

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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DATE: APRIL 12, 2017 
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
MICHAEL TUERPE, Project Manager
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #8(b)(ii) –Review of Proposed Budget for Fiscal
Year 2017-18

BACKGROUND:

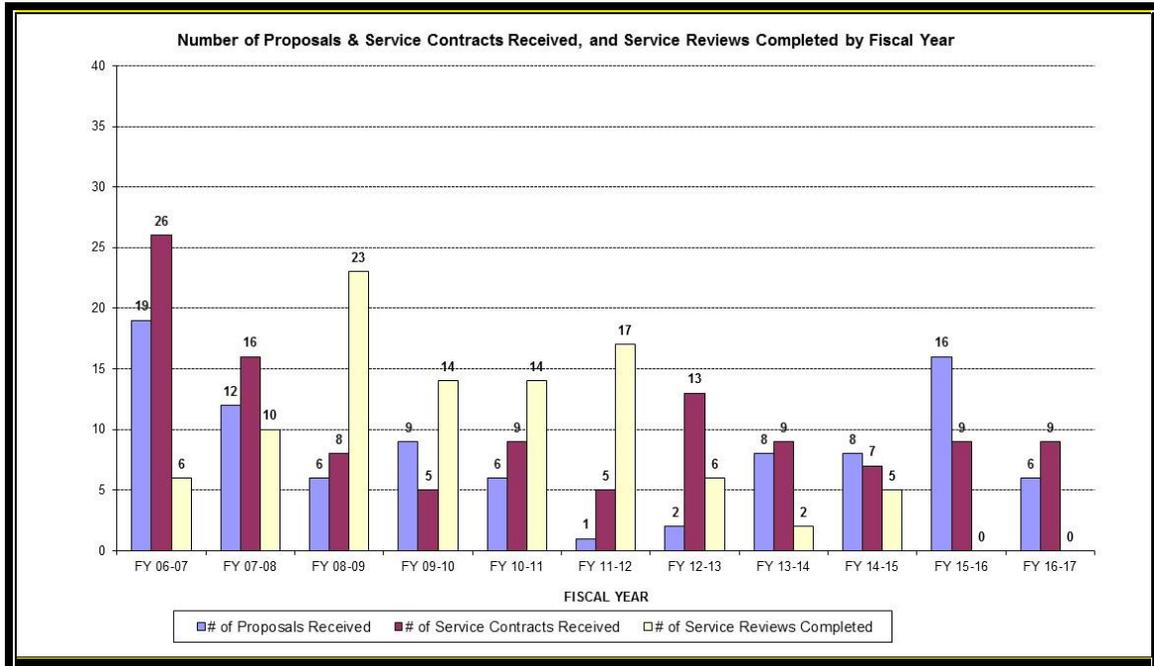
At this hearing, LAFCO staff is presenting the preliminary budget for Fiscal Year 2017-18 for Commission consideration. During the past year three key efforts, all challenging in their own way, have set the stage for the discussion of the upcoming Fiscal Year budget:

1. The Commission has again been asked to consider a fire reorganization, this one for the City of Upland, to help stabilize the City's finances and to allow for transition to service under the San Bernardino County Fire Protection District.
2. Staff has set the framework for consideration of service reviews on a countywide basis, recognizing the unique regional divisions in the vast San Bernardino County landscape.
3. Finally, staff has been working with the San Bernardino County Transportation Authority (formerly SANBAG) to complete the renovations of the Harvey House section of the San Bernardino Depot to become the future LAFCO Office.

From this perspective, staff has prepared a budget for the upcoming Fiscal Year which includes a 9% increase in the apportionment to maintain the ongoing services, replenish reserves utilized in the move to the new office space for the Commission, and provide for the transition to fill the Executive Officer position with a full-time person. So this is the scenario in which we begin the State mandated process outlined in Government Code Section 56381 to establish the Commission's budget for the upcoming fiscal year - one of cautious optimism and one that establishes a new team for moving the Commission forward.

