

**SACRAMENTO LOCAL AGENCY FORMATION COMMISSION**  
**1112 I Street #100**  
**Sacramento, California 95814**  
**(916) 874-6458**

April 7, 2004

TO: Sacramento Local Agency Formation Commission  
FROM: Peter Brundage, Executive Officer  
RE: **LAFCo Proposed 2004-05 Budget**

**RECOMMENDATION**

1. Direct the Executive Officer to distribute the FY 2004-05 Proposed Budget for review and comment.
2. Schedule a public hearing on the Proposed Budget for May 5, 2004.

**DISCUSSION**

**FY 2003094 Year-End Estimated Expenditure and Revenues**

The projected year-end expenditures for FY 2003-04 are estimated to be \$570,000. Actual year-end expenditures for FY 2002-03 were about \$550,000.

The projected revenue and contributions for FY 2003-04 are estimated to be \$684,186, or \$59,000 greater than budget.

This year-end estimate results in a carryover estimate of \$114,000. This is higher than previously projected because of higher project revenue.

Expenditures, except for legal and environmental services, appear to have stabilized. These costs will increase based on cost-of-living indexes and inflation costs.

Legal and environmental costs can vary based on a number of different factors. However, costs related to applicant projects will be recovered.

Staffing for LAFCo's vary significantly from County to County. Generally, rural LAFCo's average about three employees:

Executive Officer  
Analyst  
Commission Clerk

Urban counties tend to have a slightly higher staffing level, however, there are exceptions:

Los Angeles	Staff of 6
Orange	Staff of 9
Riverside	Staff of 6
San Diego	Staff of 9
Butte	Staff of 4
San Bernardino	Staff of 4

On April 1, 2004, staff met with the LAFCo Budget Sub-Committee (Muriel Johnson, Elliot Mulberg, Illa Collin [absent]), to discuss the FY 2004-05 Proposed Budget. The attached draft recommendation was submitted to the Budget Sub-Committee. The Proposed FY 2004-05 Budget recommends an increase of \$56,000 over FY 2003-04.

	<u><b>FY 2003-04</b></u>	<u><b>FY 2004-05</b></u>
Appropriation	\$625,000	\$681,000

The proposed increase of \$56,000 represents changes to the following line items:

Part-time Secretary	\$35,000
Telephone Cost	\$ 9,000
Legal Services	\$15,000
Environmental Review	\$ 5,000
Miscellaneous Reduction	<u>(\$8,000)</u>
Net Increase	\$56,000

The primary reason for the appropriation increase is to provide clerical support to work on Municipal Service Reviews, LAFCo Policies, bookkeeping and noticing requirements. It appears that the new requirements related to Hertzberg as well as functioning as an independent LAFCo, creates an additional workload.

Legal and environmental services fluctuate for a number of reasons. The proposed increases would provide adequate funding for project costs to be recovered at a later date or unexpected costs related to non-applicant projects.

The additional workload includes:

- Billing annual assessments and recordkeeping.
- Billing clients and recordkeeping.
- Typing MSR's and Policies.

- Support for Special District Advisory Committee.
- Maintain better accounting records for audit.
- Maintain monthly project status reports, budget reports, legislative reports.
- Participate in outreach and collaborative efforts.

**BUDGET SUB-COMMITTEE RECOMMENDATION**

The Budget Sub-Committee made the following changes to staff's proposal. The proposed increase to be allocated to:

Telephone	\$ 8,000
Part-time Secretary/Intern (New)	\$12,000
General Purpose Reserve	<u>\$36,000</u>
	\$56,000

The Budget Sub-Committee suggested that staff attempt to find a student intern to provide both administrative and clerical assistance. Staff believes that this option should be a viable cost-effective solution.

The Budget Sub-Committee also suggested that the balance of \$36,000 be placed into a general purpose reserve for unexpected costs or liabilities. The Commission would have to establish voting requirements to release any portion of the reserve before it could be spent. Typically, a 2/3rds or 4/5ths vote is required for reserves. To provide the greatest flexibility, I recommend that the reserve be designated for general purpose use by the Commission, i.e., for any use it deems appropriate. The general purpose reserve could also be used in future years as a cost stabilization account, or to cover higher legal and environmental costs should they be incurred.

