



**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
Susan Vicklund Wilson

Alternate Commissioners

Helen Chapman
Domingo Candelas
Cindy Chavez
Terry Trumbull
Mark Turner

Executive Officer
Neelima Palacherla

LAFCO MEETING: June 5, 2024

TO: LAFCO

**FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Asst. Executive Officer**

SUBJECT: FINAL WORK PLAN AND BUDGET FOR FY 2025

FINANCE COMMITTEE / STAFF RECOMMENDATIONS

1. Adopt the Work Plan for Fiscal Year 2024-2025, as revised by the Commission at its April 3, 2024 meeting.
2. Adopt the Final Budget for Fiscal Year 2024-2025.
3. Find that the Final Budget for Fiscal Year 2025 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
4. 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.
5. 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.

REVISIONS TO THE PROPOSED WORKPLAN FOR FY 2025

On April 3, 2024, the Commission directed that staff revise the proposed workplan for Fiscal Year 2024-2025 to include an item related to development of agricultural worker housing policies. Staff has amended the proposed workplan accordingly.

NO CHANGES TO THE DRAFT/PRELIMINARY BUDGET

On April 3, 2024, the Commission adopted its preliminary budget for Fiscal Year 2024-2025 as recommended by the Finance Committee. The preliminary budget adopted by the Commission is available in the report for Agenda Item # 5 of the April 3, 2024 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 2021/2022 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 2025 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: LAFCO Workplan for FY 2025
- Attachment B: Final LAFCO Budget for Fiscal Year 2025
- Attachment C: Costs to Agencies Based on the Final Budget

PROPOSED WORK PLAN FOR FISCAL YEAR 2025

PRIORITY* H - High Priority (essential activities: state mandate, Commission directive, requirements)
M - Medium Priority (important, provided resources allow or time permits)
L - Low Priority (desirable provided resources allow or time permits, not urgent)

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*
LAFCO APPLICATIONS	Process applicant-initiated LAFCO proposals	Encourage pre-application meetings prior to application submittal Conduct pre-agenda meetings with County Depts. to obtain Assessor & Surveyor reports, as needed Process applications per CKH Act requirements: issue Notice of Application, Certificate of Filing / Sufficiency, Public Hearing Notice, staff report, conduct protest proceedings, as needed	Staff	H
	Comment on potential LAFCO applications, relevant projects & development proposals, city General Plan updates and/ or related environmental documents	Ongoing, as needed	Staff	H
	Comprehensive review and update of LAFCO policies for context, clarity and consistency with State law	In progress	Staff /Ad Hoc Committee	H
	Prepare flowcharts for LAFCO processes and update application packets and application fee schedules for current requirements and ease of public use	Upon completion of policies update	Staff	L
	Develop policies regarding agricultural worker housing	Review studies and plans on subject and research how others are addressing the issue Follow the County's implementation of its workplan re. Agricultural Worker Housing and provide periodic updates to LAFCO Prepare policies to address agricultural worker housing through the Ad Hoc Committee / LAFCO Policies Comprehensive Review and Update process	Staff/ Ad Hoc Committee	H

PROPOSED WORK PLAN FOR FISCAL YEAR 2025

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*
ISLAND ANNEXATIONS	Conduct outreach to cities with islands, follow up on responses including review/research of city limits/ USA boundaries, and provide assistance with annexations or necessary USA amendments	Prepare and distribute island maps to cities	Staff	L
	Review and finalize city-conducted island annexations	Ongoing, as needed	Staff	H
OUTREACH, GOVERNMENT / COMMUNITY RELATIONS & CUSTOMER SERVICE	Conduct outreach to increase awareness of LAFCO's role	Presentations on LAFCO to cities, other agencies or organizations, focus on south county communities, as relevant	Staff	M
		Distribute LAFCO communications material to elected officials and staff of cities, special districts and the County		M
		Seek exhibit opportunities at public spaces / events		L
		Maintain website as the primary information resource on LAFCO		H
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	Attend regular meetings of SDA (quarterly), SCCAPO (monthly), and County Planning Dept. (quarterly) Small water systems issues / legislation Collaborate with agencies and entities with goals common to LAFCO	Staff	L	
			M	
			M	
Track LAFCO related legislation	EO attends CALAFCO Legislative Committee meetings Commission takes positions and submits letters on proposed legislation	Staff	L	
			M	

