

# **AGENDA**

## **LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY**

**SAN BERNARDINO CITY COUNCIL CHAMBERS  
300 NORTH D STREET, FIRST FLOOR, SAN BERNARDINO**

### **REGULAR MEETING OF APRIL 16, 2014**

#### **9:00 A.M. – CALL TO ORDER – FLAG SALUTE**

**ANNOUNCEMENT:** Anyone present at the hearing who is involved with any of the changes of organization to be considered and who has made a contribution of more than \$250 in the past twelve (12) months to any member of the Commission will be asked to state for the record the Commission member to whom the contribution has been made and the matter of consideration with which they are involved.

#### **CONSENT ITEMS:**

The following consent items are expected to be routine and non-controversial and will be acted upon by the Commission at one time without discussion, unless a request has been received prior to the hearing to discuss the matter.

1. Approval of Minutes for Regular Meeting of March 19, 2014
2. Approval of Executive Officer's Expense Report
3. Ratify Payments as Reconciled for Month of March 2014 and Note Cash Receipts

#### **PUBLIC HEARING ITEMS:**

4. Consent Items Deferred for Discussion
5. Preliminary Budget Review for Fiscal Year 2014-15
  - Proposed Schedule of Fees and Charges
  - Proposed Budget for Fiscal Year 2014-15

#### **DISCUSSION ITEMS:**

**None**

#### **INFORMATION ITEMS:**

6. Legislative Update Report
7. Executive Officer's Report:
8. Commissioner Comments  
(This is an opportunity for Commissioners to comment on issues not listed on the agenda, provided that the subject matter is within the jurisdiction of the Commission and that no action may be taken on off-agenda items unless authorized by law.)

**9. Comments from the Public**

(By Commission policy, the public comment period is limited to five minutes per person for comments related to items under the jurisdiction of LAFCO.)

The Commission may adjourn for lunch from 12:00 to 1:30 p.m.

In its deliberations, the Commission may make appropriate changes incidental to the above-listed proposals.

Materials related to an item on this Agenda submitted to the Commission or prepared after distribution of the agenda packet will be available for public inspection in the LAFCO office at 215 N. D St., Suite 204, San Bernardino, during normal business hours, on the LAFCO website at [www.sbclafco.org](http://www.sbclafco.org), and at the hearing.

Current law and Commission policy require the publishing of staff reports prior to the public hearing. These reports contain technical findings, comments, and recommendations of staff. The staff recommendation may be accepted or rejected by the Commission after its own analysis and consideration of public testimony.

**IF YOU CHALLENGE ANY DECISION REGARDING ANY OF THE ABOVE PROPOSALS IN COURT, YOU MAY BE LIMITED TO RAISING ONLY THOSE ISSUES YOU OR SOMEONE ELSE RAISED DURING THE PUBLIC TESTIMONY PERIOD REGARDING THAT PROPOSAL OR IN WRITTEN CORRESPONDENCE DELIVERED TO THE LOCAL AGENCY FORMATION COMMISSION AT, OR PRIOR TO, THE PUBLIC HEARING.**

The Political Reform Act requires the disclosure of expenditures for political purposes related to a change of organization or reorganization proposal which has been submitted to the Commission, and contributions in support of or in opposition to such measures, shall be disclosed and reported to the same extent and subject to the same requirements as provided for local initiative measures presented to the electorate (Government Code Section 56700.1). Questions regarding this should be directed to the Fair Political Practices Commission at [www.fppc.ca.gov](http://www.fppc.ca.gov) or at 1-866-ASK-FPPC (1-866-275-3772).

A person with a disability may contact the LAFCO office at (909) 383-9900 at least 72-hours before the scheduled meeting to request receipt of an agenda in an alternative format or to request disability-related accommodations, including auxiliary aids or services, in order to participate in the public meeting. Later requests will be accommodated to the extent feasible.

**ACTION MINUTES OF THE  
LOCAL AGENCY FORMATION COMMISSION  
HEARING OF MARCH 19, 2014**

**REGULAR MEETING**

**9:00 A.M.**

**MARCH 19, 2014**

**PRESENT:**

**COMMISSIONERS:** Kimberly Cox, Vice-Chair  
James Curatalo, Chair  
Robert Lovingood  
James Ramos

Sunil Sethi, Alternate  
Robert Smith, Alternate  
Diane Williams

**STAFF:** Kathleen Rollings-McDonald, Executive Officer  
Clark Alsop, LAFCO Legal Counsel  
Samuel Martinez, Assistant Executive Officer  
Michael Tuerpe, Project Manager  
Rebecca Lowery, Clerk to the Commission  
Angela Schell, Deputy Clerk to the Commission

**ABSENT:**

**COMMISSIONERS:** Jim Bagley  
Larry McCallon

Dawn Rowe, Alternate  
Janice Rutherford, Alternate

**CONVENE REGULAR SESSION OF THE LOCAL AGENCY FORMATION  
COMMISSION – CALL TO ORDER – 9:05 A.M. – SAN BERNARDINO CITY COUNCIL  
CHAMBERS**

Chairman Curatalo calls the regular session of the Local Agency Formation Commission to order and leads the flag salute.

Chairman Curatalo requests those present who are involved with any of the changes of organization to be considered today by the Commission and have made a contribution of more than \$250 within the past twelve months to any member of the Commission to come forward and state for the record their name, the member to whom the contribution has been made, and the matter of consideration with which they are involved. There are none.

**CONSENT ITEMS – APPROVE STAFF RECOMMENDATIONS:**

1. Approval of Minutes for Regular Meeting of February 19, 2014
2. Approval of Executive Officer's Expense Report
3. Ratify Payments as Reconciled for the Month of February 2014 and Note Cash Receipts

4. Consideration of Request for Reduction in Filing Fees Submitted by the County of San Bernardino for LAFCO 3179 – Sphere of Influence Expansion for County Service Area 54 (streetlights) and LAFCO 3180 -- Reorganization to Include Annexations to County Service Area 54, Detachment from County Service Area SL-1 and Dissolution of County Service Area 73 and 53 Zone A
5. Consideration of Special Counsel for LAFCO 3157 – Sphere of Influence Establishment for County Service Area 120 and LAFCO 3177 – Reorganization to include City of Fontana Annexation No. 173 and Detachment from County Service Areas 70 and SL-1

LAFCO considers the items listed under its consent calendar, which includes a Visa Justification, the Executive Officer expense report and a staff report outlining the staff recommendations for the reconciled payments. Also included is the request for Reduction in Filing Fees for LAFCO 3179 and LAFCO 3180 and the consideration of special counsel for LAFCO 3157 and LAFCO 3177. Copies of each report are on file in the LAFCO office and are made part of the record by their reference herein.

Executive Officer Kathleen Rollings-McDonald states that no items have been requested to be deferred for discussion.

Commissioner Cox moves approval of the consent calendar, second by Commissioner Williams. The clerk conducts a roll call vote as follows: Ayes: Cox, Curatalo, Lovingood, Ramos, Sethi, Williams. Noes: None. Abstain: None. Absent: Bagley (Sunil Sethi voting in his stead), McCallon. The item passes.

**PUBLIC HEARING ITEMS:**

**ITEM NO. 6.** No Items Deferred for Discussion

**ITEM NO. 7. CONSIDERATION OF: (1) CEQA STATUTORY EXEMPTION FOR LAFCO 3175; AND (2) LAFCO 3175 – REORGANIZATION TO INCLUDE ANNEXATIONS TO THE HELENDALE COMMUNITY SERVICES DISTRICT AND ANNEXATION TO ZONE FP-5 OF THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

(It is noted that Commissioner Cox recuses herself from the discussion and leaves the dais at 9:08 a.m.)

Chairman Curatalo opens the public hearing.

Assistant Executive Officer Samuel Martinez presents the staff report, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. He identifies the boundaries for the two areas proposed for annexation to the Helendale CSD as well as LAFCO staff's expansion of the District's proposal to include the annexation to Service Zone FP-5 of the San Bernardino County Fire Protection District to address a boundary discrepancy regarding a split parcel along Service Zone FP-5's existing boundary. He also states that staff has reviewed land use and service delivery for this proposal as outlined in the staff report with no concerns identified. He notes that for solid waste, the County's Solid Waste Management Division, through a

franchise with AVCO/Burrtec, currently provides solid waste service within the reorganization area. The solid waste services will transfer to the Helendale CSD who also contracts with AVCO/Burrtec for its services. He states that upon annexation, the District will be providing the billing for solid waste services. He states that the proposal is statutorily exempt from the California Environmental Quality Act (CEQA).

Mr. Martinez states that the primary purpose for this reorganization is to respond to future landowner requests for service and that the Helendale CSD initiated this proposal in anticipation of growth planned for the area, particularly that associated with the Helendale Specific Plan. He states that staff supports approval of the proposal and reviews the staff recommendations listed on page 1 of the staff report.

Stanley Hoffman, consultant for the Helendale CSD, states that he prepared the plan for service and notes that public outreach was provided within the annexation area through correspondence and a community meeting with no objection to the project noted. He notes that LAFCO was also involved in the community outreach.

Chairman Curatalo calls for anyone wishing to speak; there being no one he closes the public hearing.

Commissioner Lovingood moves approval of the item, second by Commissioner Smith. The clerk conducts a roll call vote as follows: Ayes: Curatalo, Lovingood, Ramos, Sethi, Smith, Williams. Noes: None. Abstain: None. Absent: Bagley (Sunil Sethi voting in his stead), Cox (Robert Smith voting in her stead), McCallon. The item passes.

(It is noted that Commissioner Cox returns to dais at 9:23 a.m.)

**DISCUSSION ITEMS:**

**ITEM NO. 8. STATUS REPORT ON RIM OF THE WORLD RECREATION AND PARK DISTRICT COMPLIANCE WITH CONDITIONS IMPOSED BY LAFCO ON ITS SERVICE REVIEW/SPHERE OF INFLUENCE UPDATE**

Executive Officer Kathleen Rollings-McDonald presents the staff report, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. She states that the Commission has an ongoing required monitoring of the District's compliance with conditions contained in the service review resolution. She states that the district has made significant progress but still requires some work in the audits area. She says that the District is taking the steps necessary to address the audit deficiencies.

Ms. McDonald notes that two items remain a concern to LAFCO staff; the first is the issue of the Recreation activities which are not self-sufficient, requiring a subsidy from the District, and the second is the Child Care activities which also require a subsidy from the District.

She presents a forecast of expenditures and revenues for the next two years and states that staff will continue to monitor the District's progress. She states that staff recommends that the next status report be scheduled for the September 2014 hearing.

Karen Reams, General Manager, Rim of the World Recreation and Park District, informs the

Commission that the District has removed itself from the SBCERA retirement system and that they continue to moved forward in complying with LAFCO conditions.

Bob Kinzel, Program Specialist, Rim of the World Recreation and Park District, presents information regarding various programs available through the District. He says that the District provides good services to the residents in the area.

Carol Tessly, Chair of the Board of the Directors, Rim of the World Recreation and Park District, says that the board is reviewing the budget and they feel positive with the direction the District is going.

Commissioner Cox moves approval of scheduling the next status report for the September 2014 Hearing, second by Commissioner Ramos. The clerk conducts a roll call vote as follows: Ayes: Cox, Curatalo, Lovingood, Ramos, Sethi, Williams. Noes: None. Abstain: None. Absent: Bagley (Sunil Sethi voting in his stead), McCallon. The item passes.

**INFORMATION ITEMS:**

**ITEM NO. 9 LEGISLATIVE UPDATE REPORT**

Executive Officer Kathleen Rollings-McDonald presents the oral report for the pending legislation. She informs the Commission of updates to AB 1521 (Fox) and SB 69 (Roth).

She notes that the CALAFCO Legislative Committee meets on Friday and the next report will include a request for position.