The next step in the budget process for staff was to address the requirements to fund the Commission's ongoing operations. Staff continues to be encouraged by the proposal

activity for the current year as it bodes well for the upcoming fiscal year. But that position is tempered with the caution that all the simple changes of organization have been done; therefore, the changes which will be presented for consideration in the future will be complex, labor intensive and highly likely to be contentious. The chart which follows shows the positive increase in proposal activity that has taken place to date (a copy of which is included as a part of Attachment #1 to this report):



The largest expenditure category for the Commission is its personnel costs. For the past several years, the staff has identified the continuing escalation of retirement rates as an area of concern with the notation in the FY 2016-17 budget that these rates were stabilizing. That euphoria was short lived, as SBCERA has provided revised projections showing continuing increases in the employer paid percentage through FY 2022-23 based upon reduced revenue projections and other items. The chart below outlines these projections.

Year	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23
Tier 1	33.31	33.05	34.53	35.02	35.92	37.07	37.84	37.89
Tier 2	29.77	29.50	30.09	30.58	31.48	32.63	33.40	33.45

The passage of the California Public Employees' Pension Reform Act (PEPRA) related to the management of public retirement benefits has divided employees into two categories: (a) those employees employed prior to its passage (Tier 1 on the chart above) and (b) those employed after its passage (Tier 2). For the current five full-time employees -- four are under the Tier 1 schedule and one is under the Tier 2. As staff has put together the projections for the future, it has included the new Executive Officer as a Tier 1 category to be prudent. These continuing effects identify the need to maintain the position espoused by

the Commission during the recession era which is to maintain the core LAFCO staff positions to be augmented by contract positions which do not bring additional benefit costs.

As noted above, the activity level of the Commission in reference to application submission and processing has remained stable over the past Fiscal Year and is projected to continue as staff anticipates two more fire reorganizations to be submitted in the upcoming Fiscal Year. Based upon the Commission’s direction to prioritize the processing of these applications, if submitted, they will again take priority.

At the July 2016 hearing, the Commission authorized the signing of the lease agreement with SANBAG to lease office space at the Depot. During the current Fiscal Year, staff has worked with the now-named San Bernardino County Transportation Authority (SBCTA) staff on the renovations needed for LAFCO to occupy the former Harvey House area of the Santa Fe Depot. As with any historic renovation project, there have been surprising issues, some delays, and questions which have arisen, but the plans were submitted to the City of San Bernardino for review and were approved on April 5, and construction bids were due April 7. As of the preparation of this report, staff has no update on this but will provide additional information at the hearing.

As has been discussed during the authorization of the lease, the goal of the renovation effort is to return the space to its former beauty as the Harvey House but provide for 21st century technology needs. As a part of the ongoing review with SBCTA staff, a point was raised that the approved lease was using the “rentable space” (industry standard is an 18% increase over actual) versus “useable space” which are the dimensions of the actual occupancy. Staff has reviewed its concern with SBCTA staff and its leasing agent. It was determined that there will need to be an amendment to the lease to reduce the space for lease payment calculations to the “useable space,” a reduction from 3,531 square feet to 2,970 square feet which will be presented at a future hearing. This lowers both the lease and common area maintenance charges. Staff has calculated the costs over the next seven years, applying a 2.5% increase to both lease and common area maintenance (CAM) charges for Fiscal Year 2018-19 and beyond.

FISCAL YEAR	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Lease	\$ 2,822	\$ 2,893	\$ 2,965	\$ 3,039	\$ 3,115	\$ 3,193	\$ 3,273
Comman Area Maintenance (CAM)	\$ 1,485	\$ 1,522	\$ 1,560	\$ 1,599	\$ 1,639	\$ 1,680	\$ 1,722
TOTAL	\$ 4,307	\$ 4,415	\$ 4,525	\$ 4,638	\$ 4,754	\$ 4,873	\$ 4,995
Renovations	\$ 2,167	\$ 2,167	\$ 2,167	\$ 2,167	\$ 2,167		
TOTAL MONTHLY COST	\$ 6,474	\$ 6,582	\$ 6,692	\$ 6,805	\$ 6,921	\$ 4,873	\$ 4,995
YEARLY COST	\$ 77,688	\$ 78,980	\$ 80,305	\$ 81,662	\$ 83,053	\$ 58,476	\$ 59,938

As anyone who has gone through a remodeling/renovation project is well aware, the successful completion of those improvements is a matter not of scientific calculation, but of

good luck and beneficial timing. At this time, the completion date for the improvements is unknown, but the end of the lease in our current office is June 30, 2017. Staff has discussed this with our current landlord who has indicated that a month-to-month extension for up to three months is possible. This cushion, we believe, will allow for the renovations to be completed, new furniture to be installed, and the staff office moved. This arrangement is anticipated to provide for the normal 3% annual increase in lease payment, to \$4,619 per month. This provides for a potential savings of \$5,000 (exclusion of amortized renovation cost). However, due to the speculative nature of this timing question, the budget as presented shows the move as effective July 1, 2017.

