

LAFCO MEETING: April 4, 2018
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
SUBJECT: PROPOSED LAFCO BUDGET FOR FISCAL YEAR 2019

FINANCE COMMITTEE / STAFF RECOMMENDATION

1. Adopt the Proposed Budget for Fiscal Year 2018-2019.
2. Find that the Proposed Budget for Fiscal Year 2019 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 2019 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 2018-2019 Budget Timeline

Dates	Staff Tasks / LAFCO Action
March 12 - April 4	Notice period, Draft Budget posted on LAFCO website and available for review and comment
April 4	LAFCO public hearing on adoption of Draft Budget
April 5	Draft Budget, draft apportionments and LAFCO public hearing notice on Final Budget transmitted to agencies
June 6	Public hearing and adoption of Final Budget
June 6 - July 1	Final Budget transmitted to agencies; Auditor requests payment from agencies

LAFCO FINANCE COMMITTEE

At its February 7, 2018 LAFCO meeting, the Commission appointed Commissioners Hall, Jimenez, and Rennie 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 19, 2018. 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 recommended that the Commission arrange for an annual audit of LAFCO’s financial statements to be conducted by an independent auditor and directed that staff research for the full Commission’s consideration, potential costs associated with retaining an independent auditor. See Agenda Item #5 for a full discussion of this issue.

The Committee directed that staff present for the full Commission’s consideration and adoption (at the June 2018 meeting), a revision of the LAFCO fee schedule in order to reflect current staff rates; and a proposed policy on LAFCO fee waivers so as to achieve full cost recovery and offset costs to funding agencies.

The Committee also recommended that staff initiate a classification and compensation review for the LAFCO Clerk position, in order to better reflect the requirements, duties and responsibilities of the position. The position was last reviewed and revised in 2008. Since that time, the Clerk’s duties have progressively and substantially increased due to various changes in LAFCO’s operations and State law. The MOU between the County and LAFCO provides a window of time within which LAFCO may request that the County conduct such a review. Staff will coordinate with the County and present the issue for Commission consideration at a future meeting in a timely manner.

STATUS OF CURRENT YEAR (FISCAL YEAR 2018) WORK PLAN AND BUDGET

Attachment A depicts the current status of the work items/projects in the Fiscal Year 2018 Work Program. In addition to reviewing and processing LAFCO applications and engaging in various local / regional projects, a major focus of LAFCO’s work during this fiscal year centered around two important matters – (1.) recruitment, hiring and training of the new LAFCO Analyst and (2.) launching the effort to prepare and implement a Public Communications and Outreach Plan.

The LAFCO Annual Report which will be published at the end of the current fiscal year will document the applications processed by LAFCO and the various activities/projects that LAFCO has engaged in or completed in Fiscal Year 2018.

Attachment B depicts the current Fiscal Year budget status. The adopted LAFCO budget for FY 2018 is \$1,084,733. Based on information through the end of February 2018, total year-end projected expenditures for FY 2018 would be approximately \$182,333 or 16% less than the adopted budget for FY 2018. Revenue for FY 2018 is projected to be slightly lower than that projected in the adopted budget for FY 2018. The County, the cities and the independent special districts paid their respective shares of LAFCO’s FY 2018 costs as apportioned by the County Controller. The actual fund balance rolled over at the end of FY 2017 was \$331,177, which is approximately \$84,338 (\$331,177- \$246,839) more than projected in the adopted FY 2018 budget.

It is projected that there will be a savings or fund balance of approximately \$259,171 at the end of Fiscal Year 2018, which will be carried over to reduce the proposed Fiscal Year 2019 costs for the funding agencies (cities, independent special districts and the County).

$$\begin{aligned} \text{Projected Year-End [FY 18] Fund Balance} &= (\text{Projected Year-End [FY 18] Revenue} + \text{Actual} \\ &\quad \text{Fund Balance from Previous Fiscal Year [FY 17]} + \\ &\quad \text{Funds Received from Local Agencies in FY 18}) - \\ &\quad (\text{Projected Year-End [FY 18] Expenses}) \\ &= (\$31,500 + \$331,177 + \$798,894) - \$902,400 \\ &= \$259,171 \end{aligned}$$

Please note that the fund balance excludes the \$150,000 set aside as the reserve, which is expected to be unused at the end of FY 2018, and will be rolled over to the next year as-is and maintained as the reserve.