**ITEM NO. 10 EXECUTIVE OFFICER'S REPORT:**

Executive Officer Kathleen Rollings-McDonald presents the Executive Officer oral report. She informs the Commission that LAFCO has a new addition to its family, Lucian Axel Tuerpe was born on March 4 to parents Michael and Araceli Tuerpe.

She informs the Commission that the Baldwin Lake Community Meeting has been moved to May 2014 per the request of the Big Bear City Community Services District.

Ms. McDonald notes that she will be attending a Community Meeting in Joshua Tree on March 26<sup>th</sup> and also notes at each Commissioner's place is a copy of the current Western Water publication.

**ITEM NO 11. COMMISSIONER COMMENTS**

There are none.

**ITEM NO 12. COMMENTS FROM THE PUBLIC**

There are none.

**THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION,  
THE HEARING IS ADJOURNED AT 9:54 A.M.**

**ATTEST:**

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**REBECCA LOWERY**  
Clerk to the Commission

**LOCAL AGENCY FORMATION COMMISSION**

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**JAMES CURATALO, Chairman**

DRAFT

**LOCAL AGENCY FORMATION COMMISSION  
FOR SAN BERNARDINO COUNTY**

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**DATE: APRIL 7, 2014**

**FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer**

**TO: LOCAL AGENCY FORMATION COMMISSION**



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**SUBJECT: AGENDA ITEM #2 – APPROVAL OF EXECUTIVE OFFICER’S  
EXPENSE REPORT**

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**RECOMMENDATION:**

Approve the Executive Officer’s Expense Report for Procurement Card Purchases and Expense Claim for March 2014 as presented.

**BACKGROUND INFORMATION:**

The Commission participates in the County of San Bernardino’s Procurement Card Program to supply the Executive Officer a credit card to provide for payment of routine official costs of Commission activities as authorized by LAFCO Policy #4(H). Staff has prepared an itemized report of purchases that covers the billing period of February 24, 2014 through March 23, 2014.

It is recommended that the Commission approve the Executive Officer’s expense report as shown on the attachments.

KRM/rcl

Attachments



**COUNTY OF SAN BERNARDINO  
PROCUREMENT CARD PROGRAM**

**MONTHLY PROCUREMENT CARD PURCHASE REPORT**

<b>Card Number</b> [REDACTED]	<b>Cardholder</b> Kathleen Rollings-McDonald	<b>Billing Period</b> 2/24/14 to 3/23/14
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Date	Vendor Name	Receipt/ Invoice No.	Item Description	Purpose	\$ Amount	Reconciled (R) Disputed (D)	Sales Tax Included on invoice (Yes or No)
2-26	Storetrieve	1	Monthly Payment	Records Storage and Maintance	47.52	R	N
2-27	Eventbrite	2	Registration – Tuerpe	State of the County	50.00	R	N
2-28	Survey Monkey	3	Subscription Renewal	Professional Survey Provider	72.00	R	N
3-17	Orange County Parking	4	Parking – Rollings-McDonald	Orange LAFCO Strategic Planning Meeting	6.00	R	N

The undersigned, under penalty of perjury, states the above information to be true and correct. If an unauthorized purchase has been made, the undersigned authorizes the County Auditor/Controller-Recorder to withhold the appropriate amount from their payroll check after 15 days from the receipt of the cardholder's Statement of Account.

<b>Cardholder (Print &amp; Sign)</b> Kathleen Rollings-McDonald <i>Kathleen Rollings-McDonald</i>	<b>Date</b> 4/7/14
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<b>Approving Official (Print &amp; Sign)</b> James Curatalo, Chairman	<b>Date</b> 4/16/14
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**DATE :**       **APRIL 7, 2014**

**FROM:**       **KATHLEEN ROLLINGS-McDONALD, Executive Officer**

**TO:**           **LOCAL AGENCY FORMATION COMMISSION**



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**SUBJECT: AGENDA ITEM #3 - RATIFY PAYMENTS AS RECONCILED FOR  
MONTH OF MARCH 2014 AND NOTE REVENUE RECEIPTS**

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**RECOMMENDATION:**

Ratify payments as reconciled for the month of March 2014 and note revenue receipts for the same period.

**BACKGROUND INFORMATION:**

Staff has prepared a reconciliation of warrants issued for payments to various vendors, internal transfers for payments to County Departments, cash receipts and internal transfers for payments for deposits or other charges that cover the period of March 1 through March 31, 2014.

Staff is recommending that the Commission ratify the payments for March outlined on the attached listings and note the revenues received.

KRM/rcf

Attachment

**MONTHLY RECONCILIATION OF PAYMENTS**

**MONTH OF MARCH 2014 PAYMENTS PROCESSED**

<b>VOUCHER DOCUMENT ID</b>	<b>ACCOUNT</b>	<b>NAME</b>	<b>WARRANT NUMBER</b>	<b>WARRANT DATE</b>	<b>AMOUNT</b>
PV8908171	2445/2940	JIM BAGLEY	8402902	3/10/2014	\$ 300.69
PV8908172	2445/2940	JAMES V CURATALO	8404125	3/11/2014	\$ 482.88
PV890817301	2445	JANICE RUTHERFORD	8401729	3/6/2014	\$ 200.00
PV890817302	2445	ROBERT A LOVINGOOD	8401862	3/6/2014	\$ 200.00
PV890817303	2445	JAMES C RAMOS	8401728	3/6/2014	\$ 200.00
PV890817304	2445	LARRY MCCALLON	8401736	3/6/2014	\$ 400.00
PV8908174	2445/2940	SUNIL SETHI	8403039	3/10/2014	\$ 229.12
PV8908175	2445/2940	DAWN MICHELLE ROWE	8402838	3/10/2014	\$ 281.76
PV8908176	2445/2940	DIANE WILLIAMS	8402843	3/10/2014	\$ 229.12
PV8908177	2445/2940	KIMBERLY COX	8402912	3/10/2014	\$ 260.48
PV8908178	2305	DAISY WHEEL RIBBON CO INC	3218170	3/10/2014	\$ 1,595.08
PV8908179	2424	TOM DODSON & ASSOCIATES	3218268	3/10/2014	\$ 1,396.00
PV8908180	2895	ADVANCED COPY SYSTEMS	3218065	3/10/2014	\$ 375.63
PV8908181	2400	BEST BEST & KRIEGER	3218074	3/10/2014	\$ 1,436.12
PV8908182	2085	DAILY JOURNAL	8402836	3/10/2014	\$ 1,393.84
PV8908183	2941	CALAFCO	8402813	3/10/2014	\$ 550.00
PV8908184	2945	CUCAMONGA VALLEY WATER (REPAYMENT FOR CURATALO - CALAFCO)	8401742	3/6/2014	\$ 368.50
PV8908185	2305	BIG BEAR AREA REG WASTEWA AGEN (FOR COMMUNITY MEETING)	8409704	3/19/2014	\$ 70.00
PV8908186	2905	INLAND EMPIRE PROPERTIES LLC	8414701	3/28/2014	\$ 4,103.52
PV8908187	2445	CITY OF SAN BERNARDINO	8414665	3/28/2014	\$ 300.00
PV8908188	1235	SPECIAL DISTRICTS RISK MGMT (WORKERS COMP)	8415490	3/31/2014	\$ 394.00
PV8908189	2400	BEST BEST & KRIEGER	3219540	3/31/2014	\$ 1,566.08
PV8908190	2085	DAILY JOURNAL	8414671	3/28/2014	\$ 2,902.11
PV8908191 - 92		NOT YET PROCESSED			
PV8908193	2305	ABM BUSINESS MACHINES INC	8414632	3/28/2014	\$ 2,327.38

**MONTH OF MARCH 2014 INTERNAL TRANSFERS PROCESSED**

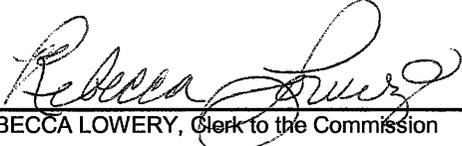
JVIB 08072037D	2037	FEBUARY 2014 PHONE		3/7/2014	\$ 193.83
JVIB 08072038D	2038	FEBUARY 2014 LONG DISTANCE		3/7/2014	\$ 6.70
JVCS 20140303064	2305	STAPLES - SERVICE CHARGE		3/4/2014	\$ 36.10
JVCS 20140303064	2305	STAPLES - SERVICE CHARGE		3/4/2014	\$ 12.08
JVCS 20140324068	2305	STAPLES - SERVICE CHARGE		3/25/2014	\$ 17.64
JVCS 20140303064	5012	STAPLES - SUPPLIES		3/4/2014	\$ 100.66
JVCS 20140303064	5012	STAPLES - SUPPLIES		3/4/2014	\$ 300.81
JVCS 20140324068	5012	STAPLES - SUPPLIES		3/25/2014	\$ 147.00
JVATXRT12798	2308	CAL CARD PAYMENT		3/6/2014	\$ 1,174.27
JVPURRT12727	2310	PACKAGING - MAIL		3/10/2014	\$ 73.49
JVPURRT12736	2310	PACKAGING - MAIL		3/10/2014	\$ 9.50
JVPURRT12725	2310	1ST CLASS PRESORT- MAIL		3/11/2014	\$ 675.10
JVPURRT12729	2310	PRESORT FLATS - MAIL		3/11/2014	\$ 18.97
JVPURRT12733	2310	INTER-OFFICE MAIL		3/12/2014	\$ 152.00
JVIB 08072410AB	2410	FEB 2014 DATA PROC		3/7/2014	\$ 0.91
JVIB 08072410AF	2410	FEB 2014 DATA PROC		3/7/2014	\$ 123.87

**MONTHLY RECONCILIATION OF PAYMENTS**

MONTH OF MARCH 2014 INTERNAL TRANSFERS PROCESSED (cont.)					
JVIB 08072410AK	2410	FEB 2014 DATA PROC		3/7/2014	\$ 28.06
JVIB 08072410AQ	2410	FEB 2014 DATA PROC		3/7/2014	\$ 56.34
JVIB 08072410E	2410	FEB 2014 DATA PROC		3/7/2014	\$ 27.48
JVIB 08072410P	2410	FEB 2014 DATA PROC		3/7/2014	\$ 174.19
JVIB 08072410T	2410	FEB 2014 DATA PROC		3/7/2014	\$ 84.46
JVIB 08072410X	2410	FEB 2014 DATA PROC		3/7/2014	\$ 152.99
JVIB 08072421F	2421	FEB 2014 ISD DIRECT		3/7/2014	\$ 87.53
JVIB 08072450B	2450	ISD APPLICATION DEVELOPMENT		3/7/2014	\$ 1,178.65
<b>TOTAL</b>					<b>\$ 4,832.63</b>

MONTH OF MARCH 2014 CASH RECEIPTS					
DEPOSIT DOCUMENT ID	ACCOUNT	DESCRIPTION		DEPOSIT DATE	AMOUNT
		NONE			
<b>TOTAL</b>					<b>\$ -</b>

MONTH OF MARCH 2014 INTERNAL TRANSFERS RECEIVED					
TRANSFER DOCUMENT ID	ACCOUNT	NAME		TRANSFER DATE	AMOUNT
JVSPDRT13940	9800	FILING FEES - CSA 54		3/31/2014	\$ 5,000.00
<b>TOTAL</b>					<b>\$ 5,000.00</b>

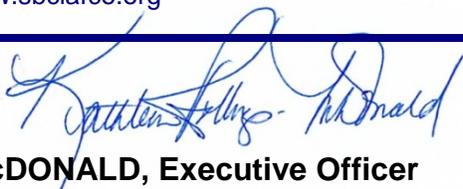
 REBECCA LOWERY, Clerk to the Commission	4/7/2014 DATE
RECONCILIATION APPROVED BY:	
 KATHLEEN ROLLINGS-MCDONALD, Executive Officer	4/7/2014 DATE

# LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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**DATE:** APRIL 8, 2014  
**FROM:** KATHLEEN ROLLINGS-McDONALD, Executive Officer  
**TO:** LOCAL AGENCY FORMATION COMMISSION



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**SUBJECT:** AGENDA ITEM #5 –Review of Proposed Budget for Fiscal  
Year 2014-15

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## **BACKGROUND:**

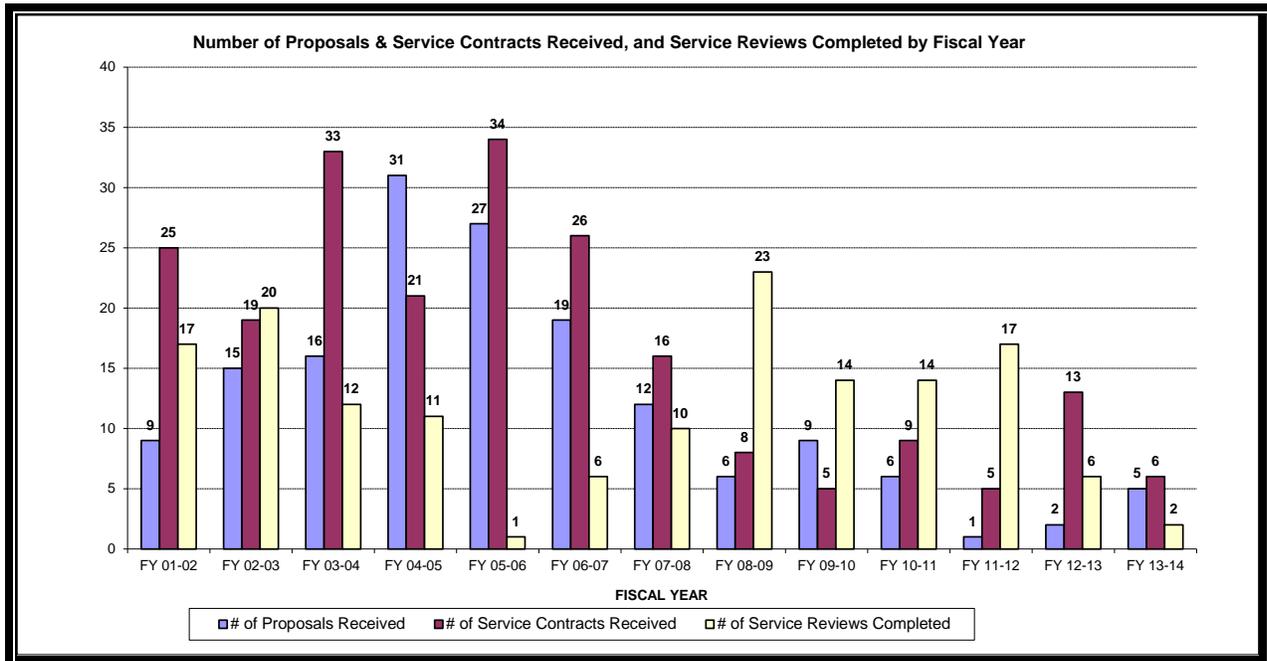
March has exited like a lamb, we are hoping for April showers, and it is that time of year when LAFCOs throughout the State begin to consider their budgets. Nationally income taxes are due and locally the last installment of property tax payments must be paid, while at this hearing the Commission will identify the costs to be apportioned to our constituent agencies for the upcoming Fiscal Year. The past year has been one of optimism as far as the changes in the economy locally and at the State level. Economic indicators are showing that the tentative steps toward recovery from the recession continue as evidenced by the almost monthly announcement of new proposals being submitted. However, the financial crisis is not over for many; the City of San Bernardino bankruptcy continues, other cities have declared fiscal emergencies, and some special districts are still reducing services.

As outlined in prior years, it remains difficult to gauge whether the Inland Empire is in full recovery or holding steady without further decline. But while there are positive notes, our smaller agencies remain constrained in their ability to fund a larger Commission cost. So this is the scenario we begin the State mandated process outlined in Government Code Section 56381 to establish our budget for the upcoming fiscal year; one of cautious optimism.

Staff began the required budget review by considering potential changes to the Schedule of Fees, Deposits and Charges and determined that no additional changes for Fiscal Year 2014-15 would be proposed (having just recently approved the change to differentiate between Valley/Mountain and Desert proposals); therefore no action will be required from the Commission.

Next, staff began addressing the ability to fund the Commission's ongoing operations through discussion with the Chair and Vice-Chair. For the last several years staff has

come to the annual budget hearing providing information on the ever declining proposal activity. However, this year the tide has shifted and we appear to be gaining ground on paying applications. The chart which follows shows the positive increase that has taken place:



The largest expenditure category for the Commission is its personnel costs and those will continue to climb due to increases in retirement payments required by the San Bernardino County Employees Retirement Association (SBCERA). The LAFCO employer required retirement contribution rate will increase this year by 8.02% to a total of 29.91% of earnable compensation, over the preceding ten years this represents an increase of 238%. The forecast rate for FY 15-16 is 30.55%, an additional increase of 2.14%, which signals a leveling off of the rates to address fund losses from the recession.

During Fiscal Year 2013-14 staff completed the recruitment of the LAFCO Secretary position bringing staff to its full complement. However, during this year it became apparent that with the staff's acquisition of the responsibility to maintain the Commission's website and the need for input and maintenance of the databases such as the Fiscal Indicators, the staffing structure and assignments needed to be reorganized. As of April 2014 the structure will reassign the Deputy Clerk and LAFCO Secretary to an Administrative Assistant and LAFCO Analyst position, respectively. This represents a total increase in cost of about \$4,600 in the 1000 Series for the upcoming year. The Commission has adopted the same benefit plan as provided by the County Exempt Compensation Plan. At the time of this report, no changes to the Exempt Compensation Plan have been identified by the County Administrative Office.

Two significant actions are proposed within the Services and Supplies budget category; the first is the recruitment of the LAFCO Executive Officer. The 2014-15 Budget includes \$15,000 for the recruitment of the permanent Executive Officer with the process set to begin in May of 2015. The employment of a full-time Executive Officer in Fiscal Year 2015-16 will represent a \$165,014 increase in the Salaries and Benefits series of expenses over the identified budget for Fiscal Year 2014-15 with a contract Executive Officer. The second is the implementation of the Shared Services database as a part of the ongoing service review efforts. Staff is estimating an expense of approximately \$15,000 to address software and database development with the County's Information Services Department. The balance of the Services and Supplies categories anticipate the maintenance of all other current activities.

It is currently anticipated that the Commission will receive six (6) proposals for jurisdictional change during the upcoming Fiscal Year, a return to a more normal year of application activity. However, the bulk of the Commission's activities will remain in the arena of addressing the second round of Service Reviews and Sphere Updates, as required by statute. The continuing State mandates to address disadvantaged unincorporated communities, additional requirements to address infrastructure deficiencies and potential consolidations have and will continue to affect the service review process. State law does not allow for charging fees for these types of reviews so only direct costs will be recovered for the processing of sphere of influence updates as necessary.

Attachment #1 to this report provides the Budget Spreadsheet for Fiscal Year 2014-15 with a forecast for FY 2015-16 and the narrative description of the budget.

Staff has requested that the County Auditor-Controller apportion the net costs for LAFCO operations to the County, Cities/Towns and Independent Special Districts based upon the proposed budget target of \$864,821, or \$288,274 per category. Any changes to the budget information presented at this hearing may impact this determination. Once the proposed budget is adopted, the apportionment information will be provided as a part of the materials forwarded to the County, Cities/Towns and Independent Special Districts for their review and comment as required by Government Code Section 56381. The allocation information is included as Attachment #2 for Commission information.

The proposed budget is more fully outlined below and on the Budget Spreadsheet and Budget Narrative included as attachments to this report. Staff believes that the actions outlined for the upcoming Fiscal Year will provide for the efficient operations of the Commission's office, will maintain reserve accounts established to cover potential and/or future costs, and will maintain the apportionments to entities required to fund Commission operations.

## **SALARIES AND BENEFITS** **WORKLOAD CONSIDERATIONS**

### **FISCAL YEAR 2013-14**

Staffing levels for Fiscal Year 2013-14 include five full-time positions, and the contract for the Executive Officer position. The Commission continued to outsource much of its geographic technology needs with the County's Geographic Information Management System (GIMS), its environmental processing through its contract with Tom Dodson and Associates, and the maintenance of computer systems to the County's ISD.

Accomplishments by the Commission for the year include:

- The new San Bernardino LAFCO website was launched and the update and general maintenance of the LAFCO website is currently handled in-house, eliminating a major portion of the Commission's COWCAP costs. The ArcGIS mapping page updates are set to launch by the end of the Fiscal Year.
- The Fiscal Indicators program has been developed utilizing input from the affected agencies; the materials are being input and it is anticipated that the program will be launched with information for the Valley agencies by the end of the Fiscal year.

The estimated year-end expenditures for salaries and benefits are \$615,268, which is \$52,576 below the budgeted amount.

### **FISCAL YEAR 2014-15**

The Salaries and Benefits categories for Fiscal Year 2014-15 include the funding for five positions, payment of step increases, an increase in retirement costs and the contract Executive Officer position.

Additional workload responsibilities include the Executive Officer's participation as a member of the CALAFCO Legislative Committee, as the designated SCAG representative for the CCL on the Technical Working Group for SCAG and on conference and workshop planning committees. In addition, the Assistant Executive Officer is currently the Deputy Executive Officer for the Southern Region on CALAFCO, the Program Chair for the 2014 Annual Conference to be held in Ontario in October 2014. The upcoming year will also include the labor intensive discussion with the stakeholder groups regarding the service reviews for the Valley region.

## **Fiscal Year 2015-16**

As is the Commission's practice, a forecast for Fiscal Year 2015-16 has been provided. This includes the hiring of a full-time Executive Officer, a one-quarter contract with the existing Executive Officer for transition purposes, and the payment of costs, including increased retirement costs for a full six person staffing. All employees are anticipated to be at the Tier 1 rate for retirement benefits. This represents an increase of \$165,014 over Fiscal Year 2014-15. Beyond this change, the forecast for this Fiscal Year carries forward proposed staffing levels, existing practices and anticipated workloads.

## **SERVICES AND SUPPLIES**

### **FISCAL YEAR 2013-14**

For the current year, the Commission began its implementation of the second round of Service Reviews through development of its Fiscal Indicators program. The Services and Supplies categories expenditures of \$326,819 are estimated at year-end. This is \$37,252 below the budgeted amount. No budget amendments are proposed at this time.

### **FISCAL YEAR 2014-15**

Staff is recommending a total Services and Supplies budget of \$365,884, an increase of \$1,813 from Fiscal Year 2013-14 budgeted amount. In reference to the expense categories within the overall Services and Supplies section, staff is proposing the development of a Shared Services program (\$15,000), the recruitment for the LAFCO Executive Officer (\$15,000), and maintenance of other activities. On balance the budget appropriations provide for maintenance of current levels of support for on-going activities. Toward the end of the Fiscal Year, it is anticipated that computer, iPad and other items needed for the new Executive Officer will be purchased and those expenses have been accommodated in the budget line items.

Economic and workload indicators show a new, and mostly optimistic, level in jurisdictional change for the upcoming fiscal year. However, the second round of service reviews and sphere of influence updates continue to be processed for the Valley region utilizing a stakeholders group for the municipal service types: water (retail, wholesale, and reclamation), wastewater treatment, fire protection, law enforcement and quality of life (parks, resource conservation and habitat preservation, streetlighting, and roads [maintenance, street sweeping, detention basin]), and others which may be determined by the Commission. The stakeholders group will assist staff in addressing the service review factors and assist staff in the gathering and review of information. It is anticipated that this type of approach will allow for discussions about the potential for shared services by agencies and will be staff time intensive at the outset with limited

service and supply needs. Staff anticipates that there will be limited service and supply costs until preparation of the final reports for presentation to the Commission.

