the Registrar of Voters. 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. 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 \$72,240

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). In 2017, the contract was once again amended to increase the monthly retainer and limit the CEQA work within the retainer to 24 hours annually. Any additional CEQA work above 24 hours would be charged outside the retainer at the same hourly rate.

The monthly retainer for FY 2020 increases to \$5,790, based on a 3.9% increase in the Consumer Price Index for the prior calendar year (2018). This item covers the annual retainer fees and includes additional monies to cover approximately 10 hours of work outside the retainer.

5255500 Consultant Services \$110,000

This item is budgeted for hiring consultants to assist LAFCO with special projects such as for conducting service reviews and special studies, facilitating a strategic planning workshop, scanning LAFCO's hardcopy records into the existing electronic document management system, conducting the annual financial audit, and producing public communication material, among others. The Commission must take action to authorize such special projects prior to expending funds. This item also includes costs associated with ongoing existing contracts such as costs for hosting the LAFCO website by an outside provider. This year, the Finance

Committee recommended an addition of \$10,000 to this line item in order for LAFCO to implement an appropriate agenda management and meeting broadcast system for LAFCO meetings.

5285700 Meal Claims \$750

This item is being maintained at \$750.

5220200 Insurance \$6,000

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. For Fiscal Year 2020, Workers Compensation coverage costs are estimated at \$800 and General Liability insurance costs are estimated at \$4,800.

5270100 Rent & Lease \$44,478

This item includes rent for the private office space lease which amounts to \$44,478 for FY 2020.

5250100 Office Expenses \$10,000

This item includes funds for purchase of books, periodicals, and small equipment and supplies, including photocopier costs.

5255650 Data Processing Services \$14,825

This item includes costs associated with County Technology Solutions & Services Department (TSS) providing IT services to the LAFCO program. According to TSS, these costs are projected based on FTE and since LAFCO staff increased from 3 to 4 (33%), the service costs have also increased compared to the previous FY. This line item includes projected costs for End User Device Management (\$6,600); Enterprise Content Management services and solutions (\$2,512), Claranet services (\$2,032), security services (\$1,352), and sccLearn (\$192), Wireless Carrier Service (\$353), Enterprise Architecture (\$796), Data Analytics and Visualizations (\$184), Desktop Software Imaging and Configuration (\$500), and Identity and Access Management (\$304).

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.

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 \$11,836

This amount includes funding for membership dues to CALAFCO – the California Association of LAFCOs. In order to close its structural deficit, the CALAFCO Board has implemented a 16.25% dues increase for all member LAFCOs in FY 2020; and has committed to revising the CALAFCO dues structure into a more sustainable and equitable model in time for membership consideration and approval at the Annual Membership Business meeting in October 2019. The FY 2020 membership dues for Santa Clara LAFCO is \$10,376.

Additionally, this item includes membership dues for CSDA – the California Special Districts Association. In June 2018, CSDA informed staff that Santa Clara LAFCO as a customer of SDRMA, must be a member of CSDA pursuant to SDRMA bylaws. Since the CSDA Board does not adopt FY 2020 member dues until summer, this item includes an estimated dues amount. It is estimated that the FY 2020 CSDA membership dues would be \$1,460, which includes a 6% dues increase from the current year.

5250750 Printing and Reproduction \$1,500

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

5285800 Business Travel \$16,650

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 and the CALAFCO Executive Board meetings. Commissioner Wilson serves on the CALAFCO Legislative Committee and on the CALAFCO Executive Board; and EO Palacherla 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) \$605

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

5281600 Overhead (\$61,183)

This is an amount established by the County Controller’s Office, for service rendered by various County departments and that are not directly billed to LAFCO. The overhead includes LAFCO’s share of the County’s FY 2019 Cost Allocation Plan which is based on actual overhead costs from FY 2018 – the most recent year for which actual costs are available. The overhead includes the following charges from:

County Executive’s Office:	\$30,803
Controller-Treasurer:	\$9,238
Employee Services Agency:	\$3,718
OBA:	\$1,377
BHS-MH - Employee:	\$137
TSS Intergovernmental Service:	\$690
Technology Services & Solutions:	\$3,494
Procurement:	\$340
Facilities and Fleet:	\$7

Further, a “roll forward” is applied which is calculated by comparing FY 2018 Cost Plan estimates with FY 2018 actuals. The FY 2018 cost estimates were lower than the actuals by \$11,379; this amount is added to the FY 2020 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 \$5,000

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.

