

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

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**DATE:** JANUARY 10, 2006  
**FROM:** KATHLEEN ROLLINGS-McDONALD, Executive Officer  
**TO:** LOCAL AGENCY FORMATION COMMISSION

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**SUBJECT: AGENDA ITEM #11 – MID-YEAR BUDGET REVIEW** (July 1 through December 31, 2005)

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**RECOMMENDATION:**

1. Approve increasing appropriations for Account 2335 Temporary Services to \$2,500; decrease appropriation for Account 6000 Contingencies \$2,250;
2. Authorize the Executive Officer to negotiate with Orange County LAFCO to contract for staff support services if authorized by that Commission at its January 27, 2006 hearing. If the Orange LAFCO does not support negotiating such a contract, direct the Executive Officer to return with a Request for Proposal (RFP) for outside consultant services to provide information gathering services to complete service reviews/sphere of influence updates for the North County area and for the Mountain Region of the County; and,
3. Authorize the payment of Merit Salary Increases from Account 1000 (Salary Reserves – Merit Increases) to LAFCO employees for Calendar Year 2005 as follows:

Samuel Martinez	2.75%	\$1,587
Debby Chamberlin	2.5%	\$1,548
Angela Schell	2.5%	\$902

**BACKGROUND:**

As the Commission undertakes its Mid-Year Budget Review, staff is presenting it with a spreadsheet which summarizes expenditures and revenues for the

period beginning July 1, 2005, through December 31, 2005, the end of the second quarter of FY 2005-06 (Attachment #1). The information presented shows that the Commission has received 99% of its anticipated revenues and has incurred 48% of its anticipated expenditures.

Expenditures, as identified, are generally on target for the fiscal year. Exceptions to this include the ongoing activity accounts for Temporary Services (281%), Training (81.5%), Office Expense (60.8%) and Other Travel (66.2%). The explanation for the elevated charges for temporary services is that in order to accommodate the increased workload, staff has been utilizing temporary staff through a County-authorized vendor to assist in the circulation of materials, copying, collating, mailing landowner notices, etc. No down turn in activity levels is anticipated; therefore, staff is recommending an increase in the authorized appropriation for Account 2335 to \$2,500. Appropriation authority is available for this increase within Account 6000 Contingencies. The elevated costs for staff training accommodates the need for increased levels of training for new LAFCO staff members. In addition, the Services and Supplies categories include full-year expenditures for Memberships, Insurance, COWCAP charges, purchases of computer hardware and software and Auditing services.

Revenues within the actual proposal fee categories are exceeding expectations as illustrated by the percentage of receipts: ROV fees (104%), EIR consultant fees (81%) and LAFCO filing fees (128%). The revenue receipts identified in Account 8852 are the mandatory payments from the County, all of the 24 cities, and 52 of 53 independent special districts. Current Services fees include the full-payment of fees for the County Fire Reorganization/Sphere and the City of Fontana Reorganization to annex its 32 separate island areas in a single application. Attached to this report is a chart outlining a comparison of proposal activity by fiscal year (Attachment 2), noting that the activity level has remained relatively steady for the last two fiscal years. While the number of proposals received this year is less than the prior fiscal year, as noted above it includes the County Fire Reorganization and the City of Fontana Island Reorganization.

### **CONTRACTING FOR STAFF SUPPORT**

In order to address the level of proposal activity and meet the requirements to complete the municipal service reviews/sphere of influence updates, staff is requesting authorization to negotiate with the Orange County LAFCO for the sharing of staff. Staff has discussed this possibility with the Executive Officer of Orange LAFCO who has expressed interest in such a proposal. The Orange LAFCO Executive Officer is taking an item to her full Commission at its January 27<sup>th</sup> meeting to receive authorization to negotiate with us. If there is

no interest in contracting by the Orange LAFCO Commission, then staff will return to the Commission as soon as possible with a request for authorization to circulate a Request for Proposal (RFP) to hire a consultant to perform the information gathering services related to the mandatory municipal service reviews. Either way, it is envisioned by staff that the responsibility for gathering materials for each of the agencies within the North County areas currently under consideration and for the next region to be considered, the Mountain Region, would be fulfilled by this additional staff support.

The benefit to the Commission in contracting to share the costs of an experienced LAFCO employee is clear. Training time would be limited to the need to identify San Bernardino LAFCO policies and procedures rather than the entirety of the LAFCO process. As the monthly Status of Proposals Report shows (Attachment #3), there are currently outstanding 20 proposals for jurisdictional change that need to be evaluated and presented to the Commission. This contract will allow the Executive Officer and LAFCO Analysts to concentrate on processing the actual proposals for jurisdictional change. Due to the complexity of the County Fire Reorganization and the timing required to complete the island annexations, staff's position will be to prioritize activities. It is these jurisdictional proposals which take priority, deferring needed staff work for the municipal service reviews.

While State law has been changed to defer the required completion of the municipal service reviews and mandatory sphere of influence updates to January 2008, we remain behind schedule in processing. The Status Report for January identifies that of the 42 agencies required to have a sphere of influence update and service review prepared within the North County region, a number have not submitted the forms required of them by the August 2005 due date. These agencies include the City of Victorville and its subsidiary districts for park and recreation, fire protection, and sanitary services, the City of Hesperia and its subsidiary districts for fire protection and water services, the City of Adelanto, the Mojave Water Agency, the Barstow Cemetery District, the Newberry Springs CSD, and the Rand Communities Water District (in Trona), a Kern County based district. In addition, there are a number of agencies which did not submit a complete application – these include the Daggett CSD, Thunderbird County Water District, Hesperia Recreation and Park District, and Yermo CSD. While the change in completion date to January 2008 will assist us in achieving completion, there are two more regions to be reviewed following completion of the current cycle by that date.

Therefore, staff is recommending that the Commission authorize contract negotiations with Orange LAFCO if that Commission is amenable. Absent that support, staff will return with a RFP for consultant services to comply with municipal service review/sphere update information gathering requirements.

**MERIT SALARY INCREASES**

Personnel Policy 202 authorizes annual merit salary increases based upon an annual evaluation of each employee. At this hearing, I am recommending that Samuel Martinez, Debby Chamberlin and Angela Schell receive merit increases based upon their performance over the past calendar year. Michael Tuerpe, LAFCO Analyst, has not completed his probationary period, therefore is not eligible for this consideration. However, at completion of his 1040 hour review, a step increase is available. Merit increases are recommended at the following levels:

Samuel Martinez	2.75%	\$1,587
Debby Chamberlin	2.5%	\$1,548
Angela Schell	2.5%	\$902

Each of these employees has performed admirably under the strain of an increased workload and new requirements for processing, and has provided innovation in presenting information to the Commission for its consideration of proposals presented to it and/or to the general public in providing information on potential changes. Sufficient appropriation authority is available for payment of the costs for these increases, \$4,037 total; within Account 1000 -- Salary Reserve – Merit Increase budgeted at \$10,800.

The staff will be happy to respond to any questions on the information presented in this report prior to or at the hearing.

KRM/

Attachments:

1. Mid-Year Budget Report Spreadsheet Expenditures and Revenues
2. Chart Illustrating Proposal Activity
3. [Status Report for January 2006](#)