



Local Agency
Formation Commission
of Santa Clara County
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SantaClaraLAFCO.org

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ITEM # 5

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

LAFCO MEETING: April 8, 2020

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer

SUBJECT: PROPOSED WORK PLAN AND BUDGET FOR FY 2021

FINANCE COMMITTEE / STAFF RECOMMENDATION

1. Adopt the Proposed Work Plan and Budget for Fiscal Year 2020-2021.
2. Find that the Proposed Budget for Fiscal Year 2021 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 for the adoption of the Fiscal Year 2021 Final Budget to the cities, the special districts, the County, the Cities Association and the Special Districts Association.

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 proposed budget by May 1 and a final budget by June 15 at noticed public hearings. Both the proposed 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 2020-2021 BUDGET TIMELINE

Dates	Staff Tasks / LAFCO Action
March 18 - April 8	Notice period, Proposed Budget posted on LAFCO website and available for review and comment
April 8	LAFCO public hearing on adoption of Proposed Budget
April 9	Proposed Budget, preliminary apportionments and LAFCO public hearing notice on Final Budget transmitted to agencies
June 3	Public hearing and adoption of Final Budget
June 3 - July 1	Final Budget transmitted to agencies; Auditor requests payment from agencies

LAFCO FINANCE COMMITTEE

The LAFCO Finance Committee is composed of Commissioners Hall and LeZotte and Alternate Commissioner Melton. At its special meeting held on March 13, 2020, the Committee discussed the progress on the current year work plan and the status of the current year budget; and recommended the proposed FY 2021 work plan and budget for consideration and adoption by the full commission.

FY 2019-2020 IN REVIEW

STATUS OF FY 2020 WORK PLAN

Attachment A depicts the current status of the Fiscal Year 2020 Work Program. LAFCO's work is proceeding as planned and there is substantial progress on various ongoing as well as new work plan items.

During this year, LAFCO completed the development of communications materials and tools recommended in its Public Communication and Outreach Plan including the design and production of print collateral – “Santa Clara County and Cities Boundaries” map and the “What is LAFCO?” brochure; the design and production of public exhibits; the development of a PowerPoint Presentation for conducting outreach and education; and the redesign and launch of the new LAFCO website.

Other notable projects that are currently underway and are expected to be completed in the next several months include the Rancho Rinconada Recreation and Park District Special Study, the Comprehensive Organizational Assessment Study; the comprehensive review and update of LAFCO policies; preparation of an inventory of remaining islands in the county; and arrangement with the County Clerk of the Board for broadcasting LAFCO meetings from Board Chambers.

The LAFCO Annual Report which will 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 2020.

STATUS OF FY 2020 BUDGET

Attachment D depicts the current Fiscal Year budget status. The adopted LAFCO budget for FY 2020 is \$1,294,158. It is estimated that the total year-end projected expenditures for FY 2020 would be approximately 8% lower than the adopted budget. Revenue for FY 2020 is projected to be lower than that projected in the adopted budget. The County, the cities and the independent special districts paid their respective shares of LAFCO's FY 2020 costs as apportioned by the County Controller. The actual fund balance rolled over at the end of FY 2019 was higher at \$202,123, rather than \$107,446 as estimated in the FY 2020 budget.

PROPOSED WORK PROGRAM FOR FISCAL YEAR 2021

The Finance Committee discussed and recommended the proposed FY 2021 Work Plan for Commission consideration and adoption. The proposed work program for FY 2021 is presented in **Attachment C** and includes regulatory, planning and administrative activities –mandated by the State legislature or required/directed by the Commission.

LAFCO's highest priority is to process boundary change and service extension proposals in accordance with the provisions of the Cortese Knox Hertzberg Act, and to fulfill various associated responsibilities and requirements including but not limited to adopting written policies and procedures, maintaining a website, serving as a conducting authority for protest proceedings, conducting public hearings and providing required public notice.

Other state mandated responsibilities of high priority include conducting service reviews prior to city and special district sphere of influence reviews and updates. In 2019, the Commission adopted a work plan for conducting LAFCO's third round of service reviews and initiated the special study on the Rancho Rinconada Recreation and Park District which is currently underway. The Commission will review its Service Review work plan and consider whether to reevaluate its priorities before launching the next service review.