PROPOSED WORK PROGRAM FOR FISCAL YEAR 2018-2019

LAFCO is mandated by the state to process jurisdictional boundary change 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 state mandates for LAFCO include conducting sphere of influence reviews and updates for cities and special districts within the county once every five years, or as necessary, after preparing the associated service reviews for the agencies.

The LAFCO work program for FY 2018- 2019 is presented in **Attachment C**. Some key items in the proposed work plan include the preparation and implementation of the Public Communications and Outreach Plan; development of a plan for and establishment of priorities for conducting the next round of service reviews; and the comprehensive review and update of LAFCO policies and procedures in order to provide better clarity; among other ongoing projects. Further, staff is currently working with the CALAFCO Executive Director in exploring the potential for hosting the 2019 CALAFCO Staff Workshop in San Jose. CALAFCO has issued a RFP for a facility to hold the event in the area. The Workshop will be held in April 2019 and the host LAFCO's responsibilities include organizing a mobile workshop, coordinating opening remarks, recommending local sponsors, organizing a Bounty of the County reception, participating on the program committee, and designing workshop logo/flyer and so on, among other things.

The Committee discussed the proposed work plan for Fiscal Year 2019 and recommended it for Commission consideration and adoption.

PROPOSED BUDGET: FISCAL YEAR 2017-2018

The Finance Committee recommended the Proposed FY 2019 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

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 \$691,802 in FY 2019. 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.

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 \$70,200

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 2019 increases to \$5,573, based on a 3.2% increase in the Consumer Price Index for the prior calendar year (2017). This item covers the annual retainer fees and includes additional monies to cover approximately 10 hours of work outside the retainer.

5255500 CONSULTANT SERVICES \$100,000

This item is budgeted for hiring consultants to assist LAFCO with special projects such as for preparing service reviews, facilitating a strategic planning workshop, scanning LAFCO records into LaserFische, and conducting the annual financial audit, among others. The Commission must take action to authorize such special projects prior to any

expenditures. This item also includes costs associated with ongoing existing contracts such as costs for hosting the LAFCO website by an outside provider.

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 2019, Workers Compensation coverage costs are estimated at \$850 and General Liability insurance costs are estimated at \$5,000.

5270100 RENT & LEASE

This item includes the rent for the new office space lease which amounts to \$42,764 for FY 2019.

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 \$4,123

This item includes costs associated with County Information Services Department providing IT services to the LAFCO program including Enterprise Content Management services and solutions (\$1,891), Claranet services (\$1,350), security services (\$728), and sccLearn (\$154).

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 \$8,926

This amount includes funding for membership dues to CALAFCO – the California Association of LAFCOs. Dues were increased only by the CPI for FY 2018-19 (2.9%). As a result, the 2019 CALAFCO dues will increase to \$8,926.

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 and the CALAFCO Executive Board meetings. Commissioner Wilson serves on the CALAFCO Legislative Committee and on the 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 (\$79,368)

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 2018 Cost Allocation Plan which is based on actual overhead costs from FY 2017 – the most recent year for which actual costs are available. Although the budgeted amount is \$79,368, the County recently informed staff that LAFCO will be billed for only \$69,944 as the County had mistakenly applied a charge of \$9,424 for LAFCO facilities. Since the County's Cost Allocation Plan cannot be revised at this time, the original amount of \$79,368 will remain in the LAFCO Budget in order to avoid issues in the County's accounting system. The overhead includes the following charges from:

County Executive's Office:	\$21,641
Controller-Treasurer:	\$7,795
Employee Services Agency:	\$3,928
OBA:	\$343
BHS-MH - Employee:	\$138
ISD Intergovernmental Service:	\$821
ISD:	\$2,213
Procurement:	\$3,336

Further, a “roll forward” is applied which is calculated by comparing FY 2017 Cost Plan estimates with FY 2017 actuals. The FY 2017 cost estimates were lower than the actuals by \$29,729, this amount is added to the FY 2019 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.