REVENUES

4103400 Application Fees \$35,000

It is anticipated that LAFCO will receive approximately \$35,000 in fees from processing applications. The actual amount earned from fees depends entirely on the level of application activity.

4301100 Interest \$6,000

It is estimated that LAFCO will receive an amount of approximately \$6,000 from interest earned on LAFCO funds.

3400150 Fund Balance from Previous Fiscal Year (FY 2019) \$107,446

It is projected that there will be a savings or fund balance of approximately \$107,446 at the end of Fiscal Year 2019, which will be carried over to reduce the

proposed Fiscal Year 2020 costs for LAFCO's funding agencies (cities, independent special districts and the County).

$$\begin{aligned} \text{Projected Year-End [FY 19] Fund Balance} &= (\text{Projected Year-End [FY 19] Revenue} + \\ &\quad \text{Actual Fund Balance from Previous} \\ &\quad \text{Fiscal Year [FY 18]} + \text{Funds Received} \\ &\quad \text{from Local Agencies in FY 19}) - \\ &\quad (\text{Projected Year-End [FY 19] Expenses}) \\ &= (\$41,500 + \$314,693 + \$833,826) - \$1,082,573 \\ &= \$107,446 \end{aligned}$$

In previous years, LAFCO has had a more substantial year-end fund balance. However, staff and the Commission continue to develop more accurate budgets that more closely reflect actual expenditures and revenues. Additionally, as LAFCO seeks to maintain its operations at a high level of performance, the amount of excess fund balance will likely continue to decline over the years.

The fund balance excludes the \$150,000 set aside as the reserve, which is expected to be unused at the end of FY 2019 and will be rolled over to the next year as-is and maintained as the reserve.

RESERVES

3400800 Reserves Available \$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.

5701000 Reserves \$50,000

The Finance Committee at its meeting on March 18, discussed the need for reserves and given the increasing complexity of LAFCO work, recommended budgeting \$50,000 in FY 2020 to bring the total amount of reserves to \$200,000 – which is approximately 18% of LAFCO's proposed FY 2020 net operating expenses.

FY 2020 NET OPERATING EXPENSES

$$\begin{aligned} \text{FY 2020 Net Operating Expenses} &= (\text{Proposed FY 2020 Expenditures}) - (\text{Proposed} \\ &\quad \text{FY 2020 Fee \& Interest Revenues} + \text{Projected} \\ &\quad \text{Fund Balance from FY 2019}) \\ &= (\$1,244,158) - (\$41,000 + \$107,446) \\ &= \$1,095,712 \end{aligned}$$

The projected operating expense for FY 2020 is 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 and benefits. This could result in changes to the proposed net operating expenses for FY 2020 which could in turn impact the costs for each of LAFCO's funding agencies.

LAFCO's proposed FY 2020 Budget reflects an overall expenditure increase of approximately 10% compared to the FY 2019 adopted budget. This is primarily due to the increase in projected costs for employee Salaries and Benefits, and due to a recommended contingency appropriation of \$50,000 in order to establish LAFCO Reserves at 18% of LAFCO's proposed FY 2020 operating expenses.

The proposed FY 2020 Budget projects a significantly smaller fund balance at the end of the current fiscal year compared to previous years. This means that the Commission developed a more accurate budget that more closely reflects actual expenditures and revenues in FY 2019. As provided in the CKH Act, LAFCO uses any fund balance from the previous year to reduce its net operating expenses and the amount of revenues collected from its funding agencies.

Due to higher costs and the substantially lower projected fund balance available at the end of FY 2019 compared to the fund balance available at the end of FY 2018, the proposed FY 2020 Budget reflects an approximately 31% increase in the proposed net operating expenses compared to FY 2019.

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.

The following is a draft apportionment to the agencies based on the proposed net operating expenses for FY 2020.

FY 2020 COST TO AGENCIES	
County of Santa Clara	\$365,237
City of San Jose	\$182,619
Remaining 14 Cities in the County	\$182,619
17 Independent Special Districts	\$365,237

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 prepared by the County Controller’s Office, based on LAFCO’s proposed FY 2020 net operating expenses.