At the time this proposed budget is being presented to the Commission, continuation of the Video Production arrangement with the City of San Bernardino is anticipated, on a month-to-month basis. Staff has been notified that there may be a change during the year to require additional payments for storage of media for access via DVD and on our website. This is cause for staff concern given the Commission’s reliance on the availability of video recordings of the hearings for placement on the website and elimination of the detailed minutes previously the Commission’s practice. Should there be a termination of this support service, we will need to look at other places to conduct our meetings and/or provide the video recordings we require and do so quickly. As previously identified, the only venues which can support our needs (1) the number of Commissioners for LAFCO at the dais, (2) video recording available to the public and (3) convenient for Commissioners traveling to hearings from throughout the County are the Cities of Fontana and Rancho Cucamonga. At this time, the budget includes the continuation of the \$300 per meeting charge through the City of San Bernardino staff, but LAFCO staff will be prepared to change direction quickly should the service be terminated.

**FISCAL YEAR 2015-16**

Based upon the approval of the staff recommendations for FY 2014-15, it is anticipated that a 3% consumer price index increase will be applied to those categories sensitive to such changes for purchases and the maintenance of the other existing levels of service.

**REVENUES**

**FISCAL YEAR 2013-14**

As identified earlier in this report, while staff has historically lamented the trend of lower submission of proposals for change of jurisdiction, for FY 2013-14 we are happy to report a more robust filing of applications and commensurate revenues. The chart below identifies the proposal activity for the current fiscal year:

Activity	Budget	MARCH ACTUAL		Year-End Projected	
		No.	% of Budget	No.	% of Budget
Proposals	3	5	167%	6	200%
Service Contracts – Development	1	1	100%	1	100%
Service Contracts - Admin approval	3	5	167%	5	167%
Protest Hearing Deposits	3	0	0	1	33%

Staff estimates that year-end totals for all revenues will be at 340% of budgeted appropriation. The total revenue (fees and deposits) received from the five applications submitted during the year is \$69,811 and for the six service contracts is \$10,750. In addition, approximately \$8,000 in cost recovery has taken place during the year.

**FISCAL YEAR 2014-15**

Information gleaned from economic forecast reports and local economists as reported in media publications indicates that the Inland Empire continues in its more modest jobs recovery. Based upon the activities of FY 2013-14, staff anticipates that proposal filings for the upcoming Fiscal Year will hold steady. In order to remain conservative in revenue projections, staff anticipates the submission of six proposals next year at the basic fee level, for fee revenue of \$58,475. The chart below identifies staff's projections for the upcoming year:

<b>Activity</b>	<b>FY 2013-14 PROJECTED YEAR END</b>	<b>FY 2014-15 BUDGET</b>
Proposals	6	6
Service Contracts - Development Related	1	1
Service Contracts - Admin approval	3	4
Protest Hearing Deposits	1	6

Interest income remains low as earnings rate remain depressed. All reserve accounts will be carried forward from the prior year and an estimated \$176,807 in other fund balance is anticipated to be carried forward. This provides for the maintenance of the annual apportionment of \$864,821, \$288,274 for each category required to pay a portion of the Commission's net costs.

The apportionment process will take place pursuant to the provisions of Government Code Section 56381 and is administered by the County Auditor. Staff has requested that the Auditor provide for the distribution, pursuant to statute and the alternative funding formula for Special Districts, included as Attachment #2. Per adopted Commission policy, the amount identified at this hearing will be the apportionment required as of July 1, 2014. At the time the Unaudited Year-End report is presented to the Commission, staff will determine the actual carryover and make recommendation for any further actions, if necessary.

The apportionment presented in the budget materials is \$864,821, the same as Fiscal Year 2013-14. This complies with the provisions of Government Code Section 56381(a) for the maintenance of prior year funding.

Revenues consisting of interest, mandatory contributions, and fee revenues are estimated to be \$927,296. Refunds from Prior Years, Miscellaneous Charge, and Carryover including all reserve accounts increases brings total anticipated revenues to \$1,566,875.

**FISCAL YEAR 2015-16**

Revenues forecasts for FY 2015-16 builds upon the continuing health of the local economy anticipating an increase in proposal activity for an increase in Fees and Deposits of \$49,220 over Fiscal Year 2014-15. The chart below compares the proposal activity forecast for FY 2014-15 to that proposed for FY 2015-16:

<b>PROPOSAL ACTIVITY</b>	<b>PROPOSED BUDGET FY 2014-15</b>	<b>FORECAST BUDGET FY 2015-16</b>
Proposals	6	9
Service Contracts - Develop.	1	2
Service Contracts - Admin	4	5
Protest Hearing Deposits	6	9

The anticipated apportionment increases by \$15,569 to a total of \$880,390, but remains less than the apportionment in Fiscal Year 2010-11.

**RESERVES AND CONTINGENCIES**

The staff is proposing the maintenance of reserves and a contingency amount as outlined by Commission policy. The amounts presented for Fiscal Year 2014-15 are:

Account 6025 – General Reserve/Litigation	\$300,000
Account 6030 – Compensated Absences Reserve	\$ 72,897
Account 6010 – COWCAP Reserve	\$ 40,503

In addition, staff is recommending a contingency of \$98,356 (Account 6000) which represents about 9.7% of expenditures, within the suggested range of between 5-10% of expenditures. Should the use of these dollars be required, it will take an action by the Commission to transfer monies into the appropriate expenditures series.

**CONCLUSION:**

The information contained in this report outlines and discusses the budget considerations before the Commission which provides for the following determinations required by Government Code Section 56381 to be made:

<b>ACCOUNT TYPE</b>	<b>FY 2013-14 ADOPTED BUDGET</b>	<b>FY 2014-15 PROPOSED BUDGET</b>
SALARIES AND BENEFITS	\$ 667,844	\$ 686,735
SERVICES AND SUPPLIES	\$ 364,071	\$ 364,684
RESERVES AND CONTINGENCIES	\$ 463,272	\$ 515,409
<b>SUBTOTAL</b>	<b>\$1,495,187</b>	<b>\$1,566,828</b>
FEE REVENUE AND GENERAL REVENUE	\$ 630,366	\$ 702,007
<b>NET COST</b>	<b>\$ 864,821</b>	<b>\$ 864,821</b>

Staff believes that the policy items outlined in this report related to the development of the Shared Services program and the recruitment of the Executive Officer are appropriate; therefore, staff is requesting Commission support of all items.

In addition, it is the staff position that the balance of expenditures and revenue items will provide for fulfillment of the Commission's ongoing core obligations for processing of proposals and fulfilling State mandates. If the Commission supports the staff's position, it is recommended that, pursuant to the provisions of Government Code Section 56381, the Commission adopt the Proposed Budget as outlined and direct staff to forward this document to the County, the Cities and Towns, and the Independent Special Districts for their review and comment. Staff is also recommending that the final hearing for adoption of the budget be scheduled for May 21, 2014 at which time the comments of the public and agencies the Commission serves will be considered.

## **RECOMMENDATION:**

The staff recommends that the Commission take the following actions:

- 1) Determine that there are no amendments for the Schedule of Fees, Charges and Deposits;
- 2) Adopt the Proposed Budget for Fiscal Year 2014-15, presented by staff, by taking the following actions:
  - a) Approve the costs associated with the development of the Shared Services database with the County's Information Services Department for an estimated cost of \$15,000; and,
  - b) Approve the recruitment of the Executive Officer position to commence in May 2015; direct the Executive Officer to circulate a Request for Qualifications to conduct the required recruitment in time to meet that timeframe.

- 3) Direct staff to forward the adopted Proposed Budget, as may be modified at this hearing, to all the independent special districts, cities, and the County for their comment pursuant to Government Code Section 56381.
- 4) Schedule a public hearing for May 21, 2014 for the formal adoption of the Final Budget for Fiscal Year 2014-15.

KRM:

Attachments:

1. Proposed Budget -- Spreadsheet and Narrative Related to Individual Accounts and Activity Chart
2. Estimated Apportionment Distribution for City/Town and Special District Costs

**Proposed Budget – Spreadsheet and  
Narrative Related to Individual Accounts  
and Activity Chart**

**Attachment 1**

FISCAL YEAR 2014-15

ACCT.	ACCOUNT NAME	ACTUAL	ACTUAL	ACTUAL	ACTUAL	FINAL	PROJECTED	PROPOSED	FORECAST
#		YEAR-END	YEAR-END	YEAR-END	YEAR-END	BUDGET	YEAR-END	FY 14-15	FY 15-16
		FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 13-14	BUDGET	BUDGET
	<b>SALARIES AND BENEFITS</b>								
1010	Regular Salary, Cell Phone, and Bilingual	\$ 497,190	\$ 429,049	\$ 372,803	\$ 379,028	\$ 423,818	\$ 410,523	\$ 437,522	\$ 515,708
1030	Merit Incentive (Auto)	15,162	14,039	14,600	14,600	14,881	14,600	\$ 14,881	\$ 18,025
1035	Overtime			802	1,028	-	319	\$ -	\$ -
1045	Termination Payment	18,825	33,687				-		
1110	General Member Retirement	110,428	77,173	59,328	70,512	88,636	84,177	\$ 99,625	\$ 144,026
1130	Survivors Benefits	224	111	93	81	178	160	\$ 178	\$ 210
1135	Indemnification - General	61,072	42,314	14,397	15,538	20,163	17,518	\$ 20,163	\$ 26,028
1200	Employee Group Insurance (Health Subsidy)	12,013	8,480	29,005	35,599	57,038	41,011	\$ 50,040	\$ 61,882
1205	Long-Term Disability	1,315	986	858	883	1,049	992	\$ 1,099	\$ 1,567
1207	Vision Care Insurance	787	634	589	589	750	759	\$ 837	\$ 990
1215	Dental Insurance & Health Subsidy	511	322	1,846	1,701	1,972	1,469	\$ 1,557	\$ 1,780
1220	Psychological Services	410	41				-		
1222	Short-Term Disability	1,396	1,124	1,044	2,728	3,466	3,308	\$ 3,658	\$ 5,127
1225	Social Security Medicare	3,761	4,453	4,723	4,728	5,520	5,139	\$ 5,637	\$ 6,536
1235	Workers' Compensation	3,293	4,101	2,091	2,644	4,201	2,705	\$ 4,782	\$ 5,467
1240	Life Insurance & Medical Trust Fund	8,373	4,603	3,814	4,415	5,598	4,694	\$ 5,289	\$ 9,036
1305	Other (Medical Reimbursement Plan)	5,170	3,498	2,585	2,600	4,800	3,572	\$ 6,920	\$ 8,208
1310	Indemnification	31,970	25,760				-		
1314	457/401a Defined (LAFCO Contribution)	1,424	1,737	1,289	1,327	1,575	1,446	\$ 1,650	\$ 3,006
1315	401k Contribution	33,349	22,854	19,671	21,037	25,199	22,875	\$ 26,400	\$ 37,652
1000	Salary Reserve	-	-	-	-	9,000	-	\$ 9,000	\$ 9,000
	<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>\$ 808,224</b>	<b>\$ 674,965</b>	<b>\$ 529,536</b>	<b>\$ 559,037</b>	<b>\$ 667,844</b>	<b>\$ 615,268</b>	<b>\$ 689,235</b>	<b>\$ 854,249</b>
	Staffing (Full time equivalent units)	5.0	4.5	4.5	4.5	5.5		5.5	6
	<b>SERVICES AND SUPPLIES</b>								
	<b>Services:</b>								
2037	COMNET Charge (ISF)	\$ 2,624	\$ 2,552	\$ 2,872	\$ 2,590	\$ 2,564	\$ 2,703	\$ 2,874	\$ 2,932
2038	Long Distance Charges	229	72	58	74	120	94	\$ 120	\$ 122
2041	Phone Service/Outside Company	439	483	447	304	480	519	\$ 540	\$ 551
2043	Electronic Equipment Maintenance	-	-	-	-	-	121	\$ -	\$ -
2075	Membership Dues	7,776	7,846	7,870	8,089	8,275	8,324	\$ 8,515	\$ 8,685
2076	Tuition Reimbursement	-	-	341	-	2,000	1,100	\$ 2,000	\$ 2,040
2080	Publications	1,927	2,038	2,399	3,000	3,377	3,177	\$ 3,600	\$ 3,672
2085	Legal Notices	13,871	12,822	14,648	5,193	24,000	17,549	\$ 26,000	\$ 26,520
2115	Computer Software	2,151	4,590	3,222	2,825	12,028	6,355	\$ 3,346	\$ 3,413
2125	Inventoriable Equipment	-	17,944	2,070	3,252	-	-	\$ 12,500	\$ -
2195	Reimbursement Services and Supplies	(17)	-	-	-	-	-	\$ -	\$ -