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 \$4,000

It is estimated that LAFCO will receive an amount of approximately \$4,000 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.

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

$$\begin{aligned} \text{FY 2019 Net Operating Expenses} &= (\text{Proposed FY 2019 Expenditures}) - (\text{Proposed FY} \\ &\quad \text{2019 Fee \& Interest Revenues} + \text{Projected Fund} \\ &\quad \text{Balance from FY 2018}) \\ &= \$809,367 \end{aligned}$$

Please note that the projected operating expense for FY 2019 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/benefits. This could result in

changes to the proposed net operating expenses for FY 2019 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 2019.

FY 2019 COST TO AGENCIES

County of Santa Clara	\$269,789
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City of San Jose	\$134,895
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Remaining 14 Cities in the County	\$134,895
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17 Independent Special Districts	\$269,789
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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 2018 Work Plan
- Attachment B: Status of FY 2018 Budget
- Attachment C: Proposed Work Program for Fiscal Year 2019
- Attachment D: Proposed LAFCO Budget for Fiscal Year 2019
- Attachment E: Estimated Costs to Agencies Based on the Proposed Budget

STATUS OF CURRENT (FY 2018) WORK PLAN

AGENDA ITEM # 4
Attachment 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 potential USA amendments	Ongoing, as needed
	Review and finalize city-conducted island annexations	Ongoing, as needed
PUBLIC OUTREACH / COMMUNICATION	Develop and implement a public information /communications strategy	In progress
	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 REVIEW & SPHERE UPDATES	Develop a plan, strategies and priorities for conducting the next round of service reviews	TBD
	Continue to follow up on implementation of recommendations from previous service reviews, as necessary, encouraging principles of good governance and management for special districts	Ongoing
ADMINISTRATION	Prepare budget, and work plan	Ongoing
	Revise LAFCO fee schedule and draft a fee waiver policy	In progress
	Conduct a Strategic Planning Workshop for LAFCO	TBD
	Maintain and enhance LAFCO Website	Ongoing
	Maintain LAFCO database	Ongoing
	Maintain LAFCO's electronic document management system	Ongoing
	Prepare Annual Report	August 2017
	Recruit and hire staff for the new LAFCO Analyst position. Staff training and development	December 2017 Ongoing
	Staff performance evaluation	April – May 2018
	Other administrative functions required of a public agency	Ongoing
OTHER	Review and update policies and procedures	Ongoing
	Mapping Mutual Water companies	Ongoing
	JPA filings	On going
	Track LAFCO related legislation (CALAFCO Leg. Committee)	Ongoing
	Participation / comment on the County / OSA's CAPP	On going
	Conduct Special District member election to the Countywide Redevelopment Oversight Board	May 2018

