



Local Agency
Formation Commission
of Santa Clara County

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SantaClaraLAFCO.org

Commissioners

Sylvia Arenas
Jim Beall
Rosemary Kamei
Yoriko Kishimoto
Otto Lee
Russ Melton
Terry Trumbull

ITEM # 8

Alternate Commissioners

Domingo Candelas
Helen Chapman
Cindy Chavez
Teresa O'Neill
Mark Turner

Executive Officer

Neelima Palacherla

LAFCO MEETING: June 7, 2023

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer

SUBJECT: FINAL BUDGET FOR FY 2024

FINANCE COMMITTEE / STAFF RECOMMENDATIONS

1. Adopt the Final Budget for Fiscal Year 2023-2024.
2. Find that the Final Budget for Fiscal Year 2024 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
3. Authorize staff to transmit the Final Budget adopted by the Commission including the estimated agency costs to the cities, the special districts, the County, the Cities Association of Santa Clara County and the Santa Clara County Special Districts Association.
4. Direct the County Auditor-Controller to apportion LAFCO costs to the cities; to the special districts; and to the County; and to collect payment pursuant to Government Code §56381.

NO CHANGES TO THE DRAFT/PRELIMINARY BUDGET

On April 5, 2023, the Commission adopted its preliminary budget for Fiscal Year 2023-2024 as recommended by the Finance Committee. The preliminary budget adopted by the Commission is available in the report for Agenda Item # 7 of the April 5, 2023 LAFCO Meeting. No further changes are recommended to the preliminary budget adopted by the commission.

LAFCO ANNUAL 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 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.

COST APPORTIONMENT TO CITIES, DISTRICTS AND THE COUNTY

The CKH Act requires LAFCO costs to be split in proportion to the percentage of an agency's representation (excluding the public member) on the Commission. Santa Clara LAFCO is composed of a public member, two County board members, two city council members, and since January 2013 – two special district members. Government Code §56381(b)(1)(A) provides that when independent special districts are seated on LAFCO, the county, cities and districts must each provide a one-third share of LAFCO's operational budget.

Since the City of San Jose has permanent membership on LAFCO, 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. Therefore in Santa Clara County, the City of San Jose pays one sixth and the remaining cities pay one sixth of LAFCO's operational costs. Per the CKH Act, the remaining cities' share must be apportioned in proportion to each city's total revenue, 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. Each city's share is therefore based on the 2020/2021 Report – which is the most recent edition available.

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.

The estimated apportionment of LAFCO's FY 2024 costs to the individual cities and districts is included as Attachment B. The final costs will be calculated and invoiced to the individual agencies by the County Controller's Office after LAFCO adopts the final budget.

ATTACHMENTS

- Attachment A: Final LAFCO Budget for Fiscal Year 2024
- Attachment B: Costs to Agencies Based on the Final Budget

FINAL LAFCO BUDGET
FISCAL YEAR 2023- 2024

ITEM #	TITLE	APPROVED BUDGET FY 2023	ACTUALS Year to Date 2/21/2023	PROJECTIONS Year End FY 2023	FINAL BUDGET FY 2024
EXPENDITURES					
Object 1:	Salary and Benefits	\$810,419	\$403,351	\$719,768	\$882,121
Object 2:	Services and Supplies				
5255100	Intra-County Professional	\$10,000	\$0	\$10,000	\$10,000
5255800	Legal Counsel	\$78,326	\$42,043	\$75,500	\$82,780
5255500	Consultant Services	\$150,000	\$22,552	\$100,000	\$150,000
5285700	Meal Claims	\$750	\$56	\$300	\$750
5220100	Insurance	\$9,237	\$7,042	\$9,237	\$8,335
5250100	Office Expenses	\$5,000	\$344	\$2,000	\$5,000
5270100	Rent & Lease	\$53,182	\$35,272	\$53,182	\$54,766
5255650	Data Processing Services	\$28,038	\$16,375	\$28,038	\$27,520
5225500	Commissioners' Fee	\$10,000	\$1,900	\$7,000	\$10,000
5260100	Publications and Legal Notices	\$1,000	\$308	\$1,000	\$1,000
5245100	Membership Dues	\$12,887	\$12,921	\$12,921	\$13,870
5250750	Printing and Reproduction	\$1,500	\$0	\$500	\$1,500
5285800	Business Travel	\$10,000	\$3,125	\$6,000	\$15,900
5285300	Private Automobile Mileage	\$1,000	\$7	\$200	\$1,000
5285200	Transportation&Travel (County Car Usage)	\$600	\$0	\$200	\$600
5281600	Overhead	\$30,041	\$15,021	\$30,041	\$20,358
5275200	Computer Hardware	\$3,000	\$0	\$1,000	\$4,000
5250800	Computer Software	\$5,000	\$853	\$2,000	\$4,000
5250250	Postage	\$1,000	\$10	\$300	\$500
5252100	Staff/Commissioner Training Programs	\$2,000	\$0	\$1,000	\$2,000
5701000	Reserves	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES		\$1,222,980	\$561,180	\$1,060,187	\$1,296,000
REVENUES					
4103400	Application Fees	\$30,000	\$19,603	\$25,000	\$30,000
4301100	Interest: Deposits and Investments	\$6,000	\$4,657	\$6,000	\$6,000
TOTAL REVENUE		\$36,000	\$24,260	\$31,000	\$36,000
3400150	FUND BALANCE FROM PREVIOUS FY	\$201,006	\$410,027	\$410,027	\$366,814
NET LAFCO OPERATING EXPENSES		\$985,974	\$126,893	\$619,160	\$893,186
3400800	RESERVES Available	\$200,000	\$200,000	\$200,000	\$200,000
COSTS TO AGENCIES					
5440200	County	\$328,658	\$328,658	\$328,658	\$297,729
4600100	Cities (San Jose 50% + Other Cities 50%)	\$328,658	\$328,658	\$328,658	\$297,729
4600100	Special Districts	\$328,658	\$328,658	\$328,658	\$297,729

