

TO: Alameda Commissioners

FROM: Rachel Jones, Executive Officer

SUBJECT: Adoption of Final Work Plan and Budget for FY 2020-2021

The Alameda Local Agency Formation Commission (LAFCO) will consider adopting a final budget and work plan for fiscal year 2020-2021. Both items return following their adoption in draft-form and subsequent public review. The final work plan and budget remain intact from its initial draft. The final budget expenses total \$656,892 and represents a decrease of \$136,998 or 17.3% from the current fiscal year. This amount represents a decrease in salaries and benefits marked by the retirement of two LAFCO employees. Revenues are matched to expenses with a decrease in agency contributions by \$136,489 or 23.7% in step with a fund balance offset of \$180,000 applied in the same manner and total amount as this current fiscal year. Staff recommends approval.

Background

Alameda LAFCO is responsible under State law to adopt a proposed budget by May 1st and a final budget by June 15th. A mandatory review by all local funding agencies is required between the two adoption periods. Alameda LAFCO's ("Commission") annual operating costs are primarily funded by proceeds collected from 29 local public agencies operating within Alameda County. State law specifies the Commission's operating costs shall be divided in one-third increments between the (a) County of Alameda, (b) 14 cities, and (c) 15 independent special districts with the latter two categories apportioned based on total revenues as provided in the most recent annual report published by the State Controller's Office. A relatively small portion, typically representing less than one-tenth of total revenues, is also funded from application fees and interest earnings.

Current Operating Budget

The Commission's adopted final budget for fiscal year 2019-2020 totals \$793,880. This amount represents the total approved operating expenditures divided between three active expenses units: salaries and benefits; services and supplies; and internal service charges. A matching revenue total was also budgeted to provide an operating net of \$0 with the purposeful transfer of \$180,000 from reserves. Budgeted revenues are divided between three active units: agency contributions, application fees; and interest earnings. The total fund balance as of July 1, 2018 was \$595,309.

Administrative Office

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City of Pleasanton

David Haubert, Alternate
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East Bay Regional Park District

Geogean Vonheeder-Leopold, Alternate
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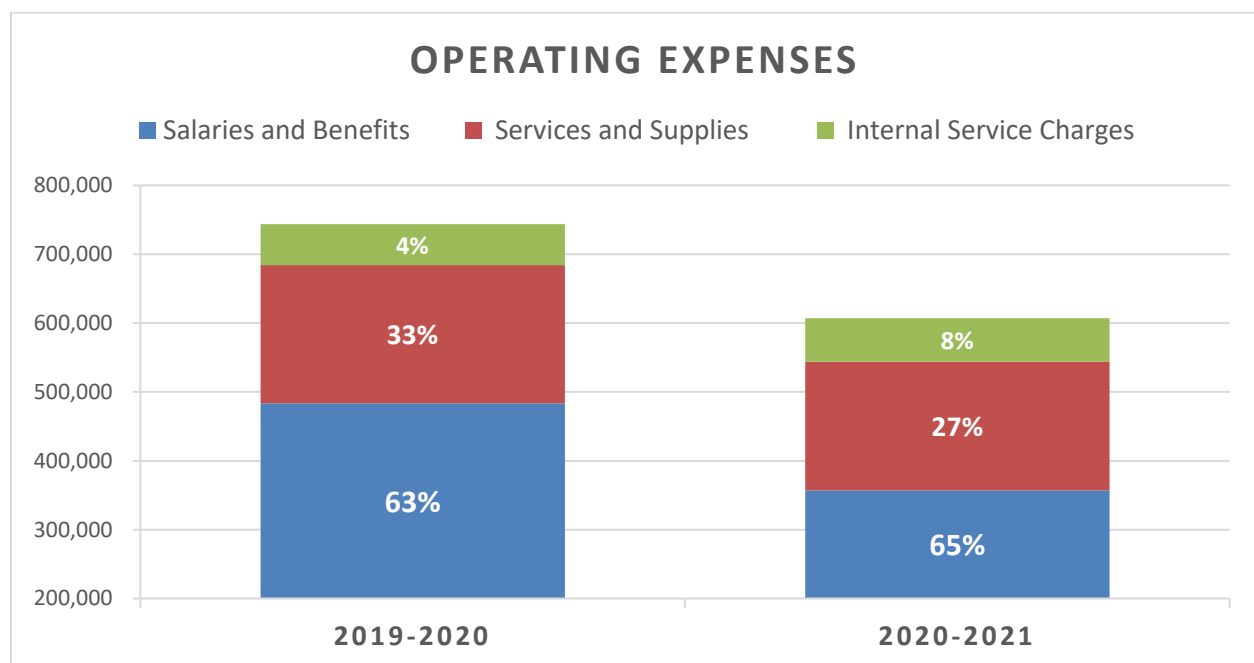
Budgeted Expenses FY 19-20	Budgeted Revenues FY 19-20	Budgeted Year End Balance FY 19-20	Fund Balance FY 19-20
\$793,880	\$793,880	\$0	\$595,309