AGENDA ITEM # 4
Attachment B

FY 2018 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	ACTUALS FY 2016	ACTUALS FY 2017	APPROVED FY 2018	YEAR TO DATE 3/9/2018	YEAR END PROJECTIONS 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	\$685,072	\$392,486	\$629,046
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	\$45,000	\$1,376	\$3,000
	5255800 Legal Counsel	\$0	\$9,158	\$67,074	\$52,440	\$48,741	\$56,791	\$53,550	\$52,854	\$57,498	\$71,131	\$70,200	\$32,400	\$65,000
	5255500 Consultant Services	\$19,372	\$75,000	\$76,101	\$58,060	\$102,349	\$59,563	\$35,602	\$37,250	\$39,625	\$0	\$100,000	\$0	\$75,000
	5285700 Meal Claims	\$0	\$368	\$277	\$288	\$379	\$91	\$228	\$209	\$367	\$50	\$750	\$580	\$750
	5220100 Insurance	\$491	\$559	\$550	\$4,582	\$4,384	\$4,378	\$4,231	\$4,338	\$4,135	\$4,679	\$5,000	\$4,893	\$4,893
	5250100 Office Expenses	\$1,056	\$354	\$716	\$639	\$1,212	\$536	\$850	\$783	\$6,266	\$48,632	\$9,236	\$6,457	\$10,000
	Rent and Lease											\$42,764	\$34,040	\$42,000
	5255650 Data Processing Services	\$8,361	\$3,692	\$3,505	\$1,633	\$3,384	\$1,663	\$3,311	\$9,024	\$1,519	\$6,869	\$3,600	\$379	\$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	\$10,000	\$3,500	\$9,000
	5260100 Publications and Legal Notices	\$1,151	\$563	\$1,526	\$363	\$916	\$222	\$378	\$2,484	\$487	\$191	\$2,500	\$54	\$200
	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	\$8,674
	5250750 Printing and Reproduction	\$5	\$0	\$0	\$0	\$0	\$0	\$9	\$177	\$703	\$0	\$1,500	\$0	\$500
	5285800 Business Travel	\$7,238	\$8,415	\$4,133	\$8,309	\$3,095	\$4,777	\$5,800	\$4,042	\$5,811	\$3,877	\$16,000	\$6,625	\$12,000
	5285300 Private Automobile Mileage	\$1,016	\$704	\$832	\$1,185	\$615	\$424	\$409	\$396	\$1,009	\$1,264	\$2,000	\$286	\$700
	5285200 Transportation&Travel (County Cai	\$894	\$948	\$629	\$0	\$384	\$250	\$371	\$293	\$559	\$605	\$1,000	\$47	\$600
	5281600 Overhead	\$42,492	\$62,391	\$49,077	\$46,626	\$60,647	\$43,133	\$42,192	\$34,756	\$49,452	\$0	\$28,437	\$14,219	\$28,437
	5275200 Computer Hardware	\$0	\$451	\$0	\$83	\$2,934	\$1,791	\$2,492	\$0	\$106	\$0	\$3,000	\$0	\$3,000
	5250800 Computer Software	\$0	\$0	\$626	\$314	\$579	\$3,124	\$933	\$1,833	\$2,079	\$754	\$4,000	\$3,456	\$4,000
	5250250 Postage	\$1,160	\$416	\$219	\$568	\$309	\$589	\$246	\$597	\$411	\$209	\$2,000	\$101	\$1,000
	5252100 Staff Training Programs	\$0	\$665	\$491	\$250	\$300	\$0	\$0	\$1,431	\$0	\$0	\$2,000	\$0	\$1,000
	5701000 Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$42,000	\$0	\$0
TOTAL EXPENDITURES		\$516,530	\$633,691	\$636,478	\$604,238	\$640,540	\$613,895	\$612,816	\$633,929	\$687,043	\$667,342	\$1,084,733	\$509,573	\$902,400
REVENUES														
	4103400 Application Fees	\$46,559	\$41,680	\$35,576	\$48,697	\$37,426	\$45,458	\$63,561	\$27,386	\$146,168	\$20,436	\$35,000	\$15,216	\$25,000
	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	\$4,000	\$4,241	\$6,500
	Savings/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	\$246,839	\$331,177	\$331,177
TOTAL REVENUE		\$342,048	\$426,711	\$376,831	\$329,023	\$251,661	\$257,092	\$226,287	\$256,341	\$339,551	\$324,755	\$285,839	\$350,634	\$362,677
NET LAFCO OPERATING EXPENSES		\$174,482	\$206,980	\$259,648	\$275,215	\$388,879	\$356,802	\$386,529	\$377,588	\$347,492	\$342,587	\$798,894	\$158,939	\$539,723
	3400800 RESERVES available				\$100,000	\$100,000	\$150,000	\$150,000	\$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	\$225,778	\$266,298	\$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	\$266,298
	Special Districts							\$296,892	\$187,521	\$220,668	\$225,778	\$266,298	\$266,298	\$266,298