ATTACHMENTS

- Attachment A: Status of FY 2019 Work Plan
- Attachment B: LAFCO Financials 2008-2018
- Attachment C: Proposed Work Program for Fiscal Year 2020
- Attachment D: Proposed LAFCO Budget for Fiscal Year 2020
- Attachment E: Estimated FY 2020 Costs to Agencies Based on the Proposed Budget

FY 2019 IN REVIEW: WORK PLAN STATUS

ITEM # 5 A

	PROJECTS	STATUS
LAFCO APPLICATIONS	Process applicant initiated LAFCO proposals	Ongoing, as needed
	Comment on potential LAFCO applications, City General Plan updates and/ or related environmental documents	Ongoing, as needed
	Respond to public enquiries re. LAFCO policies, procedures and filing requirements for LAFCO applications	Ongoing, as needed
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 USA amendments	Ongoing, as needed. Working with Los Gatos on island annexations
	Update inventory and maps of islands	In progress. Complete in June 2019
	Review and finalize city-conducted island annexations	Ongoing, as needed
PUBLIC OUTREACH / COMMUNICATION	Develop and implement a public information /communications plan: Prepare map, brochure, presentation, exhibits, website redesign	Plan adopted in October 2018. Map and Brochure complete by May 2019
	Participate in CALAFCO conferences / workshops/ white papers	Ongoing
	Conduct workshops and/or make presentations re. LAFCO program, policies and procedures to local agencies, organizations, commissioners, community groups, staff	Ongoing
	Participate in local, regional, statewide organizations: SDA, SCCAPO, CALAFCO, GIS Working Group	Ongoing
SERVICE REVIEWS & SOI UPDATES	Develop a plan, strategies and priorities for conducting the next round of service reviews	Complete in April 2019
	Continue to follow up on implementation of recommendations from previous service reviews, as necessary.	Ongoing
ADMINISTRATION	Review and update policies and procedures to improve clarity and consistency with state law	Ongoing
	Prepare budget, and work plan	In progress. March - June
	Prepare administrative procedures	Ongoing
	Conduct annual Financial Audit	August 2018
	Conduct a Strategic Planning Workshop for LAFCO	On hold, until other priorities complete
	Maintain and enhance LAFCO Website	Ongoing
	Maintain LAFCO database	Ongoing
	Maintain LAFCO's electronic document management system	Ongoing
	Prepare Annual Report	August 2018
	Staff training and development / New commissioner orientation	Ongoing, as needed
	Staff performance evaluation	April – June 2019
Other administrative functions required of a public agency	Ongoing	
OTHER	Mapping Mutual Water companies	Ongoing
	JPA filings	Ongoing
	Track LAFCO related legislation (CALAFCO Leg. Committee)	Ongoing
	Host the 2019 CALAFCO Staff Workshop	April 2019