PROPOSED WORK PLAN FOR FISCAL YEAR 2025

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*
	Respond to public enquiries re. LAFCO policies, procedures and application filing requirements	Timely response to public inquiries Update the PRA form for the website Document research on complex inquiries Report to Commission on complex inquiries	Staff	H L L H
SERVICE REVIEWS, SPECIAL STUDIES & SPHERE OF INFLUENCE UPDATES	Countywide Fire Service Review	Follow up with agencies on implementation of recommendations and report back to the commission Work with interested agencies on implementing recommendations requiring LAFCO action	Staff	H H
	Countywide Water and Wastewater Service Review	Develop water/wastewater service review workplan and identify method for consultant selection	Staff	M
	Continue to monitor implementation of recommendations from previous service reviews and conduct special studies, as necessary	RRRPD study – city took action to delay decision on consolidation	Staff	L
	Map Mutual Water companies	Initial maps complete, further through service review	Staff	L
	Engage in or support grant / partnership opportunities on issues related to enhancing viability of agriculture, and climate smart growth	As needed, and as opportunities arise	Staff	L
	Compile and post JPA filings on the LAFCO website	Notice provided, gather JPA information through service review process	Staff	L

PROPOSED WORK PLAN FOR FISCAL YEAR 2025

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*
COMMISSION SUPPORT	Provide ongoing support to the 12 commissioners for regularly scheduled Commission meetings, special meetings and Committee meetings (Finance Committee, and the Ad-Hoc Committee)	Prepare and distribute public hearing notices and agenda packets, provide staff support during the meetings, record minutes, broadcast meetings Hold pre-agenda review meeting with Chair Hold pre-meeting calls with individual commissioners to address agenda item questions and prepare meeting script for Chair Process commissioner per diems for attendance at LAFCO meetings	Staff	H
	Keep the Commission informed	EO report Off-agenda emails, as needed Provide ongoing educational opportunities/events, including presentations from local agencies	Staff	H
	Onboarding new Commissioners	Facilitate filing / completion of Form 700, commissioner pledge, ethics training Update LAFCO letterhead, directory, and website Set up vendor accounts, provide parking permits Conduct new Commissioner orientation Recognize outgoing commissioners for LAFCO service	Staff	H
	Commissioners Selection Process	Inform appointing bodies of any upcoming vacancies and provide information on appointment criteria Convene ISDSC committee meeting, as necessary Coordinate public member selection process, as necessary	Staff	H
	Conduct a Strategic Planning Workshop	Most recent workshop in 2018 re. LAFCO Communications and Outreach Plan	Staff / Consultant	L
	Commissioner participation in CALAFCO	Support commissioner participation in CALAFCO activities / or election to the CALAFCO Board	Staff	L

PROPOSED WORK PLAN FOR FISCAL YEAR 2025

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*
ADMINISTRATIVE PROJECTS	Prepare LAFCO annual work plan	March – June 2025	Staff/Finance Committee	H
	Prepare LAFCO annual budget	March – June 2025	Staff/Finance Committee	H
	Prepare LAFCO Annual Report	August 2024	Staff	H
	Prepare LAFCO Annual Financial Audit	October 2024 (Contract with Chavan Associates extended for FY 2024 thru FY 2027)	Consultant / Staff	H
	Office / facility management	Coordinate with Building Manager on facilities issues Coordinate with County re. computers/network, phone, printers, office security, procurement, installation & maintenance Order and manage office supplies Make travel arrangements and process expense reimbursements. Process mileage reimbursements Office space lease extended (lease extended through April 30, 2027)	Staff	H
	Records management	Organize scan of LAFCO records to Electronic Document Management System (Laserfiche) Maintain LAFCO's hard copy records Maintain and enhance the LAFCO Website Maintain LAFCO database	Staff/ Consultant Staff	H H H
	Contracts and payments & receivables	Track consultant contracts and approve invoices Approve vendor invoices / process annual payments for various services/ memberships Coordinate with County Controller's Office and track annual collection of payments from member agencies	Staff	H