FISCAL YEAR 2014-15

ACCT.	ACCOUNT NAME	ACTUAL	ACTUAL	ACTUAL	ACTUAL	FINAL	PROJECTED	PROPOSED	FORECAST
#		YEAR-END	YEAR-END	YEAR-END	YEAR-END	BUDGET	YEAR-END	FY 14-15	FY 15-16
		FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 13-14	BUDGET	BUDGET
2245	Other Insurance	16,737	50	7,045	6,998	7,500	7,074	\$ 7,012	\$ 7,152
	<b>Supplies:</b>								
2305	General Office Expense	5,913	6,313	5,842	8,710	10,619	17,863	\$ 19,391	\$ 8,653
2308	Credit Card Clearing Account	-	-	1,126	(288)	-	(1,703)	\$ -	\$ -
2310	Postage - Direct Charge	19,297	8,551	8,972	5,373	13,670	9,198	\$ 10,662	\$ 10,875
2315	Records Storage	679	668	661	940	1,680	648	\$ 570	\$ 582
2323	Reproduction Services	1,429	2,455	730	102	500	653	\$ -	\$ -
2335	Temporary Services	-	-		16,965	13,323	13,311	\$ -	\$ -
	<b>Consultant &amp; Special Services:</b>								
2400	Prof & Special Service (Legal Counsel)	53,373	29,198	24,758	21,903	36,648	30,137	\$ 36,800	\$ 37,536
2405	Auditing	6,754	7,611	6,932	8,372	8,600	7,850	\$ 11,799	\$ 12,035
2410	Data Processing	6,328	5,106	6,212	6,630	7,200	7,324	\$ 7,611	\$ 7,763
2414	Application Development Maintenance					11,961	-	\$ -	\$ -
2415	COWCAP	53,325	39,230	18,772	9,219	6,053	6,053	\$ 6,308	\$ 6,434
2420	ISD Other IT Services	206	189	206	244	756	235	\$ 1,008	\$ 1,028
2421	ISD Direct	520	2,035	1,690	739	2,400	1,301	\$ 1,800	\$ 1,836
2424	Mgmt & Tech (Environmental Consultant)	19,504	11,988	8,078	8,853	18,053	20,438	\$ 9,800	\$ 9,996
2444	Security Services	384	405	408	408	408	578	\$ 408	\$ 416
2445	Other Prof (Commission, Surveyor, ROV)	43,422	28,304	41,878	44,593	44,950	38,546	\$ 61,196	\$ 47,120
2449	Outside Legal (Litigation & Special Counsel)	43,842	58,334	-	5,050	-	6,324	\$ 10,000	\$ -
2450	Application Development Support	-	-	-	10,499	18,000	20,351	\$ 22,500	\$ 7,650
2460	GIMS Charges	10,851	13,530	10,524	10,500	17,100	12,477	\$ 14,600	\$ 14,892
	<b>Lease/Purchases:</b>								
2895	Rent/Lease Equipment (copier)	9,541	7,800	7,678	4,235	3,600	4,038	\$ 4,800	\$ 4,896
2905	Office/Hearing Chamber Rental	52,313	49,317	55,438	48,859	49,792	55,218	\$ 51,270	\$ 52,808
	<b>Travel Related Expenses:</b>								
2940	Private Mileage	5,485	4,549	6,579	4,760	6,462	5,843	\$ 6,418	\$ 6,546
2941	Conference/Training	5,989	3,458	4,215	5,363	6,400	4,660	\$ 7,950	\$ 8,109
2942	Hotel	3,392	2,411	5,692	5,482	9,500	6,129	\$ 5,486	\$ 5,596
2943	Meals	708	597	1,214	743	2,700	1,475	\$ 1,900	\$ 1,938
2944	Car Rental	-	-	589	1,247	1,800	989	\$ 500	\$ 510
2945	Air Travel	233	1,305	1,915	1,954	5,000	4,841	\$ 2,400	\$ 2,448
2946	Other Travel	311	248	438	677	550	1,108	\$ 600	\$ 612

FISCAL YEAR 2014-15

ACCT. #	ACCOUNT NAME	ACTUAL YEAR-END FY 09-10	ACTUAL YEAR-END FY 10-11	ACTUAL YEAR-END FY 11-12	ACTUAL YEAR-END FY 12-13	FINAL BUDGET FY 13-14	PROJECTED YEAR-END FY 13-14	PROPOSED FY 14-15 BUDGET	FORECAST FY 15-16 BUDGET
	<b>Other Charges:</b>								
5012	Services Out (Staples)	2,110	1,190	1,098	1,480	6,000	3,916	\$ 3,600	\$ 3,672
	<b>TOTAL SERVICES &amp; SUPPLIES</b>	<b>\$ 391,647</b>	<b>\$ 333,189</b>	<b>\$ 262,639</b>	<b>\$ 265,938</b>	<b>\$ 364,071</b>	<b>\$ 326,819</b>	<b>\$ 365,884</b>	<b>\$ 309,038</b>
	<b>TOTAL EXPENDITURES</b>	<b>\$ 1,199,871</b>	<b>\$ 1,008,153</b>	<b>\$ 792,176</b>	<b>\$ 824,975</b>	<b>\$ 1,031,915</b>	<b>\$ 942,087</b>	<b>\$ 1,055,119</b>	<b>\$ 1,163,288</b>
6000	Contingency	-	-	-	-	\$ 99,872	-	\$ 98,356	\$ 50,000
6010	COWCAP Reserve			-	-	46,780	-	\$ 40,503	\$ -
6025	General Reserve	-	-	-	-	250,000	-	\$ 300,000	\$ 300,000
6030	Compensated Absences Reserve			-	-	66,620	-	\$ 72,897	\$ 81,650
	<b>TOTAL CONTINGENCIES &amp; RESERVES</b>				<b>\$ -</b>	<b>\$ 463,272</b>	<b>\$ -</b>	<b>\$ 511,756</b>	<b>\$ 431,650</b>
	<b>TOTAL APPROPRIATION</b>	<b>\$ 1,199,871</b>	<b>\$ 1,008,153</b>	<b>\$ 792,176</b>	<b>\$ 824,975</b>	<b>\$ 1,495,187</b>	<b>\$ 942,087</b>	<b>\$ 1,566,875</b>	<b>\$ 1,594,938</b>

FISCAL YEAR 2014-15

ACCT #	ACCOUNT NAME	ACTUAL YEAR-END FY 09-10	ACTUAL YEAR-END FY 10-11	ACTUAL YEAR-END FY 11-12	ACTUAL YEAR-END FY 12-13	FINAL BUDGET FY 13-14	PROJECTED YEAR-END TOTAL	PROPOSED FY 14-15 BUDGET	FORECAST FY 15-16 BUDGET
<b>CONTRIBUTION REVENUES</b>									
	<b>Use of Money:</b>								
8500	Interest	\$ 9,356	\$ 6,569	\$ 3,992	\$ 4,009	\$ 3,750	\$ 3,057	\$ 4,000	\$ 6,000
	<b>Mandatory Contribution from Governments:</b>								
8842	Local Government -- For FY 2014-15 apportionment to County, Cities, and Independent Special Districts of approximately \$288,274 each	1,001,415	1,033,911	933,639	903,000	864,821	864,822	864,821	883,232
	<b>Fees and Deposits (Current Services):</b>								
9545	Individual Notice	8,642	5,100	1,238	4,402	2,800	3,100	4,900	7,700
9555	Legal Services	38,003	9,782	4,733	5,934	4,025	4,600	7,475	11,500
9655	GIMS Fees	10,140	6,845	2,710	1,255	1,200	-	2,400	3,600
9660	Environmental	16,901	7,996	3,313	10,171	2,700	9,880	4,950	7,650
9800	LAFCO Fees	79,807	47,287	20,758	33,004	23,250	74,671	38,750	67,000
		153,493	77,010	32,751	54,765	33,975	92,251	58,475	97,450
<b>TOTAL CONTRIBUTION REVENUES</b>		<b>\$ 1,164,264</b>	<b>\$ 1,117,490</b>	<b>\$ 970,382</b>	<b>\$ 961,774</b>	<b>\$ 902,546</b>	<b>\$ 960,130</b>	<b>\$ 927,296</b>	<b>\$ 986,682</b>
<b>OTHER REVENUES</b>									
9910	Refunds from Prior Year Revenue	\$ (7,969)	\$ (7,462)	\$ (2,027)	\$ 1,401	\$ (30,214)	\$ 1,761	\$ (2,000)	\$ (5,000)
9930	Miscellaneous Revenues	1,730	463	517	1,652	1,500	1,479	1,500	1,500
	<b>Carryover from Prior Year</b>								
9970	Contingencies	126,739	122,658	35,197	41,507	84,730	84,730	99,872	98,356
9970	COWCAP Reserve				56,000	46,780	46,780	46,780	40,503
9970	General Reserve	117,575	79,811	124,108	180,000	200,000	200,000	250,000	300,000
9970	Comp. Absences Reserve				62,003	66,620	66,620	66,620	72,897
9970	Digital Archiving Project				33,056				
9970	Other Carryover			145,730	108,937	223,225	223,225	176,807	100,000
9995	Residual Equity						40		
<b>TOTAL OTHER REVENUES</b>		<b>\$ 238,076</b>	<b>\$ 195,469</b>	<b>\$ 303,525</b>	<b>\$ 484,556</b>	<b>\$ 592,641</b>	<b>\$ 624,636</b>	<b>\$ 639,579</b>	<b>\$ 608,256</b>
<b>TOTAL REVENUES</b>		<b>\$ 1,402,339</b>	<b>\$ 1,312,959</b>	<b>\$ 1,273,907</b>	<b>\$ 1,446,330</b>	<b>\$ 1,495,187</b>	<b>\$ 1,584,766</b>	<b>\$ 1,566,875</b>	<b>\$ 1,594,938</b>
Note: Spreadsheet utilizes the cash basis of accounting and does not include accrual/reversal data which do not affect fund balance.									

# **NARRATIVE FOR FY 2014-15**

## **PROPOSED BUDGET**

### **SALARIES AND BENEFITS**

#### **1000 SERIES**

##### **FY 2013-14**

Salaries and Benefits (1000 series) for FY 2013-14 was budgeted at \$667,844 for 5.5 positions: one Contract Executive Officer (limited to 960 paid hours per year), Assistant Executive Officer, Project Manager, Clerk to the Commission, Deputy Clerk and LAFCO Secretary. During the first quarter of FY 13-14 the LAFCO Secretary was filled. Over the first three-quarters of the year it was determined that an internal restructuring based upon changes in operations (assumption of website maintenance, implementation of Fiscal Indicators program and upgraded GIS activities) was needed. The Deputy Clerk has been changed to an Administrative Assistant and the LAFCO Secretary has been changed to a LAFCO Analyst. Year-end expenditures for the 1000 series are estimated to be \$615,268, \$52,576 under budget.

