

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

**Attachment 1**

FISCAL YEAR 2016-17

ACCT. #	ACCOUNT NAME	ACTUAL	ACTUAL	ACTUAL	ACTUAL	AMENDED	PROJECTED	PROJECTED		PRELIMINARY FY 16-17 Office Move Staff Contract	FORECAST	FORECAST	FORECAST
		YEAR-END FY 11-12	YEAR-END FY 12-13	YEAR-END FY 13-14	YEAR-END FY 14-15	FY 15-16 BUDGET	YEAR-END	YEAR-END			FY 17-18 EO Recruit	FY 18-19 New EO & Kathy 27 Pay Periods	FY 19-20 No Kathy
<b>SALARIES AND BENEFITS</b>													
1010	Regular Salary and Bilingual	\$ 372,803	\$ 379,028	\$ 408,248	\$ 434,318	\$ 459,396	\$ 435,826	95%		\$ 473,877	\$ 488,762	\$ 587,344	\$ 556,105
1030	Auto and Cell Phone Allowances	14,600	14,600	15,062	17,000	17,327	17,000	98%		17,327	17,327	21,577	17,327
1035	Overtime	802	1,028	361	201	-	395						
1045	Termination Payment					2,604	2,506	96%					
1050	Special Compensation				8,750								
1110	General Member Retirement	59,328	70,512	81,993	104,122	115,531	108,302	94%		119,726	123,367	179,557	178,210
1130	Survivors Benefits	93	81	160	238	245	210	86%		228	228	279	273
1135	Indemnification - General	14,397	15,538	16,641	20,634	20,163	16,739	83%		16,130	16,130	22,817	22,395
1200	Employee Group Insurance (Health Subsidy)	29,005	35,599	41,141	45,620	63,950	45,754	72%		46,498	46,498	60,406	61,380
1205	Long-Term Disability	858	883	994	1,079	1,127	882	78%		962	996	1,469	1,459
1207	Vision Care Insurance	589	589	759	822	837	771	92%		837	837	1,024	1,005
1215	Dental Insurance & Health Subsidy	1,846	1,701	1,466	1,530	1,557	1,370	88%		1,253	1,253	1,533	1,504
1222	Short-Term Disability	1,044	2,728	3,312	3,590	3,744	3,404	91%		3,784	3,909	5,660	5,606
1225	Social Security Medicare	4,723	4,728	5,128	5,646	5,790	5,552	96%		6,072	6,264	7,384	6,901
1235	Workers' Compensation	2,091	2,644	1,573	1,983	4,911	3,480	71%		5,113	5,268	6,140	5,765
1240	Life Insurance & Medical Trust Fund	3,814	4,415	4,546	4,614	5,593	5,702	102%		6,429	7,685	12,367	12,235
1305	Medical Reimbursement Plan	2,585	2,600	2,600	2,140	6,920	3,310	48%		6,920	6,920	8,424	8,304
1314	457/401a Defined (LAFCO Contribution)	1,289	1,327	1,451	1,622	1,691	1,571	93%		1,781	1,844	3,477	3,458
1315	401k Contribution	19,671	21,037	22,983	25,951	27,063	25,136	93%		28,500	29,507	43,535	43,223
1000	Salary Reserve	-	-	-	-	-	29,294			64,587	\$ 64,587		
	<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>\$ 529,536</b>	<b>\$ 559,037</b>	<b>\$ 608,417</b>	<b>\$ 679,860</b>	<b>\$ 738,449</b>	<b>\$ 707,207</b>	<b>96%</b>		<b>\$ 800,024</b>	<b>\$ 821,382</b>	<b>\$ 962,993</b>	<b>\$ 925,150</b>
	Staffing (Full time equivalent units)	4.5	4.5	4.5	5.5	5.5	5.5			5.5	5.5	6.0	6.0
<b>SERVICES AND SUPPLIES</b>													
<b>Services:</b>													
2037	COMNET Charge (ISF)	\$ 2,872	\$ 2,590	\$ 2,532	\$ 2,432	\$ 2,828	\$ 2,547	90%		\$ 2,556	\$ 2,582	\$ 3,364	\$ 3,431
2038	Long Distance Charges	58	74	86	81	120	15	13%		-	-	-	-
2040	Relocation Charges - Phone Service	-	-	-	-	18,200	18,767	103%		-	-	-	-
2041	Phone Service/Outside Company	447	304	366	422	540	969	179%		12,543	12,668	12,922	13,180
2043	Electronic Equipment Maintenance	-	-	140	498	9,180	926	10%		-	-	-	-
2075	Membership Dues	7,870	8,089	8,324	8,509	8,447	8,733	103%		9,264	9,831	9,918	10,116
2076	Tuition Reimbursement	341	-	1,100	100	2,000	100	5%		2,000	2,020	2,060	2,102
2080	Publications	2,399	3,000	2,054	2,690	3,395	2,662	78%		3,125	3,156	3,219	3,284
2085	Legal Notices	14,648	5,193	9,223	12,936	21,000	17,655	84%		19,500	19,695	20,089	20,491
2090	Miscellaneous Expense (Costs related to move)									169,260	-	-	-
2110	Fleet Management Requisition Charges			304			5,777						
2115	Computer Software	3,222	2,825	6,427	4,234	8,435		0%		6,652	6,719	6,853	6,990
2125	Inventoriable Equipment	2,070	3,252	-	4,660	-	-			15,000	-	-	-
2245	Other Insurance	7,045	6,998	7,074	7,128	7,078		0%		7,085	7,156	7,299	7,445
<b>Supplies:</b>													
2305	General Office Expense	5,842	8,710	11,621	12,844	9,232		0%		7,183	7,255	7,400	7,548
2308	Credit Card Clearing Account	1,126	(288)	(85)	(1,628)	-	47,574			-	-	-	-
2310	Postage - Direct Charge	8,972	5,373	12,352	19,869	71,437	645	1%		48,388	11,166	11,389	11,617
2315	Records Storage	661	940	581	620	570	-	0%		588	594	606	618