Discussion

This item is for the Commission to consider adopting a final (a) operating budget and (b) workplan for the upcoming fiscal year. Both items return to the Commission from their initial presentation and adoption in March and subsequent 45-day public review and comment period. This included providing direct notice to all 29 local funding agencies as required under statute. A summary of the final budget and accompanying work plan follows.

Final Operating Budget for FY 2020-2021

The final operating budget developed by the Executive Officer sets operating expenses at \$656,892; a net decrease of \$136,988 or 17.3% from the current fiscal year. The operating expenses total divided between labor and non-labor costs are at an 65% to 35% split. Final operating revenues match operating expenses and is covered by drawing down reserves consistent with the practice to help offset and phase sizable increases to agency contributions. The net effect would be a decrease in contributions of \$136,489 or 23.7% from \$576,380 to \$439,891.



Operating Expenses

The **Salaries and Benefits Unit** will decrease by \$126,424 or 26.1% over the next fiscal year from \$483,581 to \$357,157. The unit covers labor costs tied to staffing 2.0 full-time employees: Executive Officer and Commission Clerk/Analyst. Notable adjustments may be reviewed below.

- Assumes a 2.0% cost-of-living adjustment in regular salaries with the County of Alameda's contract with unrepresented employees for 2020-2021.
- Assumes the decrease in staffing levels from 2.15 full-time employees to 2.0 full-time employees from the previous fiscal year.
- Assumes the position of a full-time Analyst/Clerk position filled at an annual salary of \$81,254.

The **Services and Supplies Unit** will decrease by 14,214 or 7.1% over the next fiscal year from \$200,876 to \$186,662. The unit provides for direct support services necessary to operate Alameda LAFCO. Notable adjustments may be reviewed below.

- Reduces \$10,000 in the County Administrator Office's services account to decrease the total line item from \$11,000 to \$1,000; a difference of 91% over the next fiscal year. The decrease responds to LAFCO moving to the Community Development Agency (CDA) and service costs tied in LAFCO's MOU agreement with the CDA.
- Subtracts \$8,000 in the training services account for conferences and workshops to decrease the total line item from \$13,000 to \$5,000; a difference of 62% over the next fiscal year. The decrease responds to recent trends in reduced staffing levels and aligns with the uncertainty of future events as a result of the COVID-19 pandemic.

The **Internal Service Charges Unit** will increase by \$3,650 or 6.1% over the next fiscal year from \$59,423 to \$63,073. The unit provides for indirect support services necessary to operate Alameda LAFCO. Notable adjustments may be reviewed below.

- Adds \$7,500 in the office lease account to raise the total line item from \$25,000 to \$32,500; a difference of 30% over the next fiscal year. The increase is attributed to LAFCO leasing new office space with the CDA at approximately 1,000 square feet and accompanying utilities and equipment uses.

Operating Revenues

The **Intergovernmental Unit** will decrease by \$136,489 or 23.7% over the next fiscal year from \$576,380 to \$439,891. The unit provides payments received from the 29 local government agencies

responsible under State law for funding Alameda LAFCO with apportionments divided in three equal shares among the County of Alameda, 14 cities and 15 independent special districts. Actual invoice amounts for cities and special districts would be determined by the County Auditor's Office consistent with the allocation formula outlined under Government Code Section 56383 and based on local revenue tallies.

The **Service Charge Unit** remains as is at \$30,000. This unit covers payments received from outside applicants to process change of organizations (annexations, detachments, formations, etc.), outside service extensions, and sphere of influence amendments.

The **Interest Earnings Unit** will decrease by \$500 from \$7,500 to \$7,000 over the next fiscal year. This reflects anticipated changes in interest earnings consistent with recent quarters.