##### **FY 2014-15**

For Fiscal Year 2014-15 the staffing is anticipated to be maintained from the prior year – a contract Executive Officer for 960 hours (last full year of the contract), Assistant Executive Officer, Project Manager, LAFCO Analyst, Clerk to the Commission/Office Manager and Administrative Assistant. It is has also been determined that the recruitment process be undertaken for the Executive Officer position beginning in May 2015, with the new Executive Officer on board by August 2015; therefore, no new salary costs are included in FY 2014-15.

No cost-of-living change has been identified by the County for the upcoming fiscal year. Therefore, since the Commission has adopted the County Exempt Compensation Plan as its own no salary increase has been included. The pay ranges have remained static since December 2008. As the Proposed Budget Spreadsheet identifies, FY 2014-15 is budgeted to have a total expenditure of \$689,235, an increase of \$21,391 over the prior year budget. This includes the step changes in salary appropriate for staff members and the retirement rate increase of 8.02%.

##### **FY 2015-16**

The forecast for FY 2015-16 includes the payment of the standard 26 pay periods, step increases as appropriate for staff members, the hiring of the new Executive Officer and the retention of the existing contract Executive Officer through September 30, 2015 for transition purposes. Staff is also including a 2.5% cost-of-living increase in the forecast.

The forecast for this transition is \$854,249, an increase of \$165,014 over the proposed budget for FY 2014-15.

**LINE ITEM ACCOUNTS FOR SALARIES AND  
BENEFITS FOR FISCALYEAR 2014-15**

**Regular Salary – Account 1010: \$437,522**

Salaries are calculated at 26.5 pay periods for five positions and the contract for the Executive Officer, the contract benefits granted for the Executive Officer's portable communication allowance (cell phone and iPad connections \$2,446) and bilingual payments for the Clerk to the Commission and LAFCO Analyst positions (\$2,385). Cash out amounts included in this line item account for annually declared vacation/holiday leave cash outs (estimated at \$2,457). The salaries by position are:

Executive Officer (contract)	\$100,800
Assistant Executive Officer	97,138
Project Manager	79,733
LAFCO Analyst	47,721
Clerk to the Commission	55,290
Administrative Assistant	50,117

**BENEFITS**

For employee benefits, LAFCO mirrors the County's Exempt Compensation Plan as identified in the LAFCO Benefits Plan and contracts with the County to administer the benefits for its employees. Benefit allocations are calculated at 26.5 pay periods for the regular LAFCO positions and only the car allowance benefit for the Executive Officer, except where identified otherwise.

**Merit Incentive (Car) – Account 1030: \$14,881**

The LAFCO Benefit Plan allocates to the Executive Officer \$561.54 per pay period for car allowance. The contract with the Executive Officer provides for the payment of this benefit.

**Termination Payment – Account 1045: \$0.00**

The LAFCO Benefit Plan provides that at separation from LAFCO service, employees are required to contribute the cash value of their unused sick-leave to the Retirement Medical Trust Fund at the rate of 75% of the cash value of the employee's unused sick leave hours. Should such occur revenues would be transferred from the Compensated Absence Reserve account for payment.

**General Member Retirement – Account 1110: \$99,625**

Calculation for the payment of the LAFCO (employer) retirement contribution is based upon the rate of 29.91% of salaries paid. The retirement rate increases from the FY 2013-14 contribution rate of 27.69%, an increase of 8.02%. However, this rate will increase to 30.55% for FY 2015-16 (2.14% increase). Legislation approved has changed the

methodologies used for this benefit for future employees and modified earnable compensation types for existing employees. All employees are calculated at the Tier I rate.

Survivor's Benefits – Account 1130: \$178

The cost is calculated at approximately \$1.34 per employee per pay period; the same as Fiscal Year 2013-14.

Indemnification General – Account 1135: \$20,163

This account allocates the funding necessary to cover additional employee retirement payments pursuant to the provisions of the LAFCO Benefits Plan. This amount has been reduced through the exclusion of the seven percent match of earnable compensation. However, a retirement benefit of \$152.17 employee per pay period is included in this plan.

Employee Group Insurance (Health Insurance Subsidy) – Account 1200: \$50,040

This account allocates a Medical Premium Subsidy in an amount that has been augmented to include the dollars from the Flexible Benefit Plan as follows:

\$230.00	Employee only (one LAFCO employee)
\$352.23	Employee plus one dependent (two LAFCO employees)
\$482.64	Employee plus two or more dependents (two LAFCO Employees)

The subsidy is paid only toward coverage chosen by the employee. If costs are less than amounts identified, no residual dollars are provided to the employee.

Long Term Disability – Account 1205: \$1,099

This cost is calculated at 33 cents per \$100 of base pay.

Vision Care Insurance – Account 1207: \$837

This cost is calculated at \$6.32 per employee per pay period.

Dental Insurance and Health Subsidy – Account 1215: \$1,557

This account allocates the Dental Premium Subsidy in an amount that, when combined with the Medical Subsidy, would offset the cost of out-of-pocket dental expenses charged to eligible employees.

Short Term Disability and Family Medical Leave Overhead – Account 1222: \$3,658

LAFCO employees are provided with short-term disability by contract with the County to provide the same level of service as provided to County Exempt Employees at a cost of 1.04% of salaries per pay period. In addition, the administrative cost for the Family Medical Leave is calculated at \$1.41 per pay period for each regular employee and includes the contract Executive Officer.

Social Security Medicare – Account 1225: \$5,637

For employees entering LAFCO service after 1985, contribution to the federal Social Security Medicare system is mandatory. The cost is calculated for five positions and the contract Executive Officer at the rate of 1.41% of base compensation.

Worker's Compensation – Account 1235: \$4,782

This account is for worker's compensation insurance. LAFCO purchases this insurance through the Special District Risk Management Authority (SDRMA), a joint powers authority. The charge is estimated to be \$1.07 per \$100 of salaries and Commissioner stipend payments.

Life Insurance and Medical Trust Fund– Account 1240: \$5,289

This account contains costs associated with term life insurance, variable life insurance, and contributions to the Retirement Medical Trust Fund.

Other (Medical Reimbursement Plan) – Account 1305: \$6,920

This account is for the Commission's matching payment toward an Exempt Medical Reimbursement Plan for employees of up to \$40 per employee per pay period and the Healthy Lifestyles membership up to \$324. Staff estimates full utilization of this benefit by five employees.

Deferred Compensation – Account 1314: \$1,650

LAFCO matches employee contributions to the 457 savings plan of the County up to 1% of the employee's base salary for LAFCO Benefit Group A (Executive Officer) and up to ½% of the employee's base salary for LAFCO Benefit Groups B and C. The appropriation anticipates full participation by five employees in this plan.

401(k) Contribution – Account 1315: \$26,400

LAFCO matches employee contributions to the 401(k) savings plan of the County up to 8% of the employee's base salary for LAFCO Benefit Groups A and B and 6% of base salary for LAFCO Group C. The appropriation anticipates full participation by the five full-time employees.

Salary Reserve – Account 1000: \$9,000

This account includes appropriation authority for payment of the Retirement Replacement Benefit, if any. The reserve has been set at \$9,000.

## **SERVICES AND SUPPLIES**

### **2000 AND 5000 SERIES**

#### **FY 2013-14**

For FY 2013-14, Services and Supplies were budgeted at \$364,071 and are estimated to be 90% expended at year end for a total of \$326,819. Items of note during this Fiscal Year are:

- Fiscal Indicators program is scheduled to be up and running by Fiscal Year end
- The ArcGIS Online mapping page update for the website should go live by the end of the Fiscal Year.

#### **FY 2014-15**

The total budgeted amount for Services and Supplies for FY 2014-15 is \$365,884, which is an increase of \$1,813 from FY 2013-14. The following policy items are included:

- The Commission program for service reviews has envisioned a mechanism to encourage shared services as an efficiency measure. Staff is proposing to move toward development of the program necessary to provide a database of services capabilities for sharing. The County Information Services Department, in discussions with LAFCO staff, has provided a general estimate of \$15,000 to develop the software to accomplish this task. Staff is requesting that the Commission authorize the staff to pursue the necessary work arrangement to proceed with this software development.
- The Request for Qualifications for personnel firm and recruitment process for the Executive Officer position will be conducted during the winter and spring of 2015. Staff has allocated \$15,000 for this process.

In addition, the workload related to jurisdictional change applications is increasing from the recession years. Staff is estimating that the upcoming year will have six jurisdictional change proposals.

#### **FY 2015-16**

Services and Supplies for FY 2015-16 are projected at \$309,038. It anticipates a slight increase in activity to include the submission of nine (9) proposals for the year; natural contract increases for legal counsel and office lease payments, and maintenance of current activities.

**LINE ITEM ACCOUNTS FOR SERVICES AND  
SUPPLIES FOR FISCAL YEAR 2014-15**

**SERVICES**

Comnet Charge – Account 2037: \$2,874

Comnet is the County's telephone system. Charges for use of this system are \$29.00 per line per month. LAFCO utilizes eight phone lines: seven telephones and one fax/answering machine.

Long Distance Charges – Account 2038: \$120

Long distance activity is estimated to be reduced to \$10 per month based on long-distance charges from the past two years.

Phone Service/Outside Company – Account 2041: \$540

The use of phone service outside the County system (Verizon) is required by the security alarm company to ensure proper monitoring for the LAFCO office. The monthly phone charge is \$45 per month.

Electronic Equipment Maintenance – Account 2043: \$0

This account is for new installations of data lines. No activity in this account is anticipated.

Membership Dues – Account 2075: \$8,515

This account is for membership in professional associations. Dues for CALAFCO are increasing by the CPI to \$7,428 and dues for California Special Districts Association for associate members are anticipated to increase to \$1,087.

Tuition Reimbursement – Account 2076: \$2,000

Pursuant to the LAFCO Benefits Plan, employees can be reimbursed for up to \$1,000 for approved tuition, course/seminar or degree related expenses, and membership dues in professional organizations. This appropriation provides for full participation by two employees.

Publications – Account 2080: \$3,600

This account anticipates costs for updates to the California Legislative Codes, California Environmental Law pamphlets, and other publications and/or updates utilized by either staff or the Commission and the monthly California Planning and Development Newsletter at a cost of \$238 per year. As a cost savings measure, the Commission has participated in a contract with West's Publishing Customer Loyalty program to receive updated pocket parts to the California Annotated Code.

Legal Notices – Account 2085: \$26,000

The budget figure accommodates the advertising needs for maintenance of an 11 hearing schedule (the month of December will be dark). The processing of the sphere of influence updates will require an eighth-page display ad in general newspapers when a sphere

amendment is proposed and when advertisement is authorized in-lieu of individual landowner and/or registered voter notice.

Computer Software – Account 2115: \$3,346

The account accommodates the charges for contract with County for licenses for computer software; \$910 annually. Government Code Section 56382 mandates LAFCO to maintain its records in perpetuity. To comply with this mandate, LAFCO has chosen to digitally archive its records, and the yearly maintenance of the digital archiving software is \$1,313. In addition, the use of aerial map display in staff reports and PowerPoint presentations requires the yearly maintenance upgrade of the Adobe suite of programs (\$186.30) as well as the purchase of an additional workstation suite of Adobe programs and ArcGIS (\$500).