FISCAL YEAR 2016-17

ACCT.	ACCOUNT NAME	ACTUAL	ACTUAL	ACTUAL	ACTUAL	AMENDED	PROJECTED	PROJECTED		PRELIMINARY	FORECAST	FORECAST	FORECAST
#		YEAR-END	YEAR-END	YEAR-END	YEAR-END	FY 15-16	YEAR-END	YEAR-END		FY 16-17	FY 17-18	FY 18-19	FY 19-20
		FY 11-12	FY 12-13	FY 13-14	FY 14-15	BUDGET				Office Move	EO Recruit	New EO & Kathy	No Kathy
2323	Reproduction Services	730	102	870	2,601	8,355	-			16,000	0	0	0
	<b>Consultant &amp; Special Services:</b>												
2400	Prof & Special Service (Legal Counsel)	24,758	21,903	24,048	28,042	42,421	40,075	94%		34,300	34,643	35,336	36,043
2405	Auditing	6,932	8,372	7,527	8,000	11,868	14,258	120%		15,090	15,241	15,546	15,857
2410	Data Processing	6,212	6,630	7,142	6,848	7,565	7,525	99%		8,215	8,297	8,463	8,632
2415	COWCAP	18,772	9,219	6,053	6,308	-				13,236	13,368	13,636	13,908
2420	ISD Other IT Services	206	244	344	753	701	555	79%		175	177	180	184
2421	ISD Direct	1,690	739	1,772	10,157	9,180	9,473	103%		9,816	9,914	10,112	10,315
2424	Mgmt & Tech (Environmental Consultant)	8,078	8,853	15,339	11,288	9,300	9,226	99%		10,250	10,353	10,560	10,771
2444	Security Services	408	408	578	408	408	444	109%		408	412	420	429
2445	Other Prof (Commission, Surveyor, ROV)	41,878	44,593	32,275	42,133	161,897	109,559	68%		135,761	68,643	50,348	51,355
2449	Outside Legal (Litigation & Special Counsel)	-	5,050	2,909	3,956	-	4,319			-	-	-	-
2450	Application Development Support	-	10,499	19,709	216	1,500	345	23%		600	606	618	630
2460	GIMS Charges	10,524	10,500	11,877	10,608	14,180	13,836	98%		17,370	17,544	17,895	18,252
	<b>Lease/Purchases:</b>												
2895	Rent/Lease Equipment (copier)	7,678	4,235	2,610	4,912	6,180	5,754	93%		5,904	5,904	5,904	6,022
2905	Office/Hearing Chamber Rental	55,438	48,859	53,576	51,219	52,741	52,641	100%		54,308	101,488	102,289	103,106
	<b>Travel Related Expenses:</b>												
2940	Private Mileage	6,579	4,760	5,135	2,410	4,394	4,179	95%		5,403	5,457	5,566	5,677
2941	Conference/Training	4,215	5,363	4,225	6,817	6,850	3,974	58%		3,500	3,535	3,606	3,678
2942	Hotel	5,692	5,482	5,264	6,838	5,850	5,156	88%		8,800	8,888	9,066	9,247
2943	Meals	1,214	743	923	1,150	1,900	1,244	65%		2,575	2,601	2,653	2,706
2944	Car Rental	589	1,247	653	227	150	157	105%		150	152	155	158
2945	Air Travel	1,915	1,954	4,241	3,705	5,650	2,384	42%		2,000	808	824	841
2946	Other Travel	438	677	1,061	1,676	600	928	155%		500	505	515	525
	<b>Other Charges:</b>												
5012	Services Out (Staples)	1,098	1,480	4,146	4,742	3,600	1,852	51%		3,600	3,636	3,709	3,783
	<b>TOTAL SERVICES &amp; SUPPLIES</b>	<b>\$ 262,639</b>	<b>\$ 265,938</b>	<b>\$ 291,993</b>	<b>\$ 290,409</b>	<b>\$ 517,752</b>	<b>\$ 419,535</b>	<b>81%</b>		<b>\$ 651,105</b>	<b>\$ 395,013</b>	<b>\$ 382,520</b>	<b>\$ 388,941</b>
	<b>TOTAL EXPENDITURES</b>	<b>\$ 792,176</b>	<b>\$ 824,975</b>	<b>\$ 900,410</b>	<b>\$ 970,269</b>	<b>\$ 1,256,201</b>	<b>\$ 1,126,742</b>	<b>90%</b>		<b>\$ 1,451,129</b>	<b>\$ 1,216,395</b>	<b>\$ 1,345,513</b>	<b>\$ 1,314,091</b>
	<b>RESERVES</b>												
6000	Contingency					\$ 155,501		0%		\$ 155,501	\$ 155,501	\$ 134,551	\$ 131,409
6010	Net Pension Liability Reserve					82,750		0%		109,170	135,590	162,010	188,430
6025	General Reserve - Litigation					291,007		0%		284,917	328,039	252,169	200,057
6030	Compensated Absences Reserve					76,607		0%		87,222	91,583	96,162	100,970
	<b>TOTAL CONTINGENCIES &amp; RESERVES</b>					<b>\$ 605,865</b>	<b>\$ -</b>	<b>0%</b>		<b>\$ 636,810</b>	<b>\$ 710,713</b>	<b>\$ 644,893</b>	<b>\$ 620,867</b>
	<b>TOTAL APPROPRIATION</b>	<b>\$ 792,176</b>	<b>\$ 824,975</b>	<b>\$ 900,410</b>	<b>\$ 970,269</b>	<b>\$ 1,862,066</b>	<b>\$ 1,126,742</b>	<b>61%</b>		<b>\$ 2,087,939</b>	<b>\$ 1,927,107</b>	<b>\$ 1,990,405</b>	<b>\$ 1,934,958</b>