Proposed Work Plan for FY 2020-2021

The final work plan draws on a review of Alameda LAFCO's needs and goals by the Executive Officer and ahead of receiving input and direction from the Commission. It outlines 21 specific projects divided between statutory (legislative directives) and administrative (discretionary) activities. The projects are listed in sequence by assigned priority between high, moderate, and low. The majority of the projects are rollover from this current fiscal year with several additional items. A summary of notable high priority projects follows.

General MSR on Fire Protection and Emergency Medical Services

The project is being continued from the current fiscal year due to delays from the completion of the General MSR on Water, Wastewater and Stormwater services. The project involves a countywide study of fire protection and emergency services with a request-for-proposals (RFP) issued for professional consulting services to conduct the study.

General MSR on Water, Wastewater and Stormwater Services

The project is being continued from the current fiscal year due to an initial delay with contract negotiations, but is currently underway with a draft. The project involves a comprehensive countywide study of water, wastewater, stormwater and flood control services and includes recommendations emphasizing opportunities for shared facilities and or services.

Staff Recruitment, Placement and Training

This project aims to coordinate the recruitment of a new analyst/clerk with placement and training/development by May 2020.

Conclusion

The final operating budget and work plan affirmatively responds to the feedback provided by the Commission along with the functional needs in meeting the agency's existing and expanding duties under State law. This includes advancing the Commission's outreach and educational opportunities throughout the community and region, recruitment and training of additional staff and, the completion of the general MSR on wastewater and water services. The principal difference in the final budget is largely tied to the adjustments made in salaries and benefits and internal services to account for the modification of staffing levels for the Commission Clerk and Analyst positions, recruitment of additional staff, and new office space.

Alternatives for Action

The following alternatives are available to the Commission:

Alternative One (Recommended):

Adopt the attached resolution approving the final budget and work plan for 2020-2021 with any desired changes;

Direct the Executive Officer to circulate the final budget for 2020-2021 for review and comment by the funding agencies and general public.

Alternative Two:

Continue consideration of the item to a special meeting scheduled no later than the legislative deadline of June 15, 2020 and provide direction to staff with respect to any additional information requests.

Recommendation

It is recommended the Commission proceed with Alternative Action One.

Procedures for Consideration

This item has been placed on the agenda for action as part of a noticed public hearing. The following procedures are recommended for consideration.

- 1) Receive a verbal report from staff;
- 2) Invite questions from the Commission;
- 3) Open the public hearing and invite comments from audience (mandatory); and
- 4) Close the public hearing, discuss item, and consider recommendation.

Respectfully,

A handwritten signature in blue ink, appearing to read "Rachel Jones", with a long horizontal flourish extending to the right.

Rachel Jones
Executive Officer

Attachments:

1. Draft Resolution Adopting the Final Budget and Work Plan for FY 2020-2021
2. Final Budget for FY 2020-2021
3. Final Work Plan for FY 2020-2021

ALAMEDA LOCAL AGENCY FORMATION COMMISSION

RESOLUTION 2020-2021

**ALAMEDA LOCAL AGENCY FORMATION COMMISSION
ADOPTING A FINAL WORK PLAN AND BUDGET
FOR FISCAL YEAR 2020-2021**

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires the Alameda Local Agency Formation Commission (“Commission”) to perform certain regulatory and planning duties for purposes of facilitating efficient and accountable local government; and

WHEREAS, the Commission is required to adopt proposed and final budgets each year by May 1st and June 15th, respectively; and

WHEREAS, the Executive Officer’s has prepared a written report and recommendations on a final budget and work plan for 2020-2021; and

WHEREAS, the Commission has heard and fully considered all evidence on a final work plan and budget for 2020-2021 presented at a public hearing held on May 14, 2020; and

WHEREAS, the adoption of a work plan and budget are not projects under the California Environmental Quality Act;

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

1. The final operating budget for 2020-2021 shown as Exhibit A is APPROVED.
2. The final work plan for 2020-2021 shown as Exhibit B is APPROVED
3. As allowed under Government Code 56107, the Commission authorizes the Executive Officer to make non-substantive corrections to this resolution to address any technical defect, error, irregularity, or omission.