In general, 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 Finance Committee has prioritized the following projects, several of them ongoing and in progress, for FY 2021:

- Through upcoming Service Reviews, compile more complete information on JPAs and mutual water companies in the county
- Work with interested cities to facilitate island annexations

- Conduct outreach in accordance with 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
- Implement recommendations from the Comprehensive Organizational Assessment, as directed by the Commission
- Engage in and seek Sustainable Agricultural Lands Conservation (SALC) grant partnership opportunities
- Implement LAFCO agenda management software and live streaming of LAFCO meetings 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 2021 PROPOSED BUDGET

The Finance Committee recommended the Proposed FY 2021 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 \$806,845

This includes the salary and benefits for the four current LAFCO staff positions including the Executive Officer position, the two Analyst positions and the 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 \$806,845 in FY 2021. The proposed amount is based on the best available projections from the County at this time and does not reflect CEMA’s tentative agreement on its 2019-2024 contract. Any changes to the projections for the 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 \$74,622

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 cost 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 2021 increases to \$5,981, based on a 3.3% increase in the Consumer Price Index for the prior calendar year (2019). This item covers the annual retainer fees and includes additional monies to cover approximately 10 hours of work outside the retainer at the hourly rate of \$285.

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, implementing an appropriate agenda management and meeting broadcast system for LAFCO meetings, and conducting the annual financial audit, 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.

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 2021, SDRMA has recently notified LAFCO that due to a number of factors it is anticipated that the 2021 renewal rates for the SDRMA property / liability program need to be increased, as much as by 85%. SDRMA is in the process

of negotiating rates on behalf of its program membership and expects to confirm rates in mid-May. The LAFCO Final budget will reflect the FY 2021 cost increase accordingly.

5270100 Rent & Lease \$46,254

This item includes rent for the private office space lease which amounts to \$46,254 for FY 2021.

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 \$20,267

This item includes estimated costs associated with County Technology Solutions & Services Department (TSS) providing IT services to the LAFCO program. According to TSS, the projected costs cover Telecom services for 5 phones- VOIP/Landline (\$1,937), Wireless Carrier Service (\$353), Adobe special order and MS Visio monthly subscription (\$3,213), and 5 other services (\$14,764) comprising Enterprise Content Management services and solutions, Architecture and Innovation Services, Claranet services, Data Analytics and Visualizations, and sccLearn. The County has indicated that FY 21 rates are not yet finalized, and do not include the impact of pending planned reductions and/or augmentations. Any revised cost estimates received will be reflected in the Final LAFCO budget.

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 item 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 \$12,000

This item includes funding for CALAFCO – the California Association of LAFCOs membership dues. As approved at the CALAFCO Annual Membership Business meeting on October 31, 2019, the FY 2021 membership dues for Santa Clara LAFCO is \$10,662.

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. The FY 2021 CSDA membership fee is expected to increase slightly from the FY 2020 fee of \$1,460 and the Final Budget will include the revised amount.

5250750 Printing and Reproduction \$1,500

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

5285800 Business Travel \$12,000

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. 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 (\$167,019)

This overhead charge is 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 2021 Cost Allocation Plan which is based on actual overhead costs from FY 2019 – the most recent year for which actual costs are available.

The overhead amount includes the following charges from:

County Executive's Office:	\$81,618
Controller-Treasurer:	\$10,896
Employee Services Agency:	\$4,872
OBA:	\$1,441
BHS-MH - Employee:	\$165
TSS Intragovernmental Service:	\$661
Technology Services & Solutions:	\$3,529
Procurement:	\$287
Facilities and Fleet:	\$148

Further, a "roll forward" is applied which is calculated by comparing FY 2019 Cost Plan estimates with FY 2019 actuals. The FY 2019 cost estimates were lower than the actuals by \$63,402; this amount is added to the FY 2021 Cost Plan. This is a state requirement.

The County's Cost Plan charges have fluctuated from year to year; however, the amount of allocation is unusually high this year. Upon further review, the County has reconsidered certain allocations to LAFCO totaling \$68,051 and informed staff that although the County's Cost Allocation Plan cannot be revised at this time, the FY 21 billing would be adjusted to exclude this amount and the correct allocations would be reflected in future years accordingly.