While staff anticipates the processing of at least two significant fire reorganizations in the coming year, it also has the responsibility to provide for the ongoing processing of the state mandated service reviews of municipal services providers within our County. As a part of the budget determinations for Fiscal Year 2016-17, the Commission approved a change in approach to the processing of these service reviews - specifically, that the focus would be on type of services provided on a countywide basis, broken down into sub-regions internal to the report.

With a countywide approach, the uniqueness of each type of service and the region in which the service is delivered can be addressed in a more streamlined manner. During the current Fiscal Year, information on the discussion of land use, demographics, disadvantaged unincorporated communities and disadvantaged areas as well as the requisite mapping has been done. This streamlining will translate into the use of this regional data in all the reports for service reviews in the second cycle. This approach has allowed for the development of areas of concern, or "hot spots", which will be highlighted in each service type review allowing for further discussion and potential action on sphere of influence updates.

The five-year plan for this approach has been modified from that provided to the Commission during the Fiscal Year 2016-17 budget review and is shown below. Due to the initial efforts needed for development of the information for use in all reports, the first year program has been scaled back to a single service review – Wholesale and Retail Water Service for this year and the following years have modified. Review of healthcare has been moved up in the process due to the heightened interest in Healthcare Districts from the Little Hoover Commission and Assembly Local Government Committee. However, if the Commission believes a review of a specific service is warranted, it can provide that direction and staff will modify the schedule. The proposed schedule is:

<u>Year 1 (FY 2016-17):</u>	Water (to be presented at the June or July 2017 Commission Hearing)
<u>Year 2 (FY 2017-18):</u>	Wastewater, Fire Protection/Emergency Medical Response/Ambulance, Healthcare Districts, Streetlights
<u>Year 3 (FY 2018-19):</u>	Park and Recreation, Resource Conservation, Habitat Conservation and Open Space

Year 4 (FY 2019-20): Solid Waste, Roads, Vector Control

Year 5 (FY 2020-21): Additional Services at direction of Commission

Based upon the approach outlined above, staff has prepared the Proposed Budget for Commission consideration. As is the practice of the Commission, the budget includes Fiscal Year 2017-18 and two forecast years addressing the changing dynamic for the return to a full-time staffing pattern, providing for a permanent Executive Officer. Attachment #1 to this report provides the Budget Spreadsheet for Fiscal Year 2017-18 with a forecast for Fiscal Years 2019-20 and 20-21 and the narrative description of the budget and its line items.

Staff has requested that the County Auditor-Controller apportion the net costs for LAFCO operations for Fiscal Year 2017-18 to the County, Cities/Towns and Independent Special Districts based upon the proposed budget target of \$1,009,583, or \$336,528 per category. This represents a total increase of \$83,360 or 9% from the prior year. This increase is to accommodate anticipated one-time costs, maintenance of reserves, and funding continuing programs. 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 including the change in location of the LAFCO staff office and the maintenance of reserve accounts established to cover potential and/or future costs.

SALARIES AND BENEFITS **WORKLOAD CONSIDERATIONS**

FISCAL YEAR 2016-17

Staffing levels for Fiscal Year 2016-17 include five full-time positions and the contract for the Executive Officer position paid under the 1000 series of accounts and the consultant contract paid under the 2000 series (Services and Supplies) accounts. During the year, the Clerk to the Commission was unfilled from October through February due to the separation of an employee, resulting in a savings of salary and benefits expenses for roughly four months. The Commission had set aside approximately \$64,587 as a Salary Reserve to accommodate any staffing compensation changes; however, due to the open status of the Clerk to the Commission position, this appropriation authority was not needed. Changes approved included: (1) increase to Executive Officer compensation, (2) merit payment, (3) implementation of longevity pay for those employees with 15 years of service (two employees), and (4) the standard step increases and pre-authorized leave cash outs.