ACCT #	ACCOUNT NAME	ACTUAL	ACTUAL	ACTUAL	ACTUAL	AMENDED	PROJECTED	PROJECTED	PRELIMINARY FY 16-17 Office Move Staff Contract	FORECAST	FORECAST	FORECAST
		YEAR-END FY 11-12	YEAR-END FY 12-13	YEAR-END FY 13-14	YEAR-END FY 14-15	FY 15-16 BUDGET	YEAR-END	YEAR-END		FY 17-18 EO Recruit	FY 18-19 New EO & Kathy 27 Pay Periods	FY 19-20 No Kathy
	<b>CONTRIBUTION REVENUES</b>											
	Use of Money:											
8500	Interest	\$ 3,992	\$ 4,009	\$ 3,066	\$ 4,287	\$ 4,000	\$ 5,357.02	134%	\$ 5,250	\$ 5,750	\$ 6,250	\$ 6,750
	Mandatory Contribution from Governments:											
8842	Local Government -- For FY 2016-17 apportionment to County, Cities, and Independent Special Districts of approximately \$308,741 each	933,639	903,000	864,822	864,822	882,117	882,117	100%	926,223	944,747	963,642	993,515
		9.7% decrease	3.3% decrease	4.2% decrease	no increase	2.0% increase			5.0%	2.0%	2.0%	3.1%
	<b>Fees and Deposits (Current Services):</b>											
9545	Individual Notice	1,238	4,402	11,200	5,912	71,780	55,076	77%	37,366	7,700	7,700	7,700
9555	Legal Services	4,733	5,934	8,625	9,195	20,596	22,321	108%	15,150	12,100	12,100	12,100
9595	Protest Hearing						28,544		34,166	7,500	7,500	7,500
9655	GIMS Fees	2,710	1,255	3,235	7,580	2,400	9,430	393%	7,995	6,750	6,750	6,750
9660	Environmental	3,313	10,171	12,580	12,005	4,950	9,000	182%	9,600	12,000	12,000	12,000
9800	LAFCO Fees	20,758	33,004	99,656	95,619	165,614	262,895	159%	103,800	68,000	68,000	68,000
	<b>Total Fees and Deposits</b>	<b>32,751</b>	<b>54,765</b>	<b>135,296</b>	<b>130,311</b>	<b>265,340</b>	<b>387,266</b>	<b>146%</b>	<b>208,077</b>	<b>114,050</b>	<b>114,050</b>	<b>114,050</b>
	<b>TOTAL CONTRIBUTION REVENUES</b>	<b>970,382</b>	<b>961,774</b>	<b>1,003,185</b>	<b>999,420</b>	<b>1,151,457</b>	<b>1,274,740</b>	<b>111%</b>	<b>1,139,550</b>	<b>1,064,547</b>	<b>1,083,942</b>	<b>1,114,315</b>
	<b>OTHER REVENUES</b>											
9910	Refunds from Prior Year Revenue	\$ (2,027)	\$ 1,401	\$ 1,761	\$ (2,472)	\$ (2,000)	\$ (30.00)	2%	\$ (1,250)	\$ (1,250)	\$ (1,250)	\$ (1,250)
9930	Miscellaneous Revenues	517	1,652	3,578	2,211	8,964	11,643	130%	2,000	2,000	2,000	2,000
9970	Carryover of Open Proposals/Projects		33,056		16,510		55,114		64,806	75,000	60,000	50,000
9970	Carryover from Prior Year, Unassigned	145,730	108,937	223,425	250,087	186,960	186,960	100%	276,968	150,000	135,000	125,000
	<b>TOTAL OTHER REVENUES</b>	<b>144,220</b>	<b>145,046</b>	<b>228,765</b>	<b>266,335</b>	<b>193,924</b>	<b>253,687</b>	<b>131%</b>	<b>342,524</b>	<b>225,750</b>	<b>195,750</b>	<b>175,750</b>
	<b>TOTAL REVENUES</b>	<b>\$ 1,114,602</b>	<b>\$ 1,106,820</b>	<b>\$ 1,231,949</b>	<b>\$ 1,265,755</b>	<b>\$ 1,345,381</b>	<b>\$ 1,528,427</b>	<b>114%</b>	<b>\$ 1,482,074</b>	<b>\$ 1,290,297</b>	<b>\$ 1,279,692</b>	<b>\$ 1,290,065</b>
	<b>RESERVES FROM PRIOR YEAR, as of July 1</b>											
9970	Contingency	\$ 35,197	\$ 41,507	\$ 84,730	\$ 99,872	\$ 87,356	\$ 87,356	100%	\$ 155,501	\$ 155,501	\$ 155,501	\$ 134,551
9970	COWCAP Reserve (not active)		56,000	46,780								
9970	Net Pension Liability Reserve				46,780	56,432	56,432	100%	82,750	109,170	135,590	162,010
9970	General Reserve - Litigation	124,108	180,000	200,000	250,000	300,000	300,000	100%	291,007	284,917	328,039	252,169
9970	Compensated Absences Reserve		62,003	66,620	66,620	72,897	72,897	100%	76,607	87,222	91,583	96,162
	<b>TOTAL RESERVES FROM PRIOR YEAR</b>	<b>\$ 159,305</b>	<b>\$ 339,510</b>	<b>\$ 398,130</b>	<b>\$ 463,272</b>	<b>\$ 516,685</b>	<b>\$ 516,685</b>	<b>100%</b>	<b>\$ 605,865</b>	<b>\$ 636,810</b>	<b>\$ 710,713</b>	<b>\$ 644,893</b>
	<b>TOTAL REVENUE AND RESERVES</b>	<b>\$ 1,273,907</b>	<b>\$ 1,446,330</b>	<b>\$ 1,630,079</b>	<b>\$ 1,729,027</b>	<b>\$ 1,862,066</b>	<b>\$ 2,045,112</b>	<b>110%</b>	<b>\$ 2,087,939</b>	<b>\$ 1,927,107</b>	<b>\$ 1,990,405</b>	<b>\$ 1,934,958</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 2016-17

## PROPOSED BUDGET

### SALARIES AND BENEFITS

#### 1000 SERIES

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

Salaries and Benefits (1000 series) for FY 2015-16 was budgeted at \$738,449 for 5.5 positions: one Contract Executive Officer (limited to 960 paid hours per year), Assistant Executive Officer, Project Manager, LAFCO Analyst – GIS/Database Manager, Clerk to the Commission/Office Manager, and Administrative Assistant.

Year-end expenditures for the 1000 series are estimated to be \$707,207, \$31,242 under budget. The variance is primarily explained by the LAFCO Analyst position being unfilled from August to December due to the separation of an employee. The position was filled in December, resulting in a savings of salary and benefits expenses for roughly four months. In October the Commission authorized the transfer of \$6,722 from Contingencies to accommodate for the mandatory leave payouts from the separation. Also during this period, the Assistant Executive Officer was on medical leave for which the short-term disability program paid a portion of his salary during that period.

During this fiscal year the Commission approved a consulting contract with Robert Aldrich in September 2015 not to exceed \$75,000 to provide for supplemental staffing during the absences noted above and due to the complexity of proposals submitted. It is anticipated that the full extent of this contract will be used and is accounted for in Account 2245 (Other Professional Services) in the Services and Supplies series of accounts.

Additionally, the Commission approved the County Exempt Compensation Plan amendments approved on December 15, 2015 to include a one percent (1.0%) across-the-board salary increase retroactive to January 9, 2016 along with other changes through July 1, 2018 (discussed below). Also the Executive Officer and Ad Hoc Personnel/Budget Committee have been in discussions related to the Executive Officer's compensation. It is anticipated that any changes in contract terms will also be retroactive to January 9, 2016. The effect on the current year's budget is not significant.