LAFCO COST APPORTIONMENT: COUNTY, CITIES, SPECIAL DISTRICTS
Estimated Costs to Agencies Based on the Final FY 2024 LAFCO Budget

Net Operating Expenses for FY 2024				\$893,186
JURISDICTION	REVENUE PER 2020/2021 REPORT	PERCENTAGE OF TOTAL REVENUE	ALLOCATION PERCENTAGES	ALLOCATED COSTS
County	N/A	N/A	33.3333333%	\$297,728.67
Cities Total Share			33.3333333%	\$297,728.67
San Jose	N/A	N/A	50.0000000%	\$148,864.34
Other cities share			50.0000000%	\$148,864.33
Campbell	\$67,824,629	1.9995536%		\$2,976.62
Cupertino	\$125,426,339	3.6977230%		\$5,504.59
Gilroy	\$131,638,480	3.8808646%		\$5,777.22
Los Altos	\$61,718,303	1.8195316%		\$2,708.63
Los Altos Hills	\$19,614,107	0.5782480%		\$860.81
Los Gatos	\$51,370,842	1.5144757%		\$2,254.51
Milpitas	\$186,509,610	5.4985331%		\$8,185.35
Monte Sereno	\$4,845,074	0.1428388%		\$212.64
Morgan Hill	\$113,620,439	3.3496705%		\$4,986.46
Mountain View	\$373,855,966	11.0217345%		\$16,407.43
Palo Alto	\$664,162,959	19.5803423%		\$29,148.15
Santa Clara	\$1,000,850,828	29.5063155%		\$43,924.39
Saratoga	\$35,690,808	1.0522090%		\$1,566.36
Sunnyvale	\$554,860,115	16.3579598%		\$24,351.17
Total Cities (excluding San Jose)	\$3,391,988,499	100.0000000%		\$148,864.33
Total Cities (including San Jose)				\$297,728.67
Special Districts Total Share		(Fixed %)	33.3333333%	\$297,728.66
Aldercroft Heights County Water District		0.06233%		\$185.57
Burbank Sanitary District		0.15593%		\$464.25
Cupertino Sanitary District		2.64110%		\$7,863.31
El Camino Healthcare District		4.90738%		\$14,610.68
Guadalupe Coyote Resource Conservation District		0.04860%		\$144.70
Lake Canyon Community Services District		0.02206%		\$65.68
Lion's Gate Community Services District		0.22053%		\$656.58
Loma Prieta Resource Conservation District		0.02020%		\$60.14
Midpeninsula Regional Open Space District		5.76378%		\$17,160.42
Purissima Hills Water District		1.35427%		\$4,032.05
Rancho Rinconada Recreation and Park District		0.15988%		\$476.01
San Martin County Water District		0.04431%		\$131.92
Santa Clara Valley Open Space Authority		1.27051%		\$3,782.67
Santa Clara Valley Water District		81.44126%		\$242,473.98
Saratoga Cemetery District		0.32078%		\$955.05
Saratoga Fire Protection District		1.52956%		\$4,553.94
South Santa Clara Valley Memorial District		0.03752%		\$111.71
Total Special Districts		100.00000%		\$297,728.66
Total Allocated Costs				\$893,186.00