The estimated year-end expenditures for salaries and benefits are \$722,640, which is \$77,384 below the budgeted amount.

FISCAL YEAR 2017-18

The Salaries and Benefits categories for Fiscal Year 2017-18 include funding for five positions, payment of step increases, retirement costs and the maintenance of the existing payment schedule for the contract Executive Officer position. The projections include the 2% salary cost-of-living increase for all regular employees, the 2% longevity increase for two employees and the 2% hourly rate increase for the Contract Executive Officer.

Fiscal Years 2018-19, and 19-20

As is the Commission's practice, a forecast for Fiscal Years 2018-19 and 19-20 has been provided. These forecasts are:

- a. **FY 2018-19:** The projections are for full staffing of six permanent employees with the addition of a full-time permanent Executive Officer, the maintenance of the contract Executive Officer for a three month transition period (contract terminates in September 2018), all full-time staff positions with 3% salary increases anticipated in the current compensation plan, including retirement costs. Five of the full-time employees are in the Tier 1 rate for retirement benefits for forecasting and the GIS/Database Analyst position is a Tier 2 employee.
- b. **FY 2019-20:** The projections maintain the staff level at six full-time employees, projects a 2% across the board cost of living increase based upon an average of prior years (no approved County Exempt Compensation Plan authorized at this time), and no contract staffing.

SERVICES AND SUPPLIES

FISCAL YEAR 2016-17

Fiscal Year 2016-17 has included the submission of three complex proposals: (1) the proposed consolidation of the Inland Empire Utilities Agency and the Chino Basin Water Conservation District (which was processed but withdrawn prior to Commission consideration); (2) the City of Upland Fire Reorganization; and (3) the Hesperia Fire Protection District reorganization with San Bernardino County Fire Protection District. Along with these and the standard processing of proposals for the Cities of Chino, Loma Linda and Redlands, the staff has been working on the proposed move of the staff office to the San Bernardino Train Depot. LAFCO staff continues to operate under the direction provided by the Commission in September 2015 hearing, that the staff 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 for supplemental staffing is helping with the processing burden including the response to the individual notices on the extension of the fire special taxes and the service review for retail water services.

The Services and Supplies categories are estimated to have expenditures of \$689,745 at year-end, \$28,640 above the budgeted amount. The Commission cannot end the Fiscal Year exceeding its appropriation authority in any category; however, due to the uncertainty on timing of the costs for the move to the Santa Fe Depot, staff is deferring appropriation adjustments to the Final Budget Hearing at the May hearing.

Items of note during this Fiscal Year are:

- Payment of \$100,000 deposit for tenant improvements for the renovation of the Santa Fe Train Depot for use as the new LAFCO Office was made in August 2016.
- Costs related to processing the West Valley Mosquito and Vector Control District reorganization requiring individual notice to landowners due to the extension of an existing special tax totaled roughly \$25,000.
- Processing for the Formation of the Wrightwood CSD, totaling roughly \$11,000 to date.
- \$122,350 estimated for the relocation of staff office (various accounts). This includes estimates of office furnishing costs, move costs, and relocation of utilities for internet and phone services and other miscellaneous items.
- \$15,000 budgeted for a new server, timing contingent upon office move.
- Significant individual notice costs of roughly \$26,000 for the reorganization to include annexation of the City of Upland to County Fire that includes the extension of a special tax. The applicant was required to provide a deposit to cover these costs. A breakdown is shown below:
 - Account 2310 (Postage) - \$10,662 each for the Commission and protest hearings totaling \$21,324.
 - Account 2323 (Reproduction/Printing) - \$2,482 each for the Commission and protest hearings totaling \$4,964.
- The consulting contract with Robert Aldrich for staffing services – the Commission approved this contract not to exceed \$86,400.
- The Commission has expressed its desire to provide continuing governance training for the special districts within the County. The Commission continued this program for FY 2016-17, and 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.

Educational Training Program Timeline		
Training Session	Collaboration	Date
Overview of Special District Laws	California Special Districts Association	December 8, 2016
LAFCO 101 – Understanding and Applying the Basics	CALAFCO, Riverside & Los Angeles LAFCOs	January 24, 2017
Partnering with Community Based Organizations for More Inclusive Public Engagement	Institute for Local Government	March 22, 2017

The balance of the Services and Supplies categories anticipate the maintenance of current activities.