#### **FY 2016-17**

For Fiscal Year 2016-17 the staffing is anticipated to be maintained from the prior year – a contract Executive Officer, and regular employees of Assistant Executive Officer, Project Manager, LAFCO Analyst – GIS/Database Manager, Clerk to the Commission/Office Manager and Administrative Assistant.

A scheduled across-the-board salary increase of one percent effective July 23, 2016 and a two percent 15-year longevity pay effective December 10, 2016 was previously approved by the Commission, as identified above and have been calculated in the projections. The 15-year longevity pay will affect two employees, Assistant Executive Officer and Administrative Assistant.

As the Proposed Budget Spreadsheet identifies, FY 2016-17 budgets a total expenditure of \$800,024. This includes the step changes in salary appropriate for staff members, budgeting for all benefits for 26.5 pay periods, the retirement rate decrease of 0.8%, and salary reserve related to the Executive Officer contract. The projections for retirement rates stabilize beginning in 2016-17 as more fully discussed in the line item narrative below.

### **FY 2017-18 and FY 2018-19**

The forecast for FY 2017-18 includes budgeting for the standard 26.5 pay periods under the same staffing structure as the prior year and step increases as appropriate for staff members. A scheduled across-the-board salary increase of two percent effective July 22, 2017 was previously approved the Commission, as identified above.

The forecast for FY 2018-19 includes the payment of an additional pay period (occurs once every ten years), the addition of a full-time executive officer at an estimated starting salary of \$150,000, continuing the contract with the current contract executive officer for three months as a transition period, the same remaining staffing structure as the prior year and step increases as appropriate for staff members. A scheduled across-the-board salary increase of three percent effective July 21, 2018 was previously approved as a part of the action to mirror the County's Exempt Compensation Plan as identified above. The Exempt Compensation Plan provision end in June 2019 extends only through the fiscal year.

## **LINE ITEM ACCOUNTS FOR SALARIES AND BENEFITS FOR FISCAL YEAR 2016-17**

### **Regular Salary** – Account 1010: \$473,877

Salaries are calculated at 26.5 pay periods for five positions and includes the contract for the Executive Officer, bilingual pay for the Clerk to the Commission, 1% salary cost of living increase, and 15-year longevity pay for the Assistant Executive Officer and Administrative Assistant. Cash out amounts included in this line item account for the annually declared vacation/holiday leave cash outs. The salaries by position are:

Executive Officer (contract, 960 hours)	\$105,600
Assistant Executive Officer	108,137
Project Manager	87,134
LAFCO Analyst	56,052
Clerk to the Commission	61,543
Administrative Assistant	55,410

## **BENEFITS**

For employee benefits, LAFCO mirrors those as provided to the County's Exempt Employees as identified in the LAFCO Policy and Procedure Manual 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 and cell phone allowance benefits for the Executive Officer, except where identified otherwise.

### Merit Incentive (Car and Cellphone Allowance) – Account 1030: \$17,327

The LAFCO Benefit Plan allocates to the Executive Officer \$561.54 car allowance and cellphone allowance of \$92.31 per pay period. 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 transfer from the Compensated Absence Reserve for payment.

### General Member Retirement – Account 1110: \$119,726

Calculation for the payment of the LAFCO (employer) retirement contribution is based upon the rate of 33.05% of salaries paid for Tier 1 employees and 29.50% for Tier 2 (one employee). The retirement rate decreases from the FY 2015-16 contribution rates of 33.31% and 29.77%, respectively. The chart below provides the rates from FY 2015-16 through FY 2021-22, as provided by SBCERA. As shown, the rates have stabilized.

Year	15-16	16-17	17-18	18-19	19-20	20-21	21-22
Tier 1	33.31	33.05	33.06	32.62	32.61	32.93	32.95
Tier 2	29.77	29.50	29.51	29.07	29.06	29.38	29.40

### Survivor's Benefits – Account 1130: \$228

\$1.72 per employee per pay period; a decrease from \$1.85.

### Indemnification General – Account 1135: \$16,130

This account allocates the funding necessary to cover additional employee retirement payments pursuant to the provisions of the LAFCO Benefits Plan. A retirement benefit for all Tier 1 employees of \$152.17 per pay period is included in this plan.

### Employee Group Insurance (Health Insurance Subsidy) – Account 1200: \$46,498

This account allocates a Medical Premium Subsidy in an amount that has been augmented to include the dollars from the Flexible Benefit Plan. The subsidy is paid only toward coverage chosen by the employee as follows:

- Employee only at \$218.56 per pay period (two employees).
- Employee plus one dependent at \$352.23 per pay period (one employee).
- Employee plus two or more dependents at \$482.64 per pay period (two employees).

Long Term Disability – Account 1205: \$962

This cost is calculated at 27 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: \$1,253

This account allocates the Dental Premium Subsidy of \$9.46 per employee per pay period 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: \$3,784

LAFCO employees are provided with short-term disability by contract with the County at a cost of 0.99% of salaries per pay period. In addition, the administrative cost for the Family Medical Leave is calculated at \$1.62 per pay period for each regular employee and the contract Executive Officer as required by law.

Social Security Medicare – Account 1225: \$6,072

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

Worker's Compensation – Account 1235: \$5,113

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 not increasing from the prior year and is estimated to be \$1.07 per \$100 of salaries and Commissioner stipend payments.

Life Insurance and Medical Trust Fund– Account 1240: \$6,429

This account contains costs associated with term life insurance (\$1.80 per pay period per employee), variable life insurance (based upon employee elections, \$840), and contributions to the Retirement Medical Trust Fund (based upon years of service, \$5,351).

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: \$1,781

LAFCO matches employee contributions to the 457 savings plan of the County up to ½% of the employee's base salary. The appropriation anticipates full participation by five full-time employees in this plan.

401(k) Contribution – Account 1315: \$28,500

LAFCO matches employee contributions to the 401(k) savings plan of the County up to 8% of the employee's base salary. The appropriation anticipates full participation by the five full-time employees.

Salary Reserve – Account 1000 -- \$64,587

Since at the time of the proposed budget preparation contract negotiations with the Executive Officer were ongoing, a salary reserve has been allocated for use in concluding those negotiations. Should no change be provided, these funds would roll forward to the next year in fund balance.

**SERVICES AND SUPPLIES**  
**2000 AND 5000 SERIES**

**FY 2015-16**

This year is shaping up to be a banner year for LAFCO - one not only with above normal activity, but also one with complex proposals which could directly impact the quality of life of hundreds of thousands of residents of our County. By action taken at the September hearing, the Commission directed staff to prioritize its activities to address the fire proposals submitted as the top priority, other jurisdictional changes next, and service reviews to follow. The approval of a consultant contract for supplemental staffing is helping with the processing burden.