In addition to the reserve, the budget has a contingency of \$25,000 that can be used for immediate unanticipated costs.

**BUDGET SUMMARY**

**Appropriations**

**Fixed Costs/ Allocated Costs**

Staff (3) Salaries and Benefits	\$328,600	
Commission Stipend	\$ 9,000	
Office Rent	\$ 57,000	
Xerox Lease	\$ 20,000	
Computers, Website, Maintenance Support	\$ 20,430	
Alarm Service	\$ 3,200	
Liability Insurance	\$ 11,000	
Audit	\$ 10,000	
Telephone	\$ 15,000	
CALAFCo Dues	\$ 2,070	
County Inter-Office Mail Service	<u>\$ 2,200</u>	
Subtotal		\$478,500

**Fee-For-Service Contracts**

Legal Services	\$ 60,000	
Environmental Services	<u>\$ 25,000</u>	
Subtotal		\$ 85,000

**Other Expenses**

Part-time Secretary (New)	\$ 12,000	
Miscellaneous Operational Expenses	\$ 44,500	
Contingency	<u>\$ 25,000</u>	
Subtotal		\$ 81,500

<b>General Purpose Revenue</b>	\$ 36,000	
Subtotal		<u>\$ 36,000</u>

<b>TOTAL</b>		<b>\$681,000</b>
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**Projected Financing**

Project Revenue	\$ 20,000
Interest Earnings	\$ 2,500
Carryover	\$114,000
Contributions/ Hertzberg	<u>\$544,500</u>
<b>Total Funding</b>	<b>\$681,000</b>

**Share of Cost (Hertzberg)**

FY 2004-05 projected 1/3 share of cost for contributors to LAFCo's budget per Hertzberg statute: **\$181,500**

FY 2003-04 1/3 share of cost \$165,000  
Share of Cost Increase **\$ 16,500**

FY 2003-04 year end carryover is projected to be \$114,000. This amount is higher than originally projected because project revenue is approximately \$50,000 greater than budgeted. Two large projects account for most of this revenue increase [Annexation Laguna West to City of Elk Grove; Sacramento Regional County Sanitation District Annexation of City of West Sacramento].

**Analysis of Carryover**

Carryover	\$114,000
Less Unbudgeted Revenue	\$ 59,000
Less Contingency	<u>\$ 25,000</u>
<b>Savings Carryover</b>	<b>\$ 30,000</b>

The year-end carryover, or fund balance, is used to finance next year's costs and offsets the share of cost for contributing agencies.

PB:Maf  
Attachment  
(Proposed 2004-05 Budget)

**SACRAMENTO LOCAL AGENCY FORMATION COMMISSION**  
**1112 I Street #100**  
**Sacramento, California 95814**  
**(916) 874-6458**

March 11, 2004

TO: Sacramento Local Agency Formation Commission  
Budget Sub-Committee

FROM: Peter Brundage, Executive Officer

RE: Proposed LAFCo Budget FY 2004-05

The Proposed Budget for FY 2004-05 recommends appropriations of \$681,000, or an increase of \$56,000 from FY 2003-04.

	<u><b>FY 2003-04</b></u>	<u><b>FY 2004-05</b></u>
Appropriation	\$625,000	\$681,000

The increase is related to the following change:

Part Time Secretary	\$35,000
Phone Cost	\$ 9,000
Legal	\$15,000
Environmental	\$ 5,000
Miscellaneous Reduction	<u>(\$ 8,000)</u>
<b>Net Increase</b>	<b><u>\$56,000</u></b>

The primary reason for the appropriation increase is to work on Municipal Service Reviews and LAFCo Policies. In addition, it appears that the new requirements related to Hertzberg as well as functioning as an independent LAFCo, requires a more intensive work load than originally thought.

The additional work load includes:

- Billing Annual Assessments, including Recordkeeping
- Billing Clients, including Recordkeeping
- Typing MSR's and Policies
- Support for Special District Advisory Committee
- Maintain Better Accounting Records
- Maintain Monthly Project Status Reports, Budget Reports, Legislative Reports
- Participate in Outreach Efforts & Collaboration

The attached spreadsheets project the year end carryover for FY 2003-04 and set forth the Proposed Budget for FY 2004-05. Note: A significant portion of LAFCo's budget is fixed and based on allocated costs for support services provided by the County of Sacramento. The fixed and allocated costs are highlighted in the attachments. LAFCo has three full time employees. The salary and benefit expense is fixed at \$328,600 as long as the same staffing levels are maintained.