PROPOSED WORK PLAN FOR FISCAL YEAR 2019

**AGENDA ITEM # 4
Attachment C**

	PROJECTS	TIME FRAME	RESOURCES
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, as needed	Staff
	Respond to public enquiries re. LAFCO policies, procedures and filing requirements for LAFCO applications	Ongoing, as needed	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	Develop and implement a public information /communications strategy	In progress	Consultant / staff
	Participate in CALAFCO conferences / workshops	Ongoing	Staff
	Conduct workshops and/or make presentations re. LAFCO program, policies and procedures to local agencies, organizations, commissioners, community groups, staff	Ongoing	Staff
	Participate in local, regional, statewide organizations: SDA, SCCAPO, CALAFCO, GIS Working Group	Ongoing	Staff
SERVICE REVIEW & SPHERE OF INFLUENCE UPDATES	Develop a plan, strategies and priorities for conducting the next round of service reviews	TBD	Staff
	Continue to follow up on implementation of recommendations from previous service reviews, as necessary, encouraging principles of good governance and management for special districts	Ongoing	Staff
ADMINISTRATION	Prepare budget, and work plan	Ongoing	Staff
	Prepare administrative procedures	TBD	Staff
	Conduct a Strategic Planning Workshop for LAFCO	TBD	Staff / consultant
	Maintain and enhance LAFCO Website	Ongoing	Staff
	Maintain LAFCO database	Ongoing	Staff
	Maintain LAFCO's electronic document management system	Ongoing	Staff
	Prepare Annual Report	August 2018	Staff
	Staff training and development	Ongoing	Staff
	Staff performance evaluation	March-May 2018	Staff, LAFCO
	Other administrative functions required of a public agency	Ongoing	Staff
OTHER	Review and update policies and procedures	Ongoing	Staff
	Mapping Mutual Water companies	Ongoing	Staff
	JPA filings	On going	Staff
	Track LAFCO related legislation (CALAFCO Leg. Committee)	Ongoing	Staff
	Host the 2019 CALAFCO Staff Workshop	TBD	Staff / CALAFCO

**PROPOSED LAFCO BUDGET
FISCAL YEAR 2018 - 2019**

**AGENDA ITEM # 4
Attachment D**

ITEM # TITLE	APPROVED	ACTUALS	PROJECTIONS	PROPOSED
	BUDGET FY 2018	Year to Date 2/28/2018	Year End 2018	FY 2019 BUDGET
EXPENDITURES				
Object 1: Salary and Benefits	\$685,072	\$392,486	\$629,046	\$691,802
Object 2: Services and Supplies				
5255100 Intra-County Professional	\$45,000	\$1,376	\$3,000	\$45,000
5255800 Legal Counsel	\$70,200	\$32,400	\$65,000	\$70,200
5255500 Consultant Services	\$100,000	\$0	\$75,000	\$100,000
5285700 Meal Claims	\$750	\$580	\$750	\$750
5220100 Insurance	\$5,000	\$4,893	\$4,893	\$6,000
5250100 Office Expenses	\$9,236	\$6,457	\$10,000	\$10,000
5270100 Rent & Lease	\$42,764	\$34,040	\$42,000	\$42,764
5255650 Data Processing Services	\$3,600	\$379	\$3,600	\$4,123
5225500 Commissioners' Fee	\$10,000	\$3,500	\$9,000	\$10,000
5260100 Publications and Legal Notices	\$2,500	\$54	\$200	\$2,500
5245100 Membership Dues	\$8,674	\$8,674	\$8,674	\$8,926
5250750 Printing and Reproduction	\$1,500	\$0	\$500	\$1,500
5285800 Business Travel	\$16,000	\$6,625	\$12,000	\$16,000
5285300 Private Automobile Mileage	\$2,000	\$286	\$700	\$2,000
5285200 Transportation&Travel (County Car Usage)	\$1,000	\$47	\$600	\$605
5281600 Overhead	\$28,437	\$14,219	\$28,437	\$79,368
5275200 Computer Hardware	\$3,000	\$0	\$3,000	\$3,000
5250800 Computer Software	\$4,000	\$3,456	\$4,000	\$4,000
5250250 Postage	\$2,000	\$101	\$1,000	\$2,000
5252100 Staff/Commissioner Training Programs	\$2,000	\$0	\$1,000	\$2,000
5701000 Reserves	\$42,000	\$0	\$0	\$0
TOTAL EXPENDITURES	\$1,084,733	\$509,573	\$902,400	\$1,102,538
REVENUES				
4103400 Application Fees	\$35,000	\$21,158	\$25,000	\$30,000
4301100 Interest: Deposits and Investments	\$4,000	\$5,705	\$6,500	\$4,000
TOTAL REVENUE	\$39,000	\$26,863	\$31,500	\$34,000
3400150 FUND BALANCE FROM PREVIOUS FY	\$246,839	\$331,177	\$331,177	\$259,171
NET LAFCO OPERATING EXPENSES	\$798,894	\$151,533	\$539,723	\$809,367
3400800 RESERVES Available	\$150,000	\$150,000	\$150,000	\$150,000
COSTS TO AGENCIES				
5440200 County	\$266,298	\$266,298	\$266,298	\$269,789
4600100 Cities (San Jose 50% + Other Cities 50%)	\$266,298	\$266,298	\$266,298	\$269,789
Special Districts	\$266,298	\$266,298	\$266,298	\$269,789