For FY 2015-16, Services and Supplies had a final budgeted amount set through amendments and other actions of \$517,752 and are estimated to be 81% expended at the conclusion of the fiscal year for a total of \$419,535. Items of note during this Fiscal Year are:

- Due to the County Workforce Development Department vacating the building where the LAFCO office is located, LAFCO was required to install its own dedicated communications line, at a cost of roughly \$20,000. As a part of this change, the Commission pays its own charges to Verizon of \$926 monthly for access to the internet, County intranet, and telephone via a fiber line.
- Significant unanticipated individual notice costs of roughly \$67,000 for the proposals related to annexations to County Fire that include the extension of a special tax (San Bernardino, Twentynine Palms, and Needles). These costs are fully recovered from the proponents of the changes.
- Round 2 of the Fiscal Indicators program (now includes data for 2013 and 2014) was made available on the LAFCO website in January 2016.
- The consulting contract with Bob Aldrich for staffing services – the Commission approved this contract in September 2015 not to exceed \$75,000.

- The Commission has expressed its desire to provide continuing governance training for the special districts within the County. As a part of the FY 2015-16 budget, staff developed an education program with the California Special Districts Association (CSDA) and the Institute for Local Government (ILG) – see chart below. The sessions were well attended with positive survey results.

<b>Educational Training Program Timeline</b>		
<b>Training Session</b>	<b>Collaboration</b>	<b>Date</b>
Understanding the Brown Act – Beyond the Basics	California Special Districts Association	September 28, 2015
Partnering with Community-based Organizations for more Inclusive Public Engagement	Institute for Local Government	January 13, 2016
Positioning Your Agency for Successful Financing (webinar)	California Special Districts Association	February 24, 2016

## **FY 2016-17**

The total budgeted amount for Services and Supplies for FY 2016-17 is \$651,105 which is an increase of roughly \$225,938 from the 2015-16 estimated year-end. The following work plan items are included:

- It is anticipated that processing activity for FY 2016-17 will continue at the same magnitude as FY 2015-16 with the receipt of at least two fire proposals that include the extension of a special tax. Therefore, staff has taken the direction of the Commission to prioritize the fire proposals as the top priority, other jurisdictional changes next, and service reviews to follow will continue during the upcoming year. To assist with the fire proposal processing, this budget recommends extending the contract with Robert Aldrich for supplemental staffing (\$86,400) for the full fiscal year.
- The budget includes the printing and postage and handling charges for the two fire proposals that include the extension of a special tax (\$53,332). These costs are recovered from the applicant and are accounted for in the Revenue budget in kind.
- Ongoing Projects include the continuation of the Fiscal Indicators program adding the data for 2015 for viewing on the LAFCO website by September 2016.
- The workload related to jurisdictional change applications is increasing from the recession years. Staff is estimating that the upcoming activity will continue as the

budget conservatively anticipates ten proposals for jurisdictional change. The recent uptick in activity consists of complex proposals which require increased analysis and processing time.

- The staff office lease terminates on June 30, 2017, and the direction from the Commission was to look for alternative office sites. The Executive Officer identified the interest in potentially moving to the Historic Santa Fe Depot, currently housing the SANBAG offices, into the eastern historic Harvey House area. However, this location, in staff's opinion, is contingent upon the successful completion of the San Bernardino City Fire reorganization. At this time, staff is negotiating with SANBAG for use of the office space which includes negotiations on improvements/renovations that would be necessary to occupy the area. Through those discussions, staff has identified that the move will cost roughly \$269,000 identified as follows:
  - \* \$100,000 – Upfront construction costs with the remainder to be amortized for the first five years of the lease (\$100,000).
  - \* \$50,000 – Purchase of new office furniture to address a totally modular approach to maintain the historic aspects of the space. Staff has used estimates from two other County departments who have recently moved. The current LAFCO furniture ranges from 10 to over 30 years old.
  - \* \$4,000 – Moving company removal and disposal of current furniture, move of LAFCO files, office design and consultation, and installation of new furniture.
  - \* \$15,000 – Work performed by Verizon and County Information Services Department (ISD) to install fiber optic lines in the office space.
- The current server will be seven years old and will have no asset value at the time of the move. Concurrent with the move, staff proposes to purchase a new server which would support the GIS and other computing needs required of staff. The estimated cost is \$15,000. In addition, updates to copying equipment and printers may need to be addressed prior to the move.
- The Commission's Governance Training program is budgeted to continue for the special districts within the County. For the coming year, the budget anticipates at least two courses by either the California Special Districts Association (CSDA) or the Institute for Local Government (ILG). The total program cost for the year is estimated at roughly \$5,000.

## **FY 2017-18 and FY 2018-19**

Services and Supplies for FY 2017-18 are projected at \$395,013. It anticipates a conservative maintenance in activity to include the processing of nine proposals for the year, natural contract and inflationary increases, and maintenance of current activities. Additionally, the FY 2017-18 forecast includes \$20,000 for the recruitment process for a

permanent Executive Officer and an increase for those items sensitive to consumer price index increases.

Services and Supplies for FY 2018-19 are projected at \$382,520. The primary reason for the decrease in costs from prior year is the lack of Executive Officer recruitment costs. It anticipates maintenance of the proposal activity, and natural contract and inflationary increases.

## LINE ITEM ACCOUNTS FOR SERVICES AND SUPPLIES FOR FISCAL YEAR 2016-17

### **SERVICES**

#### Comnet Charge – Account 2037: \$2,556

Comnet is the County's telephone system and supports the new computer linked phone system. Charges for use of this system are \$30.43 per line per month. LAFCO utilizes seven phone lines, not including the answering/fax line which are a part of Account 2041.

#### Phone Service/Outside Company – Account 2041: \$12,543

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 as well the analog fax machine (which line is also used for the answering machine). The monthly phone charge is roughly \$120 per month. Additionally, monthly charges to Verizon of \$926 are required for the access to a fiber optic line, enabling access to the internet, County intranet, and telephone.

#### Membership Dues – Account 2075: \$9,264

This account is for membership in professional associations. Dues are estimated to be \$8,108 (seven percent increase) for CALAFCO and \$1,156 for California Special Districts Association.