FY 2008 - FY 2018 LAFCO FINANCIALS

March 2019

ITEM NO.	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	ACTUALS FY 2016	ACTUALS FY 2017	ACTUALS FY 2018	APPROVED
													BUDGET FY 2018
EXPENDITURES													
	Salary and Benefits	\$356,009	\$400,259	\$406,650	\$413,966	\$393,194	\$411,929	\$450,751	\$466,755	\$484,216	\$514,381	\$628,534	\$685,072
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	\$18,523	\$1,292	\$703	\$45,000
5255800	Legal Counsel	\$0	\$9,158	\$67,074	\$52,440	\$48,741	\$56,791	\$53,550	\$52,854	\$57,498	\$71,131	\$59,400	\$70,200
5255500	Consultant Services	\$19,372	\$75,000	\$76,101	\$58,060	\$102,349	\$59,563	\$35,602	\$37,250	\$39,625	\$0	\$45,000	\$100,000
5285700	Meal Claims	\$0	\$368	\$277	\$288	\$379	\$91	\$228	\$209	\$367	\$50	\$901	\$750
5220100	Insurance	\$491	\$559	\$550	\$4,582	\$4,384	\$4,378	\$4,231	\$4,338	\$4,135	\$4,679	\$4,893	\$5,000
5250100	Office Expenses	\$1,056	\$354	\$716	\$639	\$1,212	\$536	\$850	\$783	\$6,266	\$48,632	\$15,412	\$9,236
5270100	Rent and Lease											\$41,120	\$42,764
5255650	Data Processing Services	\$8,361	\$3,692	\$3,505	\$1,633	\$3,384	\$1,663	\$3,311	\$9,024	\$1,519	\$6,869	\$877	\$3,600
5225500	Commissioners' Fee	\$5,700	\$5,400	\$3,500	\$3,400	\$4,000	\$4,900	\$5,800	\$4,900	\$6,700	\$5,300	\$5,400	\$10,000
5260100	Publications and Legal Notices	\$1,151	\$563	\$1,526	\$363	\$916	\$222	\$378	\$2,484	\$487	\$191	\$145	\$2,500
5245100	Membership Dues	\$5,500	\$7,000	\$7,000	\$7,000	\$7,000	\$14,473	\$0	\$7,428	\$7,577	\$8,107	\$8,674	\$8,674
5250750	Printing and Reproduction	\$5	\$0	\$0	\$0	\$0	\$0	\$9	\$177	\$703	\$0	\$0	\$1,500
5285800	Business Travel	\$7,238	\$8,415	\$4,133	\$8,309	\$3,095	\$4,777	\$5,800	\$4,042	\$5,811	\$3,877	\$13,091	\$16,000
5285300	Private Automobile Mileage	\$1,016	\$704	\$832	\$1,185	\$615	\$424	\$409	\$396	\$1,009	\$1,264	\$590	\$2,000
5285200	Transportation & Travel (County Car Us	\$894	\$948	\$629	\$0	\$384	\$250	\$371	\$293	\$559	\$605	\$0	\$1,000
5281600	Overhead	\$42,492	\$62,391	\$49,077	\$46,626	\$60,647	\$43,133	\$42,192	\$34,756	\$49,452	\$0	\$28,437	\$28,437
5275200	Computer Hardware	\$0	\$451	\$0	\$83	\$2,934	\$1,791	\$2,492	\$0	\$106	\$0	\$0	\$3,000
5250800	Computer Software	\$0	\$0	\$626	\$314	\$579	\$3,124	\$933	\$1,833	\$2,079	\$754	\$4,505	\$4,000
5250250	Postage	\$1,160	\$416	\$219	\$568	\$309	\$589	\$246	\$597	\$411	\$209	\$183	\$2,000
5252100	Staff Training Programs	\$0	\$665	\$491	\$250	\$300	\$0	\$0	\$1,431	\$0	\$0	\$0	\$2,000
5701000	Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$42,000
TOTAL EXPENDITURES		\$516,530	\$633,691	\$636,478	\$604,238	\$640,540	\$613,895	\$612,816	\$633,929	\$687,043	\$667,342	\$857,865	\$1,084,733
REVENUES													
4103400	Application Fees	\$46,559	\$41,680	\$35,576	\$48,697	\$37,426	\$45,458	\$63,561	\$27,386	\$146,168	\$20,436	\$29,864	\$35,000
4301100	Interest: Deposits and Investments	\$24,456	\$16,230	\$6,688	\$4,721	\$4,248	\$3,416	\$2,674	\$2,844	\$6,073	\$10,830	\$12,620	\$4,000
3400150	Fund Balance from Previous FY	\$271,033	\$368,800	\$334,567	\$275,605	\$209,987	\$208,219	\$160,052	\$226,111	\$187,310	\$293,489	\$331,177	\$246,839
TOTAL REVENUE		\$342,048	\$426,711	\$376,831	\$329,023	\$251,661	\$257,092	\$226,287	\$256,341	\$339,551	\$324,755	\$373,661	\$285,839
NET LAFCO OPERATING EXPENSES		\$174,482	\$206,980	\$259,648	\$275,215	\$388,879	\$356,802	\$386,529	\$377,588	\$347,492	\$342,587	\$484,204	\$798,894
3400800 RESERVES AVAILABLE					\$100,000	\$100,000	\$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	\$225,778	\$266,298	\$266,298
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	\$225,778	\$266,298	\$266,298
4600100	Special Districts							\$296,892	\$187,521	\$220,668	\$225,778	\$266,298	\$266,298