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 \$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 \$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 2020) \$187,927

It is projected that there will be a savings or fund balance of approximately \$187,927 at the end of Fiscal Year 2020, which will be carried over to reduce the proposed Fiscal Year 2021 costs for LAFCO's funding agencies (cities, independent special districts and the County).

Projected Year-End [FY 2020] Fund Balance = (Projected Year-End [FY 20] Revenue + Actual Fund Balance from Previous Fiscal Year [FY 19] + Funds Received from Local Agencies in FY 20) - (Projected Year-End [FY 20] Expenses)

= (\$25,000+ \$202,123 + \$1,145,712) - \$1,084,908(excluding \$100,000 set aside as reserves)

= \$187,927

The fund balance excludes the \$100,000 set aside as the reserve, which is expected to be unused at the end of FY 2020 and will be rolled over to the next year as-is and maintained as the reserve along with the \$150,000, resulting in a total of \$250,000 reserves.

RESERVES

3400800 Reserves Available \$250,000

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 \$250,000 in reserves separate from operating expenses.

5701000 Reserves \$0

The Finance Committee at its meeting on March 13, discussed the need for reserves and recommended maintaining the current reserve at \$250,000 – which is approximately 22% of LAFCO’s proposed FY 2021 net operating expenses; and did not recommend budgeting any additional amount for FY 2021.

FY 2021 NET OPERATING EXPENSES

FY 2021 Net Operating Expenses = (Proposed FY 2021 Expenditures) - (Proposed FY 2021 Fee & Interest Revenues + Projected Fund Balance from FY 2020)

= (\$1,339,362) - (\$36,000 + \$187,927)

= \$1,115,435

The projected operating expense for FY 2021 is based on projected expenditures and revenues as well as on estimated savings for the current year. Further revisions may be needed as we get a better indication of current year expenses/revenues in 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 2021 which could in turn impact the costs for each of LAFCO’s funding agencies.

LAFCO’s proposed FY 2021 Budget reflects only a 3.5% higher expenditure compared to the FY 2020 adopted budget. This increase is primarily due to the

increase in projected costs for employee Salaries and Benefits, and due to an increase in the overhead item based on the County's Cost Allocation Plan. Additionally, LAFCO realized a higher fund balance from FY 2019 than projected in the FY 2020 budget, thus allowing LAFCO to keep its operating expenses lower than the FY 2020 operating expenses by approximately 2.6%.

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 2021.

FY 2021 COST TO AGENCIES

County of Santa Clara	\$371,812
City of San Jose	\$185,906
Remaining 14 Cities in the County	\$185,906
17 Independent Special Districts	\$371,812

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 2021 net operating expenses and 2017/2018 Cities annual Report.

ATTACHMENTS

Attachment A:	Status of FY 2020 Work Plan
Attachment B:	LAFCO Financials 2008-2019
Attachment C:	Proposed Work Program for Fiscal Year 2021
Attachment D:	Proposed LAFCO Budget for Fiscal Year 2021
Attachment E:	Estimated FY 2021 Costs to Agencies Based on the Proposed Budget