#### 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: \$3,125

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. 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: \$19,500

The budget figure accommodates the advertising needs for maintenance of a ten hearing schedule and estimated five protest hearings. The processing of service reviews which are anticipated to move to a county-wide approach with a regional definition inside that review will require an eighth-page display ad in general newspapers throughout the County and when advertisement is authorized in-lieu of individual landowner and/or registered voter notice for changes of organization.

Miscellaneous Expense (Costs related to move) – Account 2090: \$169,260

Staff has identified a single account for costs related to the relocation of the LAFCO office. Costs include:

- Relocating data and communication lines. LAFCO will be responsible for its own internet infrastructure at the proposed relocation building (Santa Fe Train Depot). The desire is to use fiber optic lines and remain on the County system (\$15,000).
- Upfront construction costs with the remainder to be amortized for the first five years of the lease (\$230,000; \$100,000 paid up front with the remainder amortized over the first five years of the lease).
- Purchasing new office furniture. On a per unit basis, the costs are comparable to those recently incurred by two County departments. The current LAFCO furniture ranges from 10 to over 30 years old. Estimated cost is \$49,910.
- Moving company removal and disposal of current furniture, move of LAFCO files, office design and consultation, and installation of new furniture (\$4,000).

Computer Software – Account 2115: \$6,652

The account accommodates the charges for purchases of new software programs, access to online programs, and annual updates of existing programs. Access to online programs and annual updates of existing programs include ESRI's online mapping, digital archiving software for LAFCO to maintain its records in perpetuity per Government Code Section 56382, upgrade to the current Adobe Acrobat for all employees, and Microsoft annual licenses.

Inventoriable Equipment – Account 2125 -- \$15,000

The current server is six years old and will have no asset value next year. Concurrent with the office move, staff proposes to purchase a new server which would support the GIS and other computing needs required of staff. The life of the server is anticipated to be 7-10 years with an estimated cost of \$15,000.

Other Insurance – Account 2245: \$7,085

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 (SDRMA), 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: \$7,183

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. 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. At year's end, this account will have no expenditures.

### Postage – Direct Charge – Account 2310: \$48,388

The shift to have placement of the staff reports and attachments and notices on CD and the website has reduced overall postage costs. For the routine course of business, the estimated postage cost for the year is \$11,056 for 10 hearings. This cost includes postage and handling for 10 hearings and interoffice mail to include special pick-ups as outlined in the County's Internal Service Rates. Additionally, proposals regarding County Fire that include annexation to a special tax zone will include individual notice for the Commission and protest hearings. These costs would be covered by the applicant's deposit and are calculated at \$37,332.

### Records Storage – Account 2315: \$588

Government Code Section 56382 mandates LAFCO to maintain its records in perpetuity. The cost for storage is estimated to be \$588 annually.

### Reproduction Services – Account 2323: \$16,000

This account is for reproduction activity outside of the LAFCO office (County Printing Services, Kinkos, etc.). The shift to have the staff reports, attachments and notices on CD and available online have reduced printing costs. However, proposals regarding County Fire that include annexation to a special tax zone will include individual notice, a substantial expenditure. These costs would be covered by the applicant's deposit and are calculated at \$16,000.

## **CONSULTANT AND SPECIAL SERVICES**

### Professional and Special Service (Legal Counsel) – Account 2400: \$34,300

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; \$227 per hour is charge for Fiscal Year 2016-17. All legal counsel costs, with the exceptions of administrative charges and the CALAFCO Conference, are reimbursable 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.) LAFCO also participates in Best, Best, & Krieger's *Public Policy and Ethics Service* which has an annual charge of \$3,300.

Auditing – Account 2405: \$15,090

The Commission just concluded the fourth year of a four-year audit contract. Currently, a RFP for a joint audit proposal is being circulated by the Southern Region LAFCOs. The budget estimates the first year cost to be \$9,000.

Additionally, LAFCO Legal Counsel charges for the preparation of the response to the audit which is paid from this account (estimated at \$90). SBCERA is required to determine the unfunded liability for its participants and by legislative action can charge for fulfilling that requirement. The prior year SBCERA cost was \$5,757, which is budgeted at \$6,000 for the coming year.

Data Processing – Account 2410: \$8,215

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 \$685.

COWCAP – Account 2415: \$13,236

FY 2015-16 was the first year that there were no costs identified in the County Wide Cost Allocation Plan (COWCAP). For FY 2016-17, the costs identified total \$13,236 – this would be for services performed in FY 2014-15 but charged in FY 2016-17. COWCAP costs include 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: \$175

This account is for charges by the County Information Services Department for the Executive Officer's portable communication device (smart phone) connection to County e-mail servers - \$14.61 per month per device.

ISD Direct – Account 2421: \$9,816

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. The County charges a flat monthly charge by device rather than by service call activity. The monthly charge is \$91 per device for nine devices.

Environmental Consultant – Account 2424: \$10,250

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. Most 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: \$135,761

This account is for professional services to process proposals and items on the hearing agendas and includes the anticipated costs for the County Surveyor and Registrar of Voters. Commissioner stipend payments for attendance at hearings and annual conference, and the costs for the Commission's designated representative to Southern Region LAFCOs and the CALAFCO Board of Directors are provided in this account. The CALAFCO cost has been increased as Chairman Curatalo will become the President of the Board of Directors of CALAFCO in September 2016. 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.

The Commission expressed its intent to continue to provide governance training for the special districts within the County. Staff has developed an education program for the coming year with the California Special Districts Association (CSDA) and the Institute for Local Government (ILG) and is proposing to provide three seminars during the fiscal year. CSDA and ILG have indicated that it would charge \$2,500 to conduct the training.

The contract with Bob Aldrich for staffing support is included at a rate of \$75 an hour, for a budgeted total of \$86,800.

Outside Legal – Account 2449: \$0

This account is for legal services conducted through special contract for either litigation or when a conflict of interest waiver is not granted. For proposals not initiated by the Commission, the applicant agrees to indemnify the Commission against legal costs.

System Development – Account 2450: \$600

LAFCO contracts with the County Information Services Department for technology related services. This account is for specialized support for the LAFCO website to include maintenance of the site, its mapping page, and Fiscal Indicators page.

GIMS Charges – Account 2460: \$17,370

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 (\$243), Aerial Imagery subscription (\$3,000), Street Network Subscription (\$10,500), and LAFCO's proportional use of the County's ESRI ArcMap license.

## **LEASE/PURCHASES**

Rent/Lease Copier – Account 2895: \$5,904

This account accommodates the contract for the copier rental at an estimated \$492 per month, based upon activity.