The Commission continues to outsource its environmental processing through its contract with Tom Dodson and Associates, the processing of its accounting operations through the County Auditor’s office, and the maintenance of computer systems through the County’s ISD.

FISCAL YEAR 2017-18

The total budgeted amount for Services and Supplies for FY 2017-18 is \$554,171 which is a decrease of roughly \$135,574 from the 2016-17 estimated year-end. The following work plan items are included:

- It is anticipated that proposal processing activity for FY 2017-18 will continue at the same magnitude as the past two years 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 proposal and service review processing, this budget recommends extending the contract with Robert Aldrich for supplemental staffing (\$90,000) for the full fiscal year. In addition, it is proposed that Mr. Aldrich be the recruiter for the Executive Officer position to be filled during the second- half of the Fiscal Year, this cost is included in the \$90,000 contract recommendation.
- The budget includes the printing and postage and handling charges for the two fire proposals that include the extension of a special tax (estimated at \$70,912). 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 2016 for viewing on the LAFCO website by December 2017.
- The workload related to jurisdictional change applications is increasing from the recession years. Staff has identified 11 proposals that are anticipated to be received in FY 2017-18 or earlier. 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 Commission has approved the relocation to the Santa Fe Depot. To date, LAFCO has contractually paid \$100,000 to begin construction with the remaining construction costs to be amortized over the first five years of the lease. At this time, the majority of costs for the renovation and relocation are budgeted for FY 2016-17 (\$122,350). The remaining costs budgeted for FY 2017-18 are \$25,000 for any incidental costs. The staff has worked with SBCTA staff and its leasing agent regarding the lease terms which have resulted in the approval of an amendment to the square footage upon which the lease terms are predicated. This reduces the lease term and common area maintenance cost by \$812.50 per month.
- During Fiscal Year 2016-17, staff was abruptly notified of the cancellation of its contract for use of the City Council Chambers of the City of San Bernardino. SBCTA allowed the Commission the use of its Boardroom during the balance of the Fiscal Year. Staff is proposing that the Commission authorize, as a part of this budget review, the contracting for use of the Norton Regional Event Center as its hearing location. This facility meets the needs of the Commission, and staff has made preliminary contact with Inland Valley Development Agency (IVDA) in reference to a long term contract. Preliminary discussions show that a long-term use agreement will result in a reduced rental charge which can easily be accommodated through the cost savings achieved on the lease payment.
- The Commission's Governance Training program is budgeted to continue for the special districts and other governments within the County. This year we have extended the opportunity to participate to special districts and governments within Riverside County. For the coming year, the budget anticipates at least three courses by either the California Special Districts Association (CSDA), Special Districts Risk Management Authority (SDRMA) or the Institute for Local Government (ILG). The total program cost for the year is estimated at roughly \$7,500.

Proposed Educational Training Program Fiscal Year 2017-18		
Training Session	Collaboration	Date
Technology and the Public Records Act: Recent Legal Developments and Current Challenges	California Special Districts Association	Anticipated in Fall 2017
Financial Management for Special Districts	Special Districts Risk Management Authority	Anticipated in Winter 2018
Transparency Strategies	Institute for Local Government	Anticipated in Spring 2018

Staff proposes to outsource the Commission’s environmental processing through its contract with Tom Dodson and Associates, the processing of its accounting operations through the County Auditor’s office, and the maintenance of computer systems through the County’s ISD.

FISCAL YEARS 2018-19, and 19-20

Based upon the approval of the staff recommendations for FY 2017-18, it is anticipated that a 2% 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 in FY 2018-19, and 19-20. In addition, the payment of amortized tenant improvements have been included in the projections.

REVENUES

FISCAL YEAR 2016-17

The chart below shows the budgeted and the estimated year-end balances for the accounts that comprise the Fee categories, accounts that are sensitive to activity levels. This includes the withdrawn proposal of the Consolidation of the Inland Empire Utilities Agency and Chino Basin Water Conservation District (refund of \$6,756). By year’s end, staff estimates fee revenue receipts will be 16% below the amended budget amounts. The chart below outlines the Revenue Categories:

Fee/Deposit Category	Budget	Estimated Year-End
Individual Notice	\$ 37,366	\$ 20,200
Legal Services	\$ 15,150	\$ 9,674
Protest Hearing	\$ 34,166	\$ 34,000
GIMS Fees	\$ 7,995	\$ 5,850
Environmental Deposits	\$ 9,600	\$ 6,420
LAFCO Fees	\$ 103,800	\$ 99,350
Total Fee Revenue	\$ 208,077	\$ 175,494

This reduced revenue directly impacts the funding of the expenditure items within the current year budget and the carryover anticipated for the upcoming fiscal year.