FY 2020 IN REVIEW: WORK PLAN STATUS

ITEM #5
Attachment A

	PROJECTS	STATUS
LAFCO APPLICATIONS	Process applicant initiated LAFCO proposals	Ongoing, as needed
	Comment on potential LAFCO applications, relevant projects & development proposals, city General Plan updates and/ or related environmental documents	Ongoing, as needed
	Comprehensive review and update of LAFCO policies and procedures for clarity and consistency with State law	In progress
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 Los Gatos Islands
	Review and finalize city-conducted island annexations	Ongoing, as needed
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	Completed. Ongoing outreach in progress
	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
	Respond to public enquiries re. LAFCO policies, procedures and application filing requirements	Ongoing, as needed
SERVICE REVIEWS & SPHERE OF INFLUENCE UPDATES	Develop a plan, strategies and priorities for conducting the third round of service reviews	Completed, TBD
	Begin conducting LAFCO's 3 rd round of service reviews & special studies	RRRPD Study in progress
	Continue to monitor implementation of recommendations from previous service reviews, as necessary	Ongoing
	Map Mutual Water companies	On going
	Engage in SALC grant partnership opportunities	As opportunities arise
	Compile and post JPA filings on the LAFCO website	In progress
ADMINISTRATIVE PROJECTS	Prepare LAFCO annual work plan and budget	In progress
	Prepare LAFCO Annual Report	August 2019
	Prepare LAFCO Annual Financial Audit	Completed
	Review and update LAFCO administrative policies and procedures	Ongoing
	Conduct a Strategic Planning Workshop for LAFCO	TBD
	Maintain and enhance the LAFCO Website	Redesign complete
	Maintain LAFCO database	Ongoing
	Maintain LAFCO's hard copy and digital records, organize scan of LAFCO records to its Electronic Document Management System (LaserFische)	Ongoing, TBD
	Staff and Commissioner training and development (orientation, CALAFCO events, workshops, conferences, relevant courses)	Ongoing
	Staff performance evaluation	April -June 2020
	LAFCO Agenda management software and LAFCO meeting broadcast	In progress
	Comprehensive Organizational Assessment Study (added)	In progress
	Track LAFCO related legislation (CALAFCO Leg. Committee)	Ongoing
	Other administrative functions mandated of a public agency	Ongoing

FY 2008 - FY 2019 LAFCO FINANCIALS

March 2020

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	ACTUALS FY 2019	APPROVED BUDGET FY 2019
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	\$713,900	\$720,316
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	\$3,593	\$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	\$72,276	\$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	\$52,650	\$100,000
	5285700 Meal Claims	\$0	\$368	\$277	\$288	\$379	\$91	\$228	\$209	\$367	\$50	\$901	\$257	\$750
	5220100 Insurance	\$491	\$559	\$550	\$4,582	\$4,384	\$4,378	\$4,231	\$4,338	\$4,135	\$4,679	\$4,893	\$5,296	\$6,000
	5250100 Office Expenses	\$1,056	\$354	\$716	\$639	\$1,212	\$536	\$850	\$783	\$6,266	\$48,632	\$15,412	\$4,702	\$10,000
	5270100 Rent and Lease											\$41,120	\$39,360	\$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	\$11,894	\$5,068
	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	\$5,000	\$10,000
	5260100 Publications and Legal Notices	\$1,151	\$563	\$1,526	\$363	\$916	\$222	\$378	\$2,484	\$487	\$191	\$145	\$192	\$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	\$9,615	\$8,926
	5250750 Printing and Reproduction	\$5	\$0	\$0	\$0	\$0	\$0	\$9	\$177	\$703	\$0	\$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	\$4,260	\$16,000
	5285300 Private Automobile Mileage	\$1,016	\$704	\$832	\$1,185	\$615	\$424	\$409	\$396	\$1,009	\$1,264	\$590	\$689	\$2,000
	5285200 Transportation & Travel (County Car U	\$894	\$948	\$629	\$0	\$384	\$250	\$371	\$293	\$559	\$605	\$0	\$328	\$605
	5281600 Overhead	\$42,492	\$62,391	\$49,077	\$46,626	\$60,647	\$43,133	\$42,192	\$34,756	\$49,452	\$0	\$28,437	\$69,944	\$79,368
	5275200 Computer Hardware	\$0	\$451	\$0	\$83	\$2,934	\$1,791	\$2,492	\$0	\$106	\$0	\$0	\$773	\$3,000
	5250800 Computer Software	\$0	\$0	\$626	\$314	\$579	\$3,124	\$933	\$1,833	\$2,079	\$754	\$4,505	\$3,012	\$4,000
	5250250 Postage	\$1,160	\$416	\$219	\$568	\$309	\$589	\$246	\$597	\$411	\$209	\$183	\$117	\$2,000
	5252100 Staff Training Programs	\$0	\$665	\$491	\$250	\$300	\$0	\$0	\$1,431	\$0	\$0	\$0	\$350	\$2,000
	5701000 Reserves	\$0	\$0	\$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	\$687,043	\$667,342	\$857,865	\$998,208	\$1,131,997
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	\$33,049	\$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	\$12,141	\$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	\$314,693	\$259,171
TOTAL REVENUE		\$342,048	\$426,711	\$376,831	\$329,023	\$251,661	\$257,092	\$226,287	\$256,341	\$339,551	\$324,755	\$373,661	\$359,883	\$298,171
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	\$638,325	\$833,826
	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	\$277,942	\$277,942
	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	\$277,942	\$277,942
	4600100 Special Districts							\$296,892	\$187,521	\$220,668	\$225,778	\$266,298	\$277,942	\$277,942