PROPOSED WORK PLAN FOR FISCAL YEAR 2025

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*
ADMINISTRATIVE PROJECTS	Review and update LAFCO bylaws / administrative policies and procedures	Ongoing, as needed	Staff	H
	Staff training and development	CALAFCO workshops, conferences, relevant courses	Staff	H
		Training of new LAFCO Clerk		H
		Implementation of the work plan for staff professional development		H
	Coordinate with County on administrative issues	Attend monthly meetings with the Deputy County Executive	Staff	H
Staff performance evaluation	April - December 2024	Staff/Commission	H	
Other administrative functions mandated of a public agency (Form 806, maintaining liability/workers comp insurance, etc.)	Ongoing	Staff	H	

FINAL LAFCO BUDGET FISCAL YEAR 2024- 2025

ITEM #	TITLE	APPROVED BUDGET FY 2024	ACTUALS Year to Date 3/11/2024	PROJECTIONS Year End FY 2024	FINAL BUDGET FY 2025
EXPENDITURES					
Object 1:	Salary and Benefits	\$882,121	\$548,092	\$831,222	\$862,484
Object 2:	Services and Supplies				
5255100	Intra-County Professional	\$10,000	\$0	\$10,000	\$10,000
5255800	Legal Counsel	\$82,780	\$54,425	\$82,000	\$85,780
5255500	Consultant Services	\$150,000	\$55,742	\$70,000	\$150,000
5285700	Meal Claims	\$750	\$139	\$600	\$750
5220100	Insurance	\$8,335	\$8,125	\$8,335	\$6,737
5250100	Office Expenses	\$5,000	\$1,887	\$4,000	\$5,000
5270100	Rent & Lease	\$54,766	\$40,869	\$54,766	\$56,416
5255650	Data Processing Services	\$27,520	\$16,832	\$27,000	\$22,517
5225500	Commissioners' Fee	\$10,000	\$4,400	\$10,000	\$10,000
5260100	Publications and Legal Notices	\$1,000	\$44	\$500	\$1,000
5245100	Membership Dues	\$13,870	\$13,936	\$13,936	\$14,509
5250750	Printing and Reproduction	\$1,500	\$416	\$1,500	\$1,500
5285800	Business Travel	\$15,900	\$8,557	\$15,000	\$21,000
5285300	Private Automobile Mileage	\$1,000	\$403	\$750	\$1,000
5285200	Transportation&Travel (County Car Usage)	\$600	\$0	\$200	\$600
5281600	Overhead	\$20,358	\$10,173	\$20,358	\$21,119
5275200	Computer Hardware	\$4,000	\$0	\$3,000	\$4,000
5250800	Computer Software	\$4,000	\$1,203	\$4,000	\$4,000
5250250	Postage	\$500	\$26	\$300	\$500
5252100	Staff/Commissioner Training Programs	\$2,000	\$0	\$1,000	\$2,000
5701000	Reserves	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES		\$1,296,000	\$765,269	\$1,158,467	\$1,280,912
REVENUES					
4103400	Application Fees	\$30,000	\$11,323	\$15,000	\$25,000
4301100	Interest: Deposits and Investments	\$6,000	\$14,562	\$15,000	\$6,000
TOTAL REVENUE		\$36,000	\$25,885	\$30,000	\$31,000
3400150	FUND BALANCE FROM PREVIOUS FY	\$366,814	\$407,582	\$407,582	\$172,301
NET LAFCO OPERATING EXPENSES		\$893,186	\$331,802	\$720,885	\$1,077,611
3400800	RESERVES Available	\$200,000	\$200,000	\$200,000	\$200,000
COSTS TO AGENCIES					
5440200	County	\$297,729	\$297,729	\$297,729	\$359,204
4600100	Cities (San Jose 50% + Other Cities 50%)	\$297,729	\$297,729	\$297,729	\$359,204
4600100	Special Districts	\$297,729	\$297,729	\$297,729	\$359,204