**Fixed Costs/ Allocated Costs**

Staff (fixed)	\$328,600	
Commission Stipend	\$ 9,000	
Rent for Office (fixed)	\$ 57,000	
Copier Lease (fixed)	\$ 20,000	
Computer, Website, etc. (allocated)	\$ 20,430	
Alarm Service (allocated)	\$ 3,200	
Liability Insurance (fixed)	\$ 11,000	
Audit Service (fixed)	\$ 10,000	
Telephone (allocated)	\$ 15,000	
CALAFCo Dues (fixed)	\$ 2,070	
County Interoffice Mail (allocated)	<u>\$ 2,200</u>	
<b>Sub-Total</b>	<b>\$478,500</b>	<b>\$478,500</b>

Legal Services	\$ 75,000	
Environmental/ Other Consultants	<u>\$ 30,000</u>	
<b>Sub-Total</b>	<b>\$105,000</b>	<b>\$105,000</b>

**Other Expenses**

Contingency	\$ 25,000	
Part-time Secretary	\$ 35,000	
Miscellaneous Operational Expense	<u>\$ 37,500</u>	
<b>Sub-Total</b>	<b>\$ 97,500</b>	<b>\$ 97,500</b>
<b>TOTAL</b>		<b>\$681,000</b>

Attached please find a LAFCo Staffing Levels listing of several other LAFCo's around the state.

Please call me at 874-5935 if you have questions or would like additional information.

Peter Brundage

PB:Maf  
Attachments

(Budget Sub-Committee)



**LOCAL AGENCY FORMATION COMMISSIONS  
STAFFING LEVELS**

<b>Los Angeles LAFCo</b>	Total 6
Executive Officer	
Deputy Executive Officer	
Government Analyst	
GIS Mapping Technician	
Administrative Assistant	
Receptionist	
[Contract MSR's]	
<b>Orange LAFCo</b>	Total 9
Executive Officer	
Assistant Executive Officer	
Community Analyst	
Administrative Assistant	
Commission Clerk	
(3) Policy Analysts	
Sr. Project Manager	
<b>Riverside LAFCo</b>	Total 6
Executive Officer	
Local Government Analyst III	
Local Government Analyst II	
Local Government Analyst I	
Staff Assistant	
Office Assistant	
<b>San Diego LAFCo</b>	Total 9
Executive Officer	
Assistant Executive Officer	
Administrative Assistant	
Administrative Aide	
Chief Policy Analyst	
Chief Government Services	
(2) Local Governmental Analysts	
GIS Technician	

<b>Sacramento LAFCo</b>	Total 3
Executive Officer	
Assistant Executive Officer	
Commission Clerk	
<b>San Bernardino LAFCo</b>	Total 4
Executive Officer	
LAFCo Analyst	
Commission Clerk	
Secretary	
<b>Butte LAFCo</b>	Total 4
Executive Officer	
Principal Planner	
Administrative Analyst	
Office Assistant	
<b>El Dorado LAFCo</b>	Total 3
Executive Officer	
Policy Analyst	
Commission Clerk	
<b>San Joaquin LAFCo</b>	Total 3
Executive Officer	
LAFCo Analyst	
Commission Clerk	
<b>San Luis Obispo LAFCo</b>	Total 3
Executive Officer	
LAFCo Analyst	
Commission Clerk	
<b>Santa Clara LAFCo</b>	Total 3
Executive Officer	
LAFCo Analyst	
Commission Clerk	
<b>Yolo LAFCo</b>	Total 3
Executive Officer	
LAFCo Analyst	
Commission Clerk	
<b>Ventura LAFCo</b>	Total 3
Executive Officer	
Planner III	
Commission Clerk	

**Stanislaus LAFCo**  
Executive Officer  
Analyst  
Commission Clerk

Total 3

PB:Maf

(Staffing Levels)