PROPOSED WORK PLAN FOR FISCAL YEAR 2021

**ITEM #5
Attachment 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 / Consultant
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 & COMMUNICATIONS	Conduct outreach to increase awareness of LAFCO's role	In progress	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	Continue conducting LAFCO's third round of service reviews and special studies	Ongoing	Staff / Consultant
	Continue to monitor implementation of recommendations from previous service reviews, as necessary	Ongoing	Staff
	Map Mutual Water companies	On going	Staff
	Engage in SALC grant partnership opportunities	As needed	Staff
	Compile and post JPA filings on the LAFCO website	In progress	Staff
ADMINISTRATIVE/ OTHER PROJECTS	Prepare LAFCO annual work plan and budget	March –June	Staff
	Prepare LAFCO Annual Report	August 2020	Staff
	Prepare LAFCO Annual Financial Audit	August 2020	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,	Ongoing	Staff
	Scan LAFCO records into LaserFische	TBD	Staff / Consultant
	Staff and Commissioner training and professional development (orientation, CALAFCO workshops, conferences, relevant courses)	Ongoing	Staff/Commission
	Staff performance evaluation	April -June	Staff/Commission
	Comprehensive Organizational Assessment Study – implementation	As needed	Staff/Commission
	Track LAFCO related legislation (CALAFCO Leg. Committee)	Ongoing	Staff
	Other administrative functions mandated of a public agency	Ongoing	Staff

**PROPOSED LAFCO BUDGET
FISCAL YEAR 2020- 2021**

**ITEM #5
Attachment D**

ITEM # TITLE	APPROVED FY 2020 BUDGET	ACTUALS Year to Date 3/10/2020	PROJECTIONS Year End 2020	PROPOSED FY 2021 BUDGET
EXPENDITURES				
Object 1: Salary and Benefits	\$772,591	\$475,304	\$732,000	\$806,845
Object 2: Services and Supplies				
5255100 Intra-County Professional	\$45,000	\$346	\$5,000	\$45,000
5255800 Legal Counsel	\$72,240	\$35,235	\$70,000	\$74,622
5255500 Consultant Services	\$110,000	\$89,922	\$110,000	\$110,000
5285700 Meal Claims	\$750	\$166	\$400	\$750
5220100 Insurance	\$6,000	\$5,893	\$6,000	\$6,000
5250100 Office Expenses	\$10,000	\$1,481	\$5,000	\$10,000
5270100 Rent & Lease	\$44,478	\$33,138	\$44,478	\$46,254
5255650 Data Processing Services	\$14,825	\$10,355	\$14,825	\$20,267
5225500 Commissioners' Fee	\$10,000	\$3,000	\$7,000	\$10,000
5260100 Publications and Legal Notices	\$2,500	\$0	\$200	\$2,500
5245100 Membership Dues	\$11,836	\$11,822	\$11,822	\$12,000
5250750 Printing and Reproduction	\$1,500	\$799	\$1,000	\$1,500
5285800 Business Travel	\$16,650	\$7,910	\$10,000	\$12,000
5285300 Private Automobile Mileage	\$2,000	\$637	\$1,000	\$2,000
5285200 Transportation&Travel (County Car Usage)	\$605	\$256	\$500	\$605
5281600 Overhead	\$61,183	\$30,591	\$61,183	\$167,019
5275200 Computer Hardware	\$3,000	\$0	\$1,000	\$3,000
5250800 Computer Software	\$5,000	\$0	\$2,000	\$5,000
5250250 Postage	\$2,000	\$71	\$500	\$2,000
5252100 Staff/Commissioner Training Programs	\$2,000	\$525	\$1,000	\$2,000
5701000 Reserves	\$100,000	\$0	\$0	\$0
TOTAL EXPENDITURES	\$1,294,158	\$707,451	\$1,084,908	\$1,339,362
REVENUES				
4103400 Application Fees	\$35,000	\$7,585	\$15,000	\$30,000
4301100 Interest: Deposits and Investments	\$6,000	\$9,203	\$10,000	\$6,000
TOTAL REVENUE	\$41,000	\$16,788	\$25,000	\$36,000
3400150 FUND BALANCE FROM PREVIOUS FY	\$107,446	\$202,123	\$202,123	\$187,927
NET LAFCO OPERATING EXPENSES	\$1,145,712	\$488,540	\$857,785	\$1,115,435
3400800 RESERVES Available	\$150,000	\$250,000	\$250,000	\$250,000
COSTS TO AGENCIES				
5440200 County	\$381,904	\$381,904	\$381,904	\$371,812
4600100 Cities (San Jose 50% + Other Cities 50%)	\$381,904	\$381,904	\$381,904	\$371,812
4600100 Special Districts	\$381,904	\$381,904	\$381,904	\$371,812