PASSED AND ADOPTED by the Alameda Local Agency Formation Commission on May 14, 2020 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:

ATTEST:

Scott Haggerty
Chair

Rachel Jones
Executive Officer

ALAMEDA LOCAL AGENCY FORMATION COMMISSION

Regional Service Planning | Subdivision of the State of California

Expense Ledger

		FY2017-2018		FY2018-2019		FY2019-2020		FY2020-2021			
		Adopted	Actuals	Adopted	Estimated	Adopted	Estimated	Final	Difference		
Salary and Benefit Costs											
<u>Account</u>	<u>Description</u>										
60001	Staff Salaries	-	-	321,692	263,373	308,307	263,373	234,254	(74,053)	-24.0%	
-	Employee Benefits and Retirement (ACERA)	-	-	149,961	149,961	175,275	149,961	122,903	(52,372)	-29.9%	
		472,385	383,228	471,653	413,334	483,581	324,575	357,157	(126,424)	-26.1%	
Service and Supplies											
<u>Account</u>	<u>Description</u>										
-	Intern	1,600	-	1,600	0	1,600	0	1,600	-	0.0%	
610077	Postage	1,000	1,000	1,000	1,000	1,000	1,000	1,000	-	0.0%	
610141	Copier	2,000	2,503	3,000	3,000	3,000	3,000	3,000	-	0.0%	
610191	Pier Diems	7,500	7,300	7,700	7,700	7,800	7,800	8,000	200.00	2.6%	
610211	Mileage/Travel	-	89	200	2,628	1,300	1,300	1,300	-	0.0%	
610461	Training (Conferences and Workshops)	20,000	17,171	20,000	20,000	13,000	6,000	5,000	(8,000.00)	-61.5%	
610241	Records Retention	1,000	1,000	1,000	1,000	1,000	1,000	1,000	-	0.0%	
610261	Consultants	75,000	75,000	96,000	90,000	90,000	90,000	96,000	6,000.00	6.7%	
610261	Mapping - County	5,000	5,000	5,000	5,000	5,000	5,000	5,000	-	0.0%	
610261	Planning Services	25,000	10,000	25,000	5,000	5,000	6,000	5,000	-	0.0%	
610261	Legal Services	40,000	35,000	40,000	40,000	30,000	21,775	25,000	(5,000.00)	-16.7%	
610311	CAO/CDA - County - Services	11,000	11,000	11,000	11,000	11,000	11,000	1,000	(10,000.00)	-90.9%	
610312	Audit Services	7,500	-	10,000	7,500	7,700	10,000	10,000	2,300.00	29.9%	
610351	Memberships	8,675	8,774	9,000	9,026	10,476	10,476	10,762	286.00	2.7%	
610421	Public Notices	5,000	2,000	5,000	5,000	5,000	5,000	5,000	-	0.0%	
610441	Assessor - County - Services	5,000	-	2,500	2,500	2,500	2,500	2,500	-	0.0%	
610461	Special Departmental	500	500	1,500	1,500	1,500	1,500	1,500	-	0.0%	
620041	Office Supplies	3,000	500	4,000	4,000	4,000	4,000	4,000	-	0.0%	
		218,775	176,837	243,500	215,854	200,876	187,351	186,662	(14,214)	-7.1%	
Internal Service Charges											
<u>Account</u>	<u>Description</u>										
630051	Office Lease/Rent	3,200	3,200	3,200	3,200	25,000	3,200	32,500	7,500	30.0%	
630021	Communication Services	3,218	3,218	3,878	3,878	3,950	3,950	100	(3,850)	-97.5%	
630061	Information Technology	18,081	18,081	21,578	23,370	27,373	27,373	27,373	-	0.0%	
630081	Risk Management	2,686	2,686	3,034	3,034	3,100	3,100	3,100	-	0.0%	
		27,185	27,185	31,690	37,482	59,423	37,482	63,073	3,650	6.1%	
Contingencies											
		50,000		50,000	-	50,000	-	50,000	-	0.0%	
<u>Account</u>	<u>Description</u>										
-	Operating Reserve	-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	
EXPENSE TOTALS		768,345	587,250	796,843	666,670	793,880	549,408	656,892	(136,988)	-17.3%	