FY 2017-18

As noted in other portions of this narrative, FY 2017-18 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 decent predictions for the upcoming year. Staff has identified 11 proposals that are anticipated to be received in FY 2017-18 or earlier; of these, two are anticipated fire reorganizations based upon indications provided to LAFCO staff.

Activity	FY 2017-18
Proposals	11
Service Contracts - Commission approval	2
Service Contracts - EO approval	6
Protest Hearing Deposits	5

Revenues consisting of interest, mandatory apportionment contributions (9% increase from prior year), and fee revenue are estimated to be \$1,254,415. Refunds from Prior Years, Miscellaneous Charges, and Carryover increase revenues to a total of \$1,270,165. Including Reserves from Prior Year adds \$645,953, for a grand total of \$1,916,118.

The staff is recommending a 9% increase in the apportionment for the upcoming year to accommodate the relocation of the staff office, and other ongoing service delivery expenses. The apportionment process will take place pursuant to the provisions of Government Code Section 56381 with the acknowledgement that the State Controller no longer prepares the reports outlined in 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, 2017.

At the time the Unaudited Year-End report is presented to the Commission (anticipated at the July hearing), staff will determine the actual carryover and make recommendation for any further actions, if necessary. The apportionment presented in the budget materials is \$1,009,583, which represents a total of \$336,528 for each category. Revenues consisting of interest, mandatory contributions, and fee revenues are estimated to be \$1,254,415. Refunds from Prior Years, Miscellaneous Charge, and Carryover including all reserve accounts increases bring total anticipated revenues to \$1,916,118.

REVENUE FORECAST FOR FISCAL YEAR 2018-19, and 19-20

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 3.0% and 2.0%,

respectively. The following chart conservatively maintains proposal activity at nine proposals each year for the following two years.

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

RESERVES AND CONTINGENCIES

The staff is proposing the maintenance of reserves and contingency amounts as outlined by Commission policy. The General Reserve is by policy set at a minimum of \$200,000, and projections exceed this amount. LAFCO staff received notification of the unfunded net pension liability from SBCERA in February 2017. This amount has increased to \$681,447. In keeping with Commission policy, staff has recalculated the twenty-year amortization schedule for this amount and increased the reserve for Fiscal Year 2017-18 to \$148,450 (an increase of \$31,353). The amounts presented for Fiscal Year 2017-18 are:

Account 6025 – General Reserve/Litigation	\$ 225,407
Account 6030 – Compensated Absences Reserve	\$ 89,708
Account 6010 – Net Pension Liability Reserve	\$148,450

In addition, staff is recommending a contingency of \$132,050 (Account 6000) which represents 10% of total budgeted expenditure appropriations. 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:

ACCOUNT TYPE	FY 2016-17 AMENDED BUDGET	FY 2017-18 PROPOSED BUDGET
SALARIES AND BENEFITS	\$ 800,024	\$ 766,331
SERVICES AND SUPPLIES	\$ 661,105	\$ 554,171
RESERVES AND CONTINGENCIES	\$ 645,953	\$ 595,616
SUBTOTAL	\$2,107,082	\$1,916,118
FEE REVENUE AND GENERAL REVENUE	\$1,179,643	\$ 906,535
NET COST	\$ 926,223	\$1,009,583

It is the staff's position that the expenditures and revenue items outlined in this report 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/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 17, 2017 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) Adopt the Proposed Budget for Fiscal Year 2017-18 presented by staff including the direction to negotiate a long-term contract to hold Commission hearings at the Norton Regional Event Center;
- 2) Direct staff to forward the adopted Proposed Budget, as may be modified at this hearing, to all the independent special districts, cities/towns, and the County for their comment pursuant to Government Code Section 56381; and
- 3) Schedule a public hearing for May 17, 2017 for the formal adoption of the Final Budget for Fiscal Year 2017-18.

KRM/MT

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