PROPOSED WORK PLAN FOR FISCAL YEAR 2020

ITEM # 5 C

	PROJECT DESCRIPTION	TIME FRAME	RESOURCES
LAFCO APPLICATIONS	Process applicant initiated LAFCO proposals	Ongoing, as needed	Staff
	Comment on potential LAFCO applications, relevant projects & development proposals, city General Plan updates and/ or related environmental documents	Ongoing, as needed	Staff
	Review and update LAFCO policies and procedures for clarity and consistency with State law	Ongoing	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
PUBLIC OUTREACH & COMMUNICATION	Implement LAFCO’s Public Communications and Outreach Plan: develop new communication material (map, brochure, factsheets, powerpoint presentations, public exhibits) & tools (social media, website) and conduct outreach to increase awareness of LAFCO’s role	In progress	Consultant / Staff
	Engage and establish relationships with local (cities, districts, county), regional (ABAG/MTC), state (SGC, OPR, DoC, SWRCB) agencies, organizations such as SDA, SCCAPO, CALAFCO, other stakeholder groups	Ongoing	Staff
	Respond to public enquiries re. LAFCO policies, procedures and application filing requirements	Ongoing, as needed	Staff
SERVICE REVIEWS & SPHERE OF INFLUENCE UPDATES	Develop a plan, strategies and priorities for conducting the third round of service reviews	In progress	Staff
	Begin conducting LAFCO’s third round of service reviews and special studies	June 2018	Staff / Consultant
	Continue to monitor implementation of recommendations from previous service reviews, as necessary	Ongoing	Staff
	Map Mutual Water companies	Ongoing	Staff
	Engage in SALC grant partnership opportunities	TBD	Staff
	Compile and post JPA filings on the LAFCO website	TBD	Staff
ADMINISTRATIVE PROJECTS	Prepare LAFCO annual work plan and budget	March –June	Staff
	Prepare LAFCO Annual Report	August 2019	Staff
	Prepare LAFCO Annual Financial Audit	August 2019	Consultant / Staff
	Review and update LAFCO administrative policies and procedures	Ongoing	Staff
	Conduct a Strategic Planning Workshop for LAFCO	TBD	Staff / Consultant
	Maintain and enhance the LAFCO Website	Ongoing	Staff
	Maintain LAFCO database	Ongoing	Staff
	Maintain LAFCO’s hard copy and digital records, organize scan of LAFCO records to its Electronic Document Management System (LaserFische)	Ongoing	Staff / Consultant
	Staff and Commissioner training and development (orientation, CALAFCO events, workshops, conferences, relevant courses)	Ongoing	Staff/Commission
	Staff performance evaluation	April -June	Staff/Commission
	Procure LAFCO Agenda management software and arrange for LAFCO meeting broadcast	TBD	Staff / Consultant
	Track LAFCO related legislation (CALAFCO Leg. Committee)	Ongoing	Staff
	Other administrative functions mandated of a public agency	Ongoing	Staff

**PROPOSED LAFCO BUDGET
FISCAL YEAR 2019- 2020**

ITEM # 5 D

ITEM # TITLE	APPROVED FY 2019 BUDGET	ACTUALS Year to Date 3/4/2019	PROJECTIONS Year End 2019	PROPOSED FY 2020 BUDGET
EXPENDITURES				
Object 1: Salary and Benefits	\$720,316	\$475,955	\$725,480	\$772,591
Object 2: Services and Supplies				
5255100 Intra-County Professional	\$45,000	\$2,787	\$10,000	\$45,000
5255800 Legal Counsel	\$70,200	\$36,762	\$65,000	\$72,240
5255500 Consultant Services	\$100,000	\$36,550	\$100,000	\$110,000
5285700 Meal Claims	\$750	\$257	\$750	\$750
5220100 Insurance	\$6,000	\$5,296	\$5,296	\$6,000
5250100 Office Expenses	\$10,000	\$4,039	\$10,000	\$10,000
5270100 Rent & Lease	\$42,764	\$31,996	\$42,764	\$44,478
5255650 Data Processing Services	\$5,068	\$7,400	\$10,000	\$14,825
5225500 Commissioners' Fee	\$10,000	\$2,700	\$5,000	\$10,000
5260100 Publications and Legal Notices	\$2,500	\$97	\$200	\$2,500
5245100 Membership Dues	\$8,926	\$9,615	\$9,615	\$11,836
5250750 Printing and Reproduction	\$1,500	\$0	\$1,500	\$1,500
5285800 Business Travel	\$16,000	\$1,598	\$10,000	\$16,650
5285300 Private Automobile Mileage	\$2,000	\$648	\$1,000	\$2,000
5285200 Transportation&Travel (County Car Usage)	\$605	\$378	\$600	\$605
5281600 Overhead	\$79,368	\$34,972	\$79,368	\$61,183
5275200 Computer Hardware	\$3,000	\$726	\$2,000	\$3,000
5250800 Computer Software	\$4,000	\$539	\$2,000	\$5,000
5250250 Postage	\$2,000	\$100	\$1,000	\$2,000
5252100 Staff/Commissioner Training Programs	\$2,000	\$0	\$1,000	\$2,000
5701000 Reserves	\$0	\$0	\$0	\$50,000
TOTAL EXPENDITURES	\$1,131,997	\$652,415	\$1,082,573	\$1,244,158
REVENUES				
4103400 Application Fees	\$35,000	\$30,295	\$35,000	\$35,000
4301100 Interest: Deposits and Investments	\$4,000	\$5,626	\$6,500	\$6,000
TOTAL REVENUE	\$39,000	\$35,921	\$41,500	\$41,000
3400150 FUND BALANCE FROM PREVIOUS FY	\$259,171	\$314,693	\$314,693	\$107,446
NET LAFCO OPERATING EXPENSES	\$833,826	\$301,801	\$726,380	\$1,095,712
3400800 RESERVES Available	\$150,000	\$150,000	\$150,000	\$150,000
COSTS TO AGENCIES				
5440200 County	\$277,942	\$277,942	\$277,942	\$365,237
4600100 Cities (San Jose 50% + Other Cities 50%)	\$277,942	\$277,942	\$277,942	\$365,237
4600100 Special Districts	\$277,942	\$277,942	\$277,942	\$365,237