LAFCO COST APPORTIONMENT: COUNTY, CITIES, SPECIAL DISTRICTS
Estimated Costs to Agencies Based on the Final FY 2025 LAFCO Budget

Net Operating Expenses for FY 2025				\$1,077,611
JURISDICTION	REVENUE PER 2021/2022 REPORT	PERCENTAGE OF TOTAL REVENUE	ALLOCATION PERCENTAGES	ALLOCATED COSTS
County	N/A	N/A	33.3333333%	\$359,203.67
Cities Total Share			33.3333333%	\$359,203.67
San Jose	N/A	N/A	50.0000000%	\$179,601.84
Other cities share			50.0000000%	\$179,601.83
Campbell	\$75,467,809	1.9125415%		\$3,434.96
Cupertino	\$129,437,941	3.2802785%		\$5,891.44
Gilroy	\$155,661,855	3.9448575%		\$7,085.04
Los Altos	\$68,948,492	1.7473258%		\$3,138.23
Los Altos Hills	\$21,241,527	0.5383130%		\$966.82
Los Gatos	\$68,358,558	1.7323754%		\$3,111.38
Milpitas	\$184,621,280	4.6787612%		\$8,403.14
Monte Sereno	\$5,176,569	0.1311871%		\$235.61
Morgan Hill	\$118,001,078	2.9904400%		\$5,370.88
Mountain View	\$457,001,226	11.5815447%		\$20,800.67
Palo Alto	\$658,551,528	16.6893293%		\$29,974.34
Santa Clara	\$1,248,643,286	31.6437181%		\$56,832.70
Saratoga	\$43,208,940	1.0950217%		\$1,966.68
Sunnyvale	\$711,623,561	18.0343062%		\$32,389.94
Total Cities (excluding San Jose)	\$3,945,943,650	100.0000000%		\$179,601.83
Total Cities (including San Jose)				\$359,203.67
Special Districts Total Share		(Fixed %)	33.3333333%	\$359,203.66
Aldercroft Heights County Water District		0.06233%		\$223.89
Burbank Sanitary District		0.15593%		\$560.11
Cupertino Sanitary District		2.64110%		\$9,486.93
El Camino Healthcare District		4.90738%		\$17,627.49
Guadalupe Coyote Resource Conservation District		0.04860%		\$174.57
Lake Canyon Community Services District		0.02206%		\$79.24
Lion's Gate Community Services District		0.22053%		\$792.15
Loma Prieta Resource Conservation District		0.02020%		\$72.56
Midpeninsula Regional Open Space District		5.76378%		\$20,703.71
Purissima Hills Water District		1.35427%		\$4,864.59
Rancho Rinconada Recreation and Park District		0.15988%		\$574.29
San Martin County Water District		0.04431%		\$159.16
Santa Clara Valley Open Space Authority		1.27051%		\$4,563.72
Santa Clara Valley Water District		81.44126%		\$292,539.99
Saratoga Cemetery District		0.32078%		\$1,152.25
Saratoga Fire Protection District		1.52956%		\$5,494.24
South Santa Clara Valley Memorial District		0.03752%		\$134.77
Total Special Districts		100.00000%		\$359,203.66
Total Allocated Costs				\$1,077,611.00