Inventoriable Equipment – Account 2125 -- \$12,500

The account anticipates the replacement of three laptop computers and the need for a media server to house and capture the video recordings of Commission hearings.

Other Insurance – Account 2245: \$7,012

This account is for property liability insurance (liability and damage), general liability, public officials and employee errors and omissions, personal liability for board members, employment practices liability, employee benefits liability, employee dishonesty coverage, and auto liability. LAFCO purchases this insurance through the Special District Risk Management Authority, a joint powers authority. SDRMA has provided notification that it intends not to raise rates for the upcoming year.

## **SUPPLIES**

General Office Expense – Account 2305: \$19,391

This account is utilized for expenses to run the office such as office supplies and non-inventoriable items. General expenses include ink for the color printer, paper, petty cash reimbursement, annual fire inspection fee, and office supplies. The upcoming year anticipates the replacement of a projector utilized for community meetings. Additionally, LAFCO utilizes the County's contract with Staples and these expenses are budgeted in Account 5012 (Staples) with only the administrative surcharge included in this line item.

Credit Card Clearing Account - Account 2308: \$0

This is a clearing account for use of the credit card issued to the Executive Officer. All charges on the card will be posted to this account temporarily with charges then transferred to the appropriate accounts (2941 through 2946). At year's end, this account will have no expenditures.

Postage – Direct Charge – Account 2310: \$10,662

The shift to have placement of the staff reports and attachments and notices on CD has reduced overall postage costs. The estimated postage cost for the year is \$8,550 for 11 meetings. Calculations for receipt and delivery of interoffice mail including special pick-ups are \$2,112 as outlined in the County's Internal Service Rates.

Records Storage – Account 2315: \$570

Government Code Section 56382 mandates LAFCO to maintain its records in perpetuity. The cost for storage is estimated to be \$570 annually.

Reproduction Services – Account 2323: \$0

This account is for reproduction activity outside of the LAFCO office (County Printing Services, Kinkos, etc.). The shift made to have the staff reports and attachments and notices on CD have reduced printing costs; therefore costs are anticipated for the coming year.

**CONSULTANT AND SPECIAL SERVICES**

Professional and Special Service (Legal Counsel) – Account 2400: \$36,800

The existing contract for LAFCO legal counsel allows an annual rate based on the local consumer price index for the previous year for urban consumers not to exceed five percent and rounded up to nearest dollar; \$225 per hour for Fiscal Year 2014-15. All legal counsel costs, with the exceptions of administrative charges and the staff workshop are billable under the Commission's existing fee policy. Payments made for costs recoverable are deposited into Revenue Account 9555. (Litigation and outside legal counsel costs are charged under Account 2449 below.)

Auditing – Account 2405: \$11,799

The Commission is in the second year of a new three year contract with option for one additional year at a cost of \$8,000. Additionally, the County Auditor and LAFCO Legal Counsel charge for the preparation of the response to the Audit which is paid from this account (estimated at \$675). Beginning in FY 2014-15 SBCERA will be required to determine the unfunded liability for its participants and by legislative action can charge for fulfilling that requirement. SBCERA has notified its participating agencies that the cost for compliance will range from \$1,875 to \$3,125. Staff has included \$3,125 for next year as an expense item.

Data Processing – Account 2410: \$7,611

LAFCO contracts with the County Information Services Department for technology related services. This account is for technology infrastructure (internet, email, security, etc.) and reporting from the County payroll system. The budget utilizes a monthly average of \$634.

COWCAP – Account 2415: \$6,308

The estimated costs identified in the County Wide Cost Allocation Plan (COWCAP) to be charged in FY 2014-15 are for services performed in FY 2012-13. The identified costs are for County services such as technology charges-emerging technologies, use of County Purchasing, and processing of payments and payroll through the County Auditor which are charged to LAFCO pursuant to existing agreements.

ISD Other IT Services – Account 2420: \$1,008

This account is for charges by the County Information Services Department for the Executive Officer's portable communication device (iPhone and iPad) connection to County

e-mail servers and computers and Assistant Executive Officer and Project Manager for connection of iPads. Portable communication device cost is \$21.00 per month.

ISD Direct – Account 2421: \$1,800

LAFCO contracts with the County Information Services Department for technology related services. This account is for maintenance of the local area network of computers, printers, and servers.

Environmental Consultant – Account 2424: \$9,800

The Commission contracts with an independent consultant, Tom Dodson and Associates, for the environmental assessment associated with its proposals. Anticipated costs are for environmental analysis of out-of-agency service contracts, proposals, sphere of influence updates and service reviews, and for other environmental determinations. All environmental consultant costs are billable under the Commission's existing fee schedule. Payments made for cost recovery are deposited into Revenue Account 9660.

Security Services – Account 2444: \$408

Costs for maintaining the security alarm system and monitoring are \$102 paid quarterly.

Other Professional Services – Account 2445: \$61,196

This account is for professional services to process proposals and items on the hearing agendas and includes the anticipated costs for the County Surveyor (\$200 per hour), Registrar of Voters (\$268.17 per hour), and translation services for required notices. Commissioner stipend payments for attendance at hearings, the costs associated with the August workshop, and the costs for the Commission's designated representative to CCL and the CALAFCO Board of Directors are provided in this account. It is anticipated that there would be sufficient resources available if any member of the Commission wished to participate in one of the CALAFCO University courses available during the year.

This account also includes the costs anticipated for the County Auditor to bill for the apportionments for the Cities, Independent Special Districts and the County (\$3,008), the cost for recording the Commission's hearings on DVDs (\$3,300, \$300 per hearing) and the recruitment costs for the Executive Officer (\$15,000).

Outside Legal – Account 2449: \$10,000

This account is for legal services conducted through special contract for either litigation or when a conflict of interest waiver is not granted. Funding estimated is recognized for costs associated with Special Counsel for a City of Fontana application (LAFCO 3177) and the sphere of influence establishment for CSA 120 (LAFCO 3172).

System Development – Account 2450: \$22,500

LAFCO contracts with the County Information Services Department for technology related services. This account is for specialized support for the LAFCO website and support of a customized program to generate property owner listings and mailing labels as necessary. In addition, staff has provided funding of \$15,000 to provide for the work necessary to develop the software program for Shared Services.

GIMS Charges – Account 2460: \$14,600

LAFCO contracts with the County Information Services Department for technology related services. This account is for generation and maintenance of digitized maps. Costs for this account include paper maps generated (\$600), Aerial Imagery through Google Earth subscription (\$3,500) and Street Network Subscription (\$10,500).

**LEASE/PURCHASES**

Rent/Lease Copier – Account 2895: \$4,800

This account accommodates the contract for the copier rental and a per copy charge of \$.0049 when the maximum number of copies is exceeded.

Office/Hearing Chamber Rental – Account 2905: \$51,270

The lease payment for the staff office for 2014-15 will be for \$4,226.63, a 3% increase over the prior year for a total expense of \$50,720. This account also includes the rental charge for the Commission's hearings at \$50 per hearing for eleven hearings (\$550).

**TRAVEL RELATED EXPENSES**

Private Mileage – Account 2940: \$6,418

This account is currently dedicated for Commissioners and staff private auto mileage, excluding the Executive Officer.

Conference/Training – Account 2941: \$7,950

This account is for attendance charges related to conferences and training courses for staff as directed by the Executive Officer. The costs include CALAFCO or CCL training, clerk and analyst training, attendance at the CALAFCO annual conference by Commissioners and staff (currently estimated at all 11 Commissioners and three staff), and staff participation at the CALAFCO Staff workshop. The Annual Conference will be hosted by San Bernardino LAFCO so staff has included attendance by all Commissioners.

Hotel – Account 2942: \$5,486

This account is for hotel charges for Commissioners and staff at the CALAFCO annual conference (scheduled for the DoubleTree by Hilton in Ontario with 3 Commissioners requiring lodging for three nights, 3 requiring lodging for the Wednesday night banquet, and 5 requiring lodging for 2 nights), CCL meeting attendance, staff participation at the staff workshop in Pasadena, CALAFCO Legislative Committee participation, Assistant Executive Officer participation as CALAFCO Deputy Executive Officer for the Southern Region and any other overnight stays on LAFCO business.

Meals – Account 2943: \$1,900

This account is for Commissioner and staff meal charges related to the CALAFCO annual conference, CALAFCO Board hearings, CCL meeting attendance, staff workshop, CALAFCO Legislative Committee participation, and other travels.

Car Travel – Account 2944: \$500

This account is for car rental by Commissioners or staff.

Air Travel – Account 2945: \$2,400

This account is for air travel for Commissioners and staff. The costs identified are for the Executive Officer's travel due to membership on the CALAFCO Legislative Committee, Assistant Executive Officer and Commissioner participating on CALAFCO Board of Directors.

Other Travel – Account 2946: \$600

This account is for miscellaneous travel charges such as parking and taxi charges. The estimated cost for parking and taxi services for the CALAFCO annual conference, staff workshop, and other travels.

**OTHER CHARGES**

Staples – Account 5012: \$3,600

LAFCO utilizes the County's contract with Staples for general office supplies and these expenses are budgeted in Account 5012 (Staples).

**CONTINGENCIES AND RESERVES**

Contingency (General) – Account 6000: \$98,356

The amount for this account has been set at \$98,356, which is 9.4% of total expenditures. Although the funds in this account are not anticipated for use, funds could be used for unexpected activity. Any transaction affecting the contingency funds requires Commission action to transfer the funds to the appropriate line item for expenditure.

Reserves – COWCAP -- Account 6010: \$40,503

As a part of the mid-year budget review for FY 2011-12, it was determined that a reserve to cover the backlog costs for GIS services charged through COWCAP should be implemented. The amount allocated to this account is the estimated cost of the unfinished products, less the amount anticipated for payment in FY 2014-15.

Reserves – General – Litigation – Account 6025: \$300,000

The Commission indicated that it would set aside a fund designated for use for litigation purposes. The amount allocated for FY 2014-15 is \$300,000, 50% above the Commission's policy defined minimum amount to be reserved.

Reserves – Compensated Absences – Account 6030: \$72,897

The Commission has an established policy of setting aside reserves for the compensated absences payable as of the first pay period in April. The amount identified above represents five full-time staff positions, does not include any amount for the contracted Executive Officer

## **REVENUES**

### **FY 2013-14**

The chart below shows the budgeted and the anticipated year-end balances for the accounts that comprise the Fee categories, accounts that are sensitive to activity levels. By year's end, staff estimates fee revenue receipts at 340% of budget amounts. The chart below outlines the Revenue Categories:

Fee/Deposit Category	Budget	Estimated Year-End
Individual Notice	\$ 2,800	\$ 3,100
Legal Services	\$ 4,0235	\$ 4,600
GIMS Fees	\$ 1,200	\$ 0
Environmental Deposits	\$ 2,700	\$ 9,880
LAFCO Fees	\$ 23,250	\$ 74,671
<b>Total Fee Revenue</b>	<b>\$ 33,975</b>	<b>\$ 92,251</b>

As shown in the chart below, activity for which LAFCO receives fees and deposits is projected to exceed total expectations, except under the Service Review category. The anticipated activity for the year includes the following:

Activity	Budget	MARCH ACTUAL		Year-End Projected	
		No.	% of Budget	No.	% of Budget
Proposals	3	5	167%	6	200%
Service Contracts – Development	1	1	100%	1	100%
Service Contracts - Admin approval	3	5	167%	5	167%
Protest Hearing Deposits	3	0	0%	1	33%

### **FY 2014-15**

As noted in other portions of this narrative, FY 2014-15 is anticipated to see a more normal submission count for proposal activity. This reflects the information conveyed that most sectors of the local economy have rosy predictions for the upcoming year. Staff is encouraged by this news and the positive turns that the current Fiscal Year have shown. However, even with this good news staff is retaining a conservative estimate for application filings for the upcoming year.