LAFCO COST APPORTIONMENT: County, Cities, Special Districts
Estimated Costs to Agencies Based on the Proposed 2019 LAFCO Budget

Proposed LAFCO Net Operating Expenses for 2019				\$809,367
Jurisdictions	Revenue per 2015/2016 Report	Percentage of Total Revenue	Allocation Percentages	Allocated Costs
County	N/A	N/A	33.3333333%	\$269,789.00
Cities Total Share			33.3333333%	\$269,789.00
San Jose	N/A	N/A	50.0000000%	\$134,894.50
Other cities share			50.0000000%	\$134,894.50
Campbell	\$60,301,132	2.4104175%		\$3,251.52
Cupertino	\$89,560,885	3.5800177%		\$4,829.25
Gilroy	\$98,555,795	3.9395713%		\$5,314.27
Los Altos	\$48,765,263	1.9492941%		\$2,629.49
Los Altos Hills	\$12,123,746	0.4846226%		\$653.73
Los Gatos	\$38,891,129	1.5545953%		\$2,097.06
Milpitas	\$161,941,706	6.4732967%		\$8,732.12
Monte Sereno	\$3,115,782	0.1245472%		\$168.01
Morgan Hill	\$92,720,766	3.7063277%		\$4,999.63
Mountain View	\$247,667,000	9.8999943%		\$13,354.55
Palo Alto	\$482,352,538	19.2810806%		\$26,009.12
Santa Clara	\$744,300,212	29.7519164%		\$40,133.69
Saratoga	\$24,642,602	0.9850389%		\$1,328.76
Sunnyvale	\$396,749,744	15.8592797%		\$21,393.30
Total Cities (excluding San Jose)	\$2,501,688,300	100.0000000%		\$134,894.50
Total Cities (including San Jose)				\$269,789.00
Special Districts Total Share			33.3333333%	\$269,789.00
Aldercroft Heights County Water District		0.06233%		\$168.16
Burbank Sanitary District		0.15593%		\$420.68
Cupertino Sanitary District		2.64110%		\$7,125.40
El Camino Healthcare District		4.90738%		\$13,239.57
Guadalupe Coyote Resource Conservation District		0.04860%		\$131.12
Lake Canyon Community Services District		0.02206%		\$59.52
Lion's Gate Community Services District		0.22053%		\$594.97
Loma Prieta Resource Conservation District		0.02020%		\$54.50
Midpeninsula Regional Open Space District		5.76378%		\$15,550.04
Purissima Hills Water District		1.35427%		\$3,653.67
Rancho Rinconada Recreation and Park District		0.15988%		\$431.34
San Martin County Water District		0.04431%		\$119.54
Santa Clara Valley Open Space Authority		1.27051%		\$3,427.70
Santa Clara Valley Water District		81.44126%		\$219,719.56
Saratoga Cemetery District		0.32078%		\$865.43
Saratoga Fire Protection District		1.52956%		\$4,126.58
South Santa Clara Valley Memorial District		0.03752%		\$101.22
Total Special Districts		100.00000%		\$269,789.00
Total Allocated Costs				\$809,367.00

