

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
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May 5, 2004

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: **Proposed LAFCo Budget for FY 2004-05**

RECOMMENDATION

1. Adopt the FY 2004-05 Proposed Budget in the amount of \$681,000.
2. Direct the Executive Officer to schedule a hearing on the Final Budget on June 2, 2004.

DISCUSSION

On April 7, 2004, the Commission directed the Executive Officer to distribute a Draft Proposed LAFCo Budget to affected agencies for review and comment. The Draft Budget was based on staff's recommendation presented to a Budget Sub-Committee of the Commission. [Previous reports attached.]

FY 2004-05
Summary of Proposed Budget
Compared to Final 2003-04 Budget

	<u>FY 2003-04</u>	<u>FY 2004-05</u>
Appropriation	\$625,000	\$681,000
Financing		
Project Revenue	20,000	20,000
Interest	5,000	2,500
Carryover	105,000	114,000
Share of Cost Contribution	<u>495,000</u>	<u>544,000</u>
Total	\$625,000	\$681,000

*Summary of FY 2003-04 Year End Expenses,
Revenue and Carryover¹*

Revenue	\$70,000
Interest	2,500
Carryover	174,686
Contribution	<u>437,000</u>
Total Financing	\$684,186
Estimated Year End Expenditures	<u>\$570,186</u>
Projected Savings	\$114,000
Carryover	

FY 2004-05 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	20,430	
Alarm Service	3,200	
Liability Insurance	11,000	
Audit	10,000	
Telephone	15,000	
CALAFCo Dues	2,070	
County Inter-Office Mail	<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 Intern	\$ 12,000	
Miscellaneous Operational Expense	44,500	
Contingency	<u>25,000</u>	
Subtotal		\$ 81,500

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

TOTAL		\$681,000
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¹ Note: Detailed Year End Estimate Worksheet is attached.

Projected Funding

Project Revenue	\$ 20,000	
Interest	2,500	
Carryover	\$114,000	
Contribution	<u>\$544,500</u>	
Total		\$681,000

SHARE OF COST for FY 2004-05

The total Share of Cost of \$544,500 is allocated 1/3 to County of Sacramento, 1/3 to cities within the County of Sacramento, and 1/3 to the Special Districts within Sacramento County, as follows:

County of Sacramento	\$181,500		
Cities	\$181,500	\$90,750	\$90,750
		City of Sacramento ²	All Others
Special Districts	<u>\$181,500</u>	\$90,750	\$90,750
		SMUD ³	All Others
Total	\$544,500		

Proposed Changes to FY 2004-05 LAFCo Budget

The base budget has been adjusted for cost of living and other increases related to inflation. In addition, the base budget includes the following increases.

Telephone	\$ 8,000
Student Intern/Extra Help	\$12,000
General Purpose Reserve	<u>\$36,000</u>
	\$56,000

² Fifty percent of 1/3 of cities' contribution for seat dedicated to City of Sacramento.

³ Fifty percent of 1/3 of special district contribution. SMUD's contribution is capped.

Telephone Increase

LAFCo uses the County phone system for telecommunication for both phones and computers. LAFCo is charged for telephone usage and also pays for dedicated lines and switching equipment for a LAN connection. This is an allocated cost based on County estimates for this service. Actual costs for the service have been higher than previously budgeted amounts.

Intern/ Extra Help

LAFCo staffing varies from county to county. Generally, rural LAFCo's average about two to three employees while urban and suburban LAFCo's range from four to nine employees. Sacramento LAFCo has three full time employees. The proposed increase for a student intern will provide some assistance for clerical help, research assignments and backfill for phone coverage when full time staff are out of the office. The additional help will also provide assistance for increased workload related to billing, research/ typing MSR's, support for Special District Advisory Committee, provision of monthly status reports, and other such duties.

I recommend the Commission hire a permanent part-time staff member. The Budget Sub-Committee suggested that staff try to use a student intern and reevaluate this request for more permanent staff in the future. The Budget Sub-Committee placed the difference in cost for a student intern versus a part time position into a general reserve account for extraordinary project costs.

General Purpose Reserve

The General Purpose Reserve Fund is designed to be used only if LAFCo has an extraordinary project or issue to research. This fund will be set aside for that rainy day need that could arise, e.g., response to lawsuits or special projects requiring the use of consultants. The Commission will need to separately approve any expenditures from this account. The Budget Sub-Committee modified staff's recommendation but generally concurred with these proposed changes.

Work Plan

LAFCo has established the following work priorities:

1. Applications submitted by proponents.
[Sphere of Influence Amendments, Annexation, Detachment, Reorganization, District Formation, Incorporation.]
2. Municipal Service Reviews and Sphere of Influence Updates.
3. Sacramento LAFCo Policy Development.

Projects submitted by applicants take priority over Municipal Service Reviews/ Sphere of Influence Updates and Policy Development. During FY 2003-04, there were numerous applications processed along with several miscellaneous projects:

Sphere of Influence Amendment and Annexation of
City of West Sacramento to Sacramento Regional County Sanitation District

City of Elk Grove Sphere of Influence Amendment and Annexation of
Laguna West to City of Elk Grove

Doral Point Estates Annexation to Citrus Heights Water District

Air Gas, NCN, Inc., Annexation to City of Sacramento

Florin Resource Conservation District Annexation of Elk Grove Water Service Area

Reorganization of Florin-Elder Creek Cemetery District

Formation of County Service Area No. 11

Aspen IV Reorganization [Annexation to Sacramento Regional County Sanitation
District and County Sanitation District No. 1]

Municipal Service Reviews and Sphere of Influence Updates

Cemetery Districts in Sacramento County
Sacramento Metropolitan Fire District

Other

Fair Share Housing
Incorporation Fee Policy
Property Tax Sharing Issue Paper
Preliminary Work on Open Space and Agricultural Preservation Policies
Several Reports on the Status of the Elk Grove Incorporation Mitigation Measures

FY 2004-05 Work Plan

The Municipal Service Review and Sphere of Influence Updates are more time consuming than originally anticipated. As a result, we have mailed out request for information to districts and cities to provide LAFCo with the required background information. In addition, follow up interviews and meetings will be required.

Preliminary meetings with several districts indicate that while they are willing to prepare this information, they also have resource constraints. Consequently, it is likely that it will take longer to get the base line information that previously planned.

Staff's goals are to complete the following Municipal Service Reviews during FY 2004-05:

- Reclamation District 1000 (1)
- Resource Conservation Districts (3)
- Rural Fire Districts (6)
- Reclamation Districts (20)
- Finalize Open Space and Agricultural Preservation Policies

PB:Maf
Attachment

(Budget Memo)