LAFCO COST APPORTIONMENT: COUNTY, CITIES, SPECIAL DISTRICTS
Preliminary Estimated Costs to Agencies Based on the Proposed FY 2020 LAFCO Budget

Proposed Net Operating Expenses for FY 2020				\$1,095,712
JURISDICTION	REVENUE PER 2016/2017 REPORT	PERCENTAGE OF TOTAL REVENUE	ALLOCATION PERCENTAGES	ALLOCATED COSTS
County	N/A	N/A	33.3333333%	\$365,237.33
Cities Total Share			33.3333333%	\$365,237.33
San Jose	N/A	N/A	50.0000000%	\$182,618.67
Other cities share			50.0000000%	\$182,618.66
Campbell	\$59,643,742	2.0634538%		\$3,768.25
Cupertino	\$108,239,147	3.7446759%		\$6,838.48
Gilroy	\$112,074,851	3.8773771%		\$7,080.81
Los Altos	\$50,863,149	1.7596776%		\$3,213.50
Los Altos Hills	\$13,618,429	0.4711475%		\$860.40
Los Gatos	\$46,676,687	1.6148415%		\$2,949.00
Milpitas	\$172,958,945	5.9837425%		\$10,927.43
Monte Sereno	\$3,177,329	0.1099239%		\$200.74
Morgan Hill	\$88,439,683	3.0596873%		\$5,587.56
Mountain View	\$293,917,704	10.1684701%		\$18,569.52
Palo Alto	\$577,910,583	19.9935779%		\$36,512.00
Santa Clara	\$822,606,457	28.4591540%		\$51,971.75
Saratoga	\$27,732,221	0.9594327%		\$1,752.10
Sunnyvale	\$512,622,137	17.7348381%		\$32,387.12
Total Cities (excluding San Jose)	\$2,890,481,064	100.0000000%		\$182,618.66
Total Cities (including San Jose)				\$365,237.33
Special Districts Total Share			33.3333333%	\$365,237.34
Aldercroft Heights County Water District		0.06233%		\$227.65
Burbank Sanitary District		0.15593%		\$569.51
Cupertino Sanitary District		2.64110%		\$9,646.28
El Camino Healthcare District		4.90738%		\$17,923.58
Guadalupe Coyote Resource Conservation District		0.04860%		\$177.51
Lake Canyon Community Services District		0.02206%		\$80.57
Lion's Gate Community Services District		0.22053%		\$805.46
Loma Prieta Resource Conservation District		0.02020%		\$73.78
Midpeninsula Regional Open Space District		5.76378%		\$21,051.48
Purissima Hills Water District		1.35427%		\$4,946.30
Rancho Rinconada Recreation and Park District		0.15988%		\$583.94
San Martin County Water District		0.04431%		\$161.84
Santa Clara Valley Open Space Authority		1.27051%		\$4,640.38
Santa Clara Valley Water District		81.44126%		\$297,453.89
Saratoga Cemetery District		0.32078%		\$1,171.61
Saratoga Fire Protection District		1.52956%		\$5,586.52
South Santa Clara Valley Memorial District		0.03752%		\$137.04
Total Special Districts		100.00000%		\$365,237.34
Total Allocated Costs				\$1,095,712.00