Revenue Ledger

	FY2017-2018		FY2018-2019		FY2019-2020		FY2020-2021		
	Adopted	Estimate	Adopted	Estimate	Adopted	Estimate	Fiaal	Difference	
Intergovernmental									
<u>Account</u>	<u>Description</u>								
-	Agency Contributions								
	County of Alameda								
	196,115	196,114	196,948	196,948	192,127	192,127	146,630	(45,497)	-23.7%
	Cities								
	196,115	196,114	196,948	196,948	192,127	192,127	146,630	(45,497)	-23.7%
	Special Districts								
	196,115	196,114	196,948	196,948	192,127	192,127	146,630	(45,497)	-23.7%
	588,345	588,344	590,844	590,844	576,380	576,380	439,891	(136,489)	-23.7%
Service Charges									
-	Application Fees								
	30,000	16,000	30,000	10,000	30,000	25,000	30,000	-	0.0%
Investments									
-	Interest								
	-	4,000	-	11,531	7,500	7,500	7,000	(500)	-6.7%
Fund Balance Offset									
	150,000	150,000	176,000	176,000	180,000	180,000	180,000	-	0.0%
	768,345	758,344	796,844	788,375	793,880	788,880	656,891	(136,989)	-17.3%

OPERATING NET	-	171,094	-	246,268	-	239,472	(1)	-	-
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UNRESTRICTED FUND BALANCE	594,309	840,577
As of June 30th		

Priority	Urgency	Type	Status	Project	Key Issues
1	High	Statutory	Rollover	General MSR on Water, Wastewater, and Stormwater Services	First Service Specific MSR since 2006 Address Infrastructure Needs and Efficiencies and Sustainability
2	High	Administrative	Rollover	Staff Recruitment, Placement and Training	Recruitment and Training of LAFCO Commission Clerk and Analyst
3	High	Statutory	Rollover	General MSR on Fire Protection and Emergency Services	Second MSR on Fire and Emergency Services sine 2006 Address Shared Opportunities
4	High	Administrative	New	2018-2020 Audits	Verify Fund Balance; Perform Regular Audits
5	High	Administrative	Rollover	Fund Balance	Establish a reserve policy
6	Moderate	Administrative	Rollover	LAFCO Presentations	Introductory Overview of LAFCO's Duties and Responsibilities to Boards, Councils, Community Groups
7	Moderate	Administrative	New	Policy Review on Agricultural Protection and Out of Area Service Agreements	Periodical review of existing policies relative to practices and trends, and determine whether changes are appropriate to better reflect current preferences
8	Moderate	Administrative	New	Host more informative presentations from outside local agencies	Provide more up to date knowledge on local issues
9	Moderate	Administrative	Rollover	Prepare Informational Report on Unincorporated Islands	Map all Unincorporated Islands and Examine Island Annexation Implementation Issues in Alameda County
10	Moderate	Administrative	Rollver	Update Application Packet and Mapping Requirements	Current Application Dated; Make User Friendly
11	Low	Administrative	Rollover	GIS Mapping Project	CDA to Create a LAFCO GIS Layer for All Local Agencies under LAFCO Purview
12	Low	Administrative	Rollover	LAFCO Agency Logo	Establish New Agency Logo for Branding (Website, Publications, etc.)
13	Low	Statutory	Rollover	Master Property Tax Exchange Agreement	Improve Efficiency and Effectiveness of Application Process
14	Low	Administrative	Rollover	Prepare Informational Report on JPAs	Post Enactment of SB 1266; Enhance Repository on Local Government Services
15	Low	Statutory	Rollover	Sphere Update for City of Pleasanton	Implement Planning Functions; Update SOIs of Local Government Agencies; Cities MSR
16	Low	Administrative	Rollover	Informational Report on Fairview Fire Protection District	Status Report on District Activites
17	Low	Administrative	Rollover	Informational Report on Remen Tract	Special Report on Service Delivery Feasibility
18	Low	Administrative	Rollover	Host Alameda County Special District Association Meeting	Communicate LAFCO's Mission and Goals to the Community
19	Low	Administrative	Rollover	LAFCO Annual Report on Status of County	Evaluate LAFCO's Mission and Goals Relative to Local Conditions; Identify Strategies to Achieve Shared Objectives

20	Low	Administrative	Rollover	Local Agency Directory	User-Friendly Publication Identifying and Summarizing Local Government Agencies and Services in Alameda County
21	Low	Administrative	Rollover	Digital Archiving	Continue Project to Digitize LAFCO Records