Office/Hearing Chamber Rental – Account 2905: \$54,308

The monthly lease payment for the staff office for 2015-16 will be \$4,484, a contracted 3% increase over the prior year for a total expense of \$53,808. This account also includes the rental charge for the Commission's hearings at \$50 per hearing for ten hearings (\$500).

## **TRAVEL RELATED EXPENSES**

Private Mileage – Account 2940: \$5,403

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

Conference/Training – Account 2941: \$3,500

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 Southern Region LAFCOs training, clerk and analyst training, attendance at the CALAFCO annual conference by Commissioners and staff (currently estimated at five Commissioners and two staff), and staff participation at the CALAFCO Staff workshop (estimated at two staff). The annual conference will be hosted by Santa Barbara LAFCO and staff workshop by Fresno LAFCO.

Hotel – Account 2942: \$8,800

This account is for hotel charges for Commissioners and staff at the CALAFCO annual conference, Southern Region LAFCOs meeting attendance, staff participation at the staff workshop, CALAFCO Legislative Committee participation, Chairman Curatalo's participation as the incoming President of the CALAFCO Board of Directors and any other overnight stays on LAFCO business.

Meals – Account 2943: \$2,575

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

Car Travel – Account 2944: \$150

This account is for car rental by Commissioners or staff.

Air Travel – Account 2945: \$2,000

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 and Commissioners participating on CALAFCO Board of Directors.

Other Travel – Account 2946: \$500

This account is for miscellaneous travel charges such as parking and taxi charges. The estimated cost for 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: \$155,501

The amount for this account has been set at least 10% of total expenditures. The funds currently in this account will carry over into FY 2016-17, which are adequate to cover the minimum requirement. 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 – Net Pension Liability -- Account 6010: \$109,170

In October 2014, the Commission created the Net Pension Liability Reserve to set aside funds to address its unfunded pension liabilities. The Net Pension Liability is calculated each year by SBCERA, and the amortization of this liability is annually evaluated by LAFCO as part of the budget. This budget includes the contribution for the second year of the 20-year amortization.

The most recent estimate (as of June 30, 2014) of the LAFCO share of the retirement pool's unfunded liability is \$584,731. Amortizing this out 20 years, minus the current reserve total of \$82,750, results in an annual contribution of \$26,420 for the next 19 years. It was the Commission's direction that this reserve plus Contingency would cover pension liability should the legislature decide to dissolve LAFCOs throughout the State.

### Reserves – General – Litigation – Account 6025: \$284,917

The Commission indicated that it would set aside a fund designated for use for general purposes to include litigation. Commission policy is \$200,000 minimum for this reserve.

### Reserves – Compensated Absences – Account 6030: \$87,222

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, excluding the contracted Executive Officer.

## REVENUES

### **FY 2015-16**

The chart below shows the budgeted (as amended throughout the year) and the estimated 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 \$111,938 above budget amounts. The chart below outlines the Revenue Categories:

<b>Fee/Deposit Category</b>	<b>Budget</b>	<b>Estimated Year-End</b>
Individual Notice	\$ 71,780	\$ 55,076
Legal Services	\$ 20,596	\$ 22,321
Protest Hearing	\$ 0	\$ 28,544
GIMS Fees	\$ 2,400	\$ 9,430
Environmental Deposits	\$ 4,950	\$ 9,000
<u>LAFCO Fees</u>	<u>\$ 165,614</u>	<u>\$ 262,895</u>
<b>Total Fee Revenue</b>	<b>\$ 265,340</b>	<b>\$ 387,266</b>

As shown in the chart below, activity for which LAFCO receives fees and deposits is projected to far exceed total expectations. The activity for the year includes the following:

<b>Activity</b>	<b>Budget</b>	<b>Through March</b>	
		<b>No.</b>	<b>% of Budget</b>
Proposals	6	15	250%
Service Contracts - Commission approval	1	3	300%
Service Contracts - Commission approval for exemption	0	2	
Service Contracts - Admin (E.O.) approval	4	3	75%
Protest Hearing Deposits	5	3	60%

### **FY 2016-17**

As noted in other portions of this narrative, FY 2016-17 is anticipated to continue a normal submission count for proposal activity. This is based upon the increasing activity from the past two years as well as information conveyed that most sectors of the local economy have strong predictions for the upcoming year. However, even with this good news staff is retaining a conservative estimate for application filings for the upcoming year.

<b>Activity</b>	<b>FY 2016-17 BUDGET</b>
Proposals	10
Service Contracts - Development Related	4
Service Contracts - Admin approval	4
Protest Hearing Deposits	5

Revenues consisting of interest, mandatory apportionment contributions (5% increase from prior year), and fee revenue are estimated to be \$1,139,550. Refunds from Prior Years, Miscellaneous Charges, and Carryover increase revenues to a total of \$1,482,074. Including Reserves from Prior Year adds \$605,865, for a grand total of \$2,087,939.

**REVENUE FORECAST FOR FISCAL YEAR 2017-18 AND FISCAL YEAR 2018-19**

The forecast included for years two and three of the budget assumes a maintenance of proposal activity and an increase in apportionment of net costs by 2.0% each year. The following chart conservatively maintains proposal activity for the following two years.

Activity	17-18	18-19	19-20
Proposals	9	9	8
Service Contracts - Develop.	2	2	3
Service Contracts - Admin	6	5	6
Protest Hearing Deposits	5	5	5

**LINE ITEM REVENUES FOR FISCAL YEAR 2016-17**

Interest – Account 8500: \$5,250

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: \$926,223

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 proposed apportionment to the County, Cities, and Independent Special Districts is \$926,223 each. The County Auditor will be required to apportion this amount on July 1, 2016 pursuant to the requirements of law and Commission policies.

The apportionment since FY 2011-12 is shown below:

11-12	12-13	13-14	14-15	15-16	16-17
\$933,639	\$903,000	\$864,822	\$864,822	\$882,117	\$926,223
9.7% decrease	3.3% decrease	4.2% decrease	No increase	2.0% increase	5.0% increase

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 helps with continuing maintenance of the

lower required apportionment payments. However, this budget includes the relocation of the staff office as well as continuing the contract for supplemental staffing with Robert Aldrich. 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**

Fees and deposits ordinarily involve the appropriate LAFCO filing fee and deposits for the recovery of the Commission's direct costs, for such items as LAFCO Legal Counsel, environmental review, Registrar of Voters costs, individual notification costs, etc.