LAFCO COST APPORTIONMENT: COUNTY, CITIES, SPECIAL DISTRICTS
Estimated Costs to Agencies Based on the Preliminary FY 2021 LAFCO Budget

Preliminary Net Operating Expenses for FY 2021				\$1,115,435
JURISDICTION	REVENUE PER 2017/2018 REPORT	PERCENTAGE OF TOTAL REVENUE	ALLOCATION PERCENTAGES	ALLOCATED COSTS
County	N/A	N/A	33.33333333%	\$371,811.67
Cities Total Share			33.33333333%	\$371,811.67
San Jose	N/A	N/A	50.00000000%	\$185,905.84
Other cities share			50.00000000%	\$185,905.83
Campbell	\$62,469,004	1.9027943%		\$3,537.41
Cupertino	\$104,218,557	3.1744779%		\$5,901.54
Gilroy	\$122,687,359	3.7370342%		\$6,947.36
Los Altos	\$53,411,743	1.6269118%		\$3,024.52
Los Altos Hills	\$15,986,557	0.4869476%		\$905.26
Los Gatos	\$49,799,685	1.5168892%		\$2,819.99
Milpitas	\$189,377,374	5.7683997%		\$10,723.79
Monte Sereno	\$3,510,862	0.1069402%		\$198.81
Morgan Hill	\$98,311,510	2.9945503%		\$5,567.04
Mountain View	\$374,877,705	11.4187053%		\$21,228.04
Palo Alto	\$642,327,689	19.5651822%		\$36,372.81
Santa Clara	\$961,395,788	29.2839373%		\$54,440.55
Saratoga	\$29,306,193	0.8926612%		\$1,659.51
Sunnyvale	\$575,334,067	17.5245689%		\$32,579.20
Total Cities (excluding San Jose)	\$3,283,014,093	100.0000000%		\$185,905.83
Total Cities (including San Jose)				\$371,811.67
Special Districts Total Share		(Fixed %)	33.33333333%	\$371,811.66
Aldercroft Heights County Water District		0.06233%		\$231.75
Burbank Sanitary District		0.15593%		\$579.77
Cupertino Sanitary District		2.64110%		\$9,819.92
El Camino Healthcare District		4.90738%		\$18,246.21
Guadalupe Coyote Resource Conservation District		0.04860%		\$180.70
Lake Canyon Community Services District		0.02206%		\$82.02
Lion's Gate Community Services District		0.22053%		\$819.96
Loma Prieta Resource Conservation District		0.02020%		\$75.11
Midpeninsula Regional Open Space District		5.76378%		\$21,430.41
Purissima Hills Water District		1.35427%		\$5,035.33
Rancho Rinconada Recreation and Park District		0.15988%		\$594.45
San Martin County Water District		0.04431%		\$164.75
Santa Clara Valley Open Space Authority		1.27051%		\$4,723.90
Santa Clara Valley Water District		81.44126%		\$302,808.10
Saratoga Cemetery District		0.32078%		\$1,192.70
Saratoga Fire Protection District		1.52956%		\$5,687.08
South Santa Clara Valley Memorial District		0.03752%		\$139.50
Total Special Districts		100.00000%		\$371,811.66
Total Allocated Costs				\$1,115,435.00