Activity	FY 2013-14 BUDGET	FY 2014-15 BUDGET
Proposals	6	6
Service Contracts - Development Related	1	1
Service Contracts - Admin approval	3	4
Protest Hearing Deposits	1	6

Revenues consisting of interest, mandatory contributions, and fee revenue are estimated to be \$927,296. Refunds from Prior Years, Miscellaneous Charges, and Carryover (including all reserves) increase revenues to a total of \$1,566,875.

**REVENUE FORECAST FOR FISCAL YEAR 2015-16**

The forecast included for Fiscal Year 2015-16 assumes an increase in activity levels and an increase in apportionment of net costs, \$18,411, to \$883,232. The following chart compares the FY 2014-15 to FY 2015-16.

Activity	FY 2014-15 PROPOSED BUDGET	FY 2015-16 FORECAST
Proposals	6	9
Service Contracts - Development Related	1	2
Service Contracts - Admin approval	4	5
Protest Hearing Deposits	6	9

**LINE ITEM REVENUES FOR FISCAL YEAR 2014-15**

Interest – Account 8500: \$4,000

LAFCO participates in the County’s interest pool and is apportioned interest receipts quarterly. Interest earned will be similar to the prior year which remains low due to the lower interest percentage paid.

Mandatory Contribution from Governments (Local Government) – Account 8842: \$864,821

Government Code Section 56381 requires that the net costs for LAFCO be apportioned equally to the County, the Cities, and the Independent Special Districts within the County. The apportionment to the County, Cities, and Independent Special Districts is \$288,274 each. The County Auditor will be required to apportion this amount on July 1, 2014 pursuant to the requirements of law and Commission policies.

Pursuant to Government Code Section 56381(a), the proposed and final budget at a minimum shall be equal to the budget adopted for the previous fiscal year unless the commission makes certain determinations. As outlined in the Proposed Budget staff report, the continuation of the Contract Executive Officer coupled with reductions in other costs has allowed for the continued maintenance of the lower required apportionment payments. The apportionment amount identified will be sufficient to cover the costs for the upcoming fiscal year including the maintenance of the Commission required reserves.

**CURRENT SERVICES/FEEES**

The deposits and fees for calculating revenues in this category utilize the existing Schedule of Fees, Deposits, and Charges (no changes are proposed at this time) as amended at the

February 2014 hearing. Cost recovery for proposals and service contracts is not addressed in the budget due to its speculative nature.

Individual Notice – Account 9545: \$4,900

This account is for landowner and registered voter notification requirements. This deposit is applied to six proposals and one development-related service contract less refunds.

Legal Services – Account 9555: \$7,475

This account is for deposits for legal services are calculated at \$1,150 for proposals and \$575 for service contracts requiring a hearing.

GIMS Fees – Account 9655: \$2,400

This account is for receipt of revenue to recover the costs associated with the County's digital maps for sphere or boundary changes, maintenance and updates. The activity is estimated to include completion of six proposals.

Environmental Deposits – Account 9660: \$4,950

This account is for deposits for environmental review processing are calculated at \$750 for proposals and \$450 for service contracts requiring a hearing. Revenue receipts estimate at six proposals with a deposit of \$750 and one service contract with a deposit of \$575 less refunds.

Other (LAFCO Fees) – Account 9800: \$38,750

Revenues in this account are based on anticipated activity and include the LAFCO filing fee for proposals at \$7,500, for spheres of influence at \$5,000, and Protest Hearing deposit of \$1,000.

**OTHER TYPES OF REVENUE**

Refunds from Prior Year – Account 9910: (\$2,000)

This account refunds deposits submitted by applicants less costs incurred for activity which carry over from one year to another.

Miscellaneous Revenues – Account 9930: \$1,500

This account is for revenues received for duplication of CDs, DVDs, paper copies, and other miscellaneous receipts.

Other/Carryover from Prior Year – Account 9970: \$640,079

A total of \$640,079 is anticipated to carryover from FY 2013-14 to FY 2014-15, the majority of which is associated with ongoing reserve accounts. This amount includes:

• Carryover of Contingencies	\$ 99,872
• COWCAP Reserve	46,780
• General Reserve – Litigation	250,000
• Compensated Absences Reserve	66,620
• Other Carryover	<u>176,807</u>
• <b>TOTAL</b>	<b>\$ 640,079</b>

**Estimated Apportionment Distribution for  
City/Town and Special District Costs**

**Attachment 2**

LAFCO Allocation  
 Cities Allocation  
 PY 2014-2015

	<b>Total Revenues</b>		<b>LAFCO</b>		<b>Allocation</b>
<b>City</b>	<b>FY 10-11</b>		<b>Allocation</b>		<b>Percentage</b>
Adelanto	\$ 13,165,265.00		\$ 1,974.42		0.68%
Apple Valley	46,619,458.00		6,991.63		2.43%
Barstow	43,616,197.00		6,541.22		2.27%
Big Bear Lake	37,233,612.00		5,584.01		1.94%
Chino	103,694,962.00		15,551.37		5.39%
Chino Hills	77,948,754.00		11,690.15		4.06%
Colton	118,555,748.00		17,780.08		6.17%
Fontana	172,254,970.00		25,833.47		8.96%
Grand Terrace	9,003,162.00		1,350.22		0.47%
Hesperia	63,881,027.00		9,580.38		3.32%
Highland	27,541,705.00		4,130.49		1.43%
Loma Linda	39,661,395.00		5,948.11		2.06%
Montclair	34,804,173.00		5,219.66		1.81%
Needles	6,539,921.00		980.82		0.34%
Ontario	280,779,647.00		42,109.16		14.61%
Rancho Cucamonga	146,930,000.00		22,035.43		7.64%
Redlands	96,842,815.00		14,523.74		5.04%
Rialto	80,336,203.00		12,048.20		4.18%
San Bernardino	248,098,115.00		37,207.84		12.91%
Twentynine Palms	11,506,379.00		1,725.64		0.60%
Upland	81,981,424.00		12,294.94		4.27%
Victorville	138,393,603.00		20,755.20		7.20%
Yucaipa	30,587,790.00		4,587.32		1.59%
Yucca Valley	12,205,599.00		1,830.50		0.63%
	<b>\$ 1,922,181,924</b>		<b>\$ 288,274.00</b>		<b>100.00%</b>
Allocation is based on Cities revenues extracted from fiscal year 2010-2011 tables published on the					
State website (www.sco.ca.gov).					

LAFCO Cost Allocation  
Special Districts Allocation  
PY 2014-2015

District Name	Total Revenues* FY 11-12	LAFCO Cost Allocation	Allocation Percentage	Allocation Category
Bear Valley Community Healthcare	\$ 19,174,816.00	\$ 1,500.00	0.52%	Allocation of \$1,500
Hi-Desert Memorial Healthcare District	\$ 60,723,968.00	\$ 1,500.00	0.52%	
San Bernardino Mountains Community HCD	\$ 16,424,906.00	\$ 1,500.00	0.52%	
Cucamonga Valley Water District	\$ 77,697,749.00	\$ 30,000.00	10.41%	<\$50 million total revenue
Inland Empire Utilities Agency	\$ 94,896,165.00	\$ 30,000.00	10.41%	
San Bernardino Valley Municipal Water	\$ 60,121,055.00	\$ 30,000.00	10.41%	
Chino Valley Independent Fire	\$ 27,502,745.00	\$ 20,000.00	6.94%	\$20 - \$50 million total revenue
East Valley Water	\$ 28,879,439.00	\$ 20,000.00	6.94%	
Mojave Water Agency	\$ 35,120,602.00	\$ 20,000.00	6.94%	
Yucaipa Valley Water	\$ 23,663,250.00	\$ 20,000.00	6.94%	
Apple Valley Fire Protection	\$ 7,091,742.00	\$ 10,000.00	3.47%	\$5 - \$20 million total revenue
Big Bear City Community Services	\$ 10,302,439.00	\$ 10,000.00	3.47%	
Hesperia Recreation and Park	\$ 5,101,705.00	\$ 10,000.00	3.47%	
Hi-Desert Water District	\$ 10,222,754.00	\$ 10,000.00	3.47%	
Joshua Basin Water	\$ 5,071,473.00	\$ 10,000.00	3.47%	
Lake Arrowhead Community Services	\$ 14,382,954.00	\$ 10,000.00	3.47%	
Monte Vista Water	\$ 15,350,770.00	\$ 10,000.00	3.47%	
Phelan Pinon Hills Community Services District	\$ 5,049,723.00	\$ 10,000.00	3.47%	
Running Springs Water	\$ 5,217,926.00	\$ 10,000.00	3.47%	
Twentynine Palms County Water	\$ 5,955,442.00	\$ 10,000.00	3.47%	
West Valley Water District	\$ 17,402,623.00	\$ 10,000.00	3.47%	
Crest Forest Fire Protection	\$ 4,524,268.00	\$ 433.58	0.15%	\$2 - \$5 million total revenue
Big Bear Municipal Water	\$ 4,449,548.00	\$ 426.42	0.15%	
Crestline Lake Arrowhead Water Agency	\$ 4,324,599.00	\$ 414.44	0.14%	
Crestline Sanitation District	\$ 3,694,615.00	\$ 354.07	0.12%	
Helendale Community Services District	\$ 2,898,021.00	\$ 277.73	0.10%	
Crestline Village Water	\$ 2,865,920.00	\$ 274.65	0.10%	
Big Bear Airport	\$ 2,631,901.00	\$ 252.23	0.09%	
West Valley Mosquito and Vector Control	\$ 2,455,637.00	\$ 235.33	0.08%	
Bighorn Desert View Water Agency	\$ 1,450,112.00	\$ 138.97	0.05%	> \$2 million total revenue
Chino Basin Water Conservation	\$ 1,427,977.00	\$ 136.85	0.05%	
San Bernardino Valley Water Conservation	\$ 1,330,373.00	\$ 127.50	0.04%	
Inland Empire Resource Conservation	\$ 1,244,802.00	\$ 119.29	0.04%	
Rim of the World Recreation and Park	\$ 1,192,973.00	\$ 114.33	0.04%	
Arrowbear Park County Water	\$ 885,077.00	\$ 84.82	0.03%	
Morongo Valley Community Services	\$ 673,815.00	\$ 64.57	0.02%	
Mariana Ranchos County Water	\$ 474,775.00	\$ 45.50	0.02%	
Baker Community Services	\$ 334,288.00	\$ 32.04	0.01%	
Barstow Cemetery	\$ 315,073.00	\$ 30.19	0.01%	
Yermo Community Services	\$ 278,197.00	\$ 26.66	0.01%	
Daggett Community Services	\$ 269,060.00	\$ 25.79	0.01%	
Juniper-Riviera County Water	\$ 265,954.00	\$ 25.49	0.01%	
Newberry Community Services	\$ 253,096.00	\$ 24.26	0.01%	
Twentynine Palms Cemetery	\$ 234,697.00	\$ 22.49	0.01%	
Apple Valley Heights County Water	\$ 227,801.00	\$ 21.83	0.01%	
Thunderbird County Water	\$ 205,331.00	\$ 19.68	0.01%	
Big River Community Services	\$ 171,248.00	\$ 16.41	0.01%	
Apple Valley Foothill County Water	\$ 140,579.00	\$ 13.47	0.00%	
Mojave Desert Resource Conservation	\$ 73,447.00	\$ 7.04	0.00%	
Barstow Heights Community Services	\$ 58,505.00	\$ 5.61	0.00%	
Yucca Valley Airport	\$ 28,882.00	\$ 2.77	0.00%	
<b>Totals</b>	<b>488,411,127.00</b>	<b>\$ 288,274.00</b>	<b>98.44%</b>	

All data in this worksheet are extracted from FY 2011-2012 Special Districts revenues tables published on the State Controller website.