The LAFCO *Schedule of Fees, Deposits, and Charges* was last increased in 2010. For this budget cycle, staff is proposing increases to the deposit categories and fees for certain reorganization proposals that are complex in nature, such as incorporations and consolidations. There are no proposed changes to the fees for annexations and other routine proposals. Cost recovery for proposals and service contracts is not addressed in the budget due to its speculative nature.

The figures for the categories below are based upon the activity identified above.

### Individual Notice – Account 9545: \$37,366

This account is for landowner and registered voter notification requirements. This \$700 deposit is applied proposals and development-related service contract less refunds. Should a proposal require individual notice due to the extension of a special tax, then the proponent will be required to submit a deposit for the direct costs to produce and mail the individual notices. An additional \$26,666 has been calculated for the additional individual notices for the Commission hearings.

### Legal Services – Account 9555: \$15,150

This account is for deposits for legal services which are calculated at \$1,200 for proposals and \$650 for service contracts requiring a hearing.

### Protest Hearing – Account 9595: \$34,166

The account is for deposits related to the processing of the protest hearing which are calculated at \$1,500 each. Should a proposal require individual notice due to the extension of a special tax, then the proponent will be required to submit a deposit for the direct costs to produce and mail the individual notices. An additional \$26,666 has been calculated for the additional individual notices for the protest hearings.

### GIMS Fees – Account 9655: \$7,995

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 charge is based upon the acreage of each consideration area.

### Environmental Deposits – Account 9660: \$9,600

This account is for deposits for environmental review processing are calculated at \$750 for proposals and \$450 for service contracts requiring a hearing.

Other (LAFCO Fees) – Account 9800: \$103,800

Revenues in this account are based on anticipated activity and conservatively calculated at the median annexation filing fee for the activity identified above.

## **OTHER REVENUES**

Refunds from Prior Year – Account 9910: (\$1,250)

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

Miscellaneous Revenues – Account 9930: \$2,000

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

Carryover from Prior Year – Account 9970: \$335,761

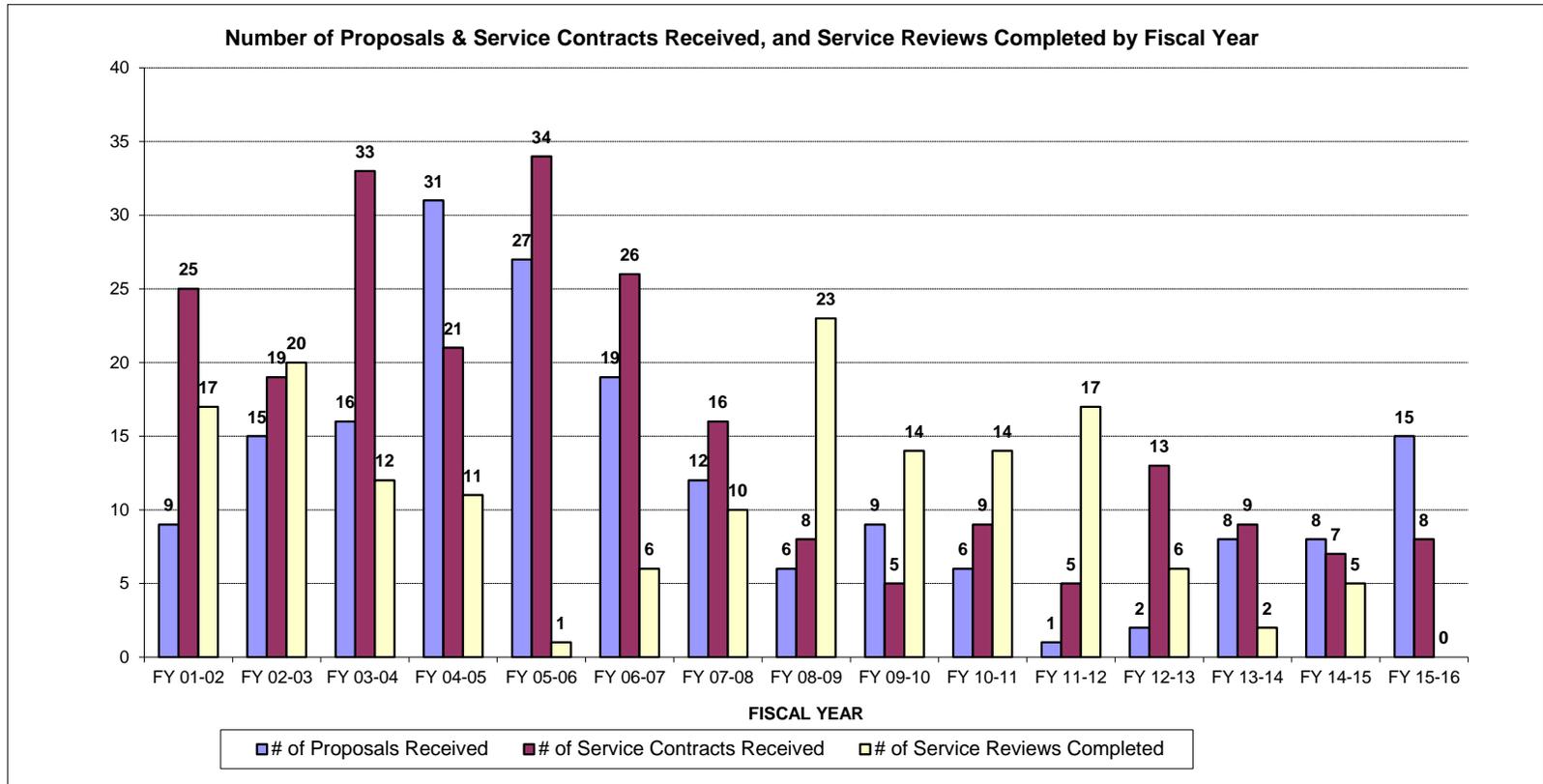
A total of \$111,150 will carryover as funds tied to open proposals not yet complete. The remainder of \$224,611 is anticipated to carryover from FY 2015-16 to FY 2016-17 as unassigned funds. This amount will be used to balance the budget and lower the apportionment costs to the local governments.

## **RESERVES FROM PRIOR YEAR, as of July 1, 2016 (estimated)**

All of the Commission's reserves are anticipated to carryover from FY 2015-16 to FY 2016-17 as follows:

• Contingencies	\$ 155,501
• Net Pension Liability Reserve	82,750
• General Reserve – Litigation	291,007
• Compensated Absences Reserve	76,607
• <b>TOTAL</b>	<b>\$ 605,865</b>

Activity Chart



As of March 31, 2016