

**AGENDA REPORT**

May 9, 2019

Item No. 9

**TO:** Alameda Commissioners

**FROM:** Policy and Budget Committee (Johnson, Marchand, and Pico)  
Rachel Jones, Executive Officer

**SUBJECT: Adoption of Final Work Plan and Budget for FY 2019-2020**

The Commission will consider adopting a final work plan and budget for 2019-2020. 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 \$793,880 and represents a decrease of \$2,964 or 0.4% from the current fiscal year with adjustments tied in services and supplies and resources drawn to accomplish items in the final work plan. Revenues are matched to expenses with a slight decrease in agency contributions by 14,464 or 2.4% in conjunction with an increase in the use of reserves by \$4,000. Staff recommends approval.

**Background**

The Alameda Local Agency Formation Commission (LAFCO) is responsible under State law to adopt a proposed budget by May 1<sup>st</sup> and a final budget by June 15<sup>th</sup>. 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 2018-2019 totals \$796,844. 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 \$176,000 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 \$595,796.

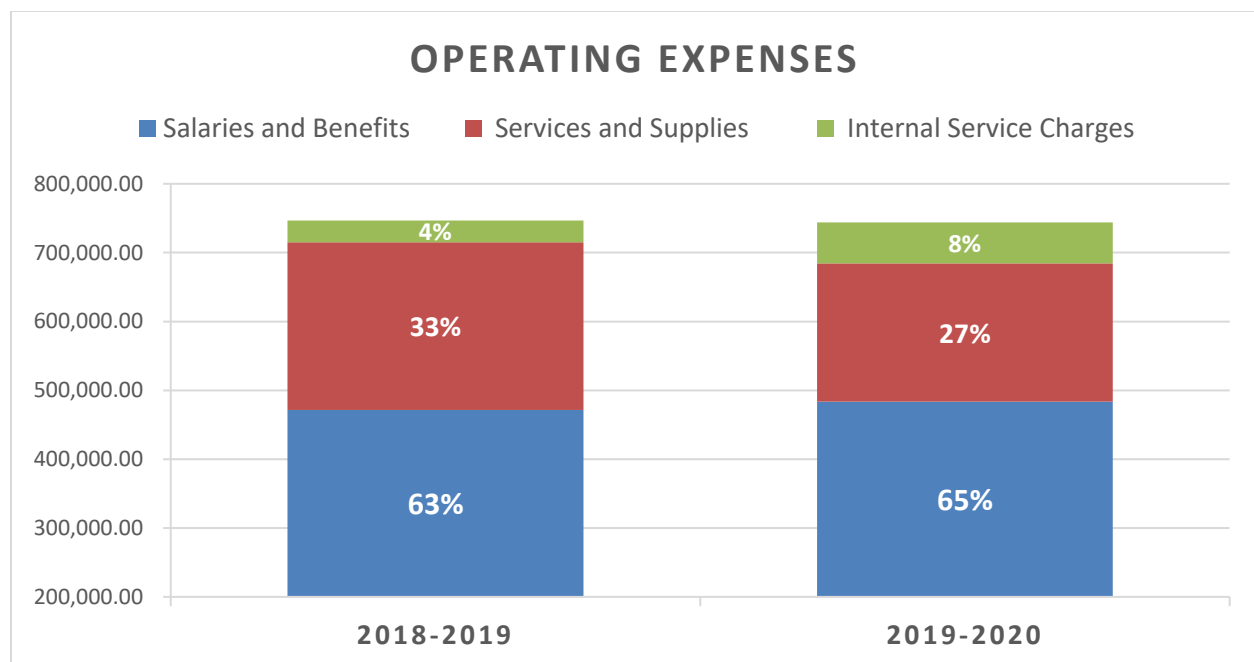
Budgeted Expenses FY 18-19	Budgeted Revenues FY 18-19	Budgeted Year End Balance FY 18-19	Fund Balance FY 18-19
\$775,843	\$775,843	\$0	\$595,796

### Discussion

This item is for the Commission to consider recommendations by the Policy and Budget Committee (Johnson, Marchand and Pico) in 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 2019-2020

The final operating budget developed by the Executive Officer and the Policy and Budget Committee sets operating expenses at \$793,880; a net decrease of \$2,963 or 0.4% 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 14,464 or 2.4% from 590,844 to 576,380.



A detailed listing of the notable changes included in the final operating budget by unit follows.

### Operating Expenses

The budget is developed and presented with an eye toward future capacities and goals in conjunction with renewal negotiations with the County of Alameda for LAFCO support and administrative services.

The **Salaries and Benefits Unit** will increase by 11,928 or 2.5% over the next fiscal year from 471,653 to 483,581. The unit covers labor costs tied to staffing 2.15 fulltime employees: Executive Officer, Analyst and Commission Clerk. 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 2019-2020.
- Assumes the funding of a full-time Analyst and Commission Clerk until the end of the calendar year for a total of 3 full-time employees.
- Assumes the hiring of a full-time Analyst/Clerk at an annual salary of \$81,254 by August 2019.

These adjustments are made in relation to LAFCO's succession plan and are as follows:

Three authorized, appropriately classified, LAFCO designated, County Civil Service positions;

- 1 LAFCO Executive Officer
- 1 LAFCO Analyst
- 1 LAFCO Commission Clerk

Each position is ultimately ***budgeted*** at the level desired by the LAFCO Commission (emphasis). The final budget reflects moving through FY 2019-2020 with LAFCO's own civil service classifications while preparing for succession of the LAFCO Analyst and Commission Clerk. In order for this to occur, LAFCO must designate all current staff as full-time employees;

From July 1, 2019 through December 31, 2019

- 1 FTE LAFCO Executive Officer
- 1 FTE LAFCO Analyst
- 1 FTE LAFCO Commission Clerk
- 1 FTE Analyst / Clerk

From January 1, 2020 through June 30, 2020

- Two current staff members have retired (LAFCO Analyst and Commission Clerk)
- 1 FTE LAFCO Executive Officer
- 1 FTE LAFCO Analyst / Clerk

The final budget in the Salaries and Benefits Unit focuses on targeted increases in staffing to accommodate and foster LAFCO's resources and organizational capacity during this transitional phase.

The **Services and Supplies Unit** will decrease by 42,624 or 17.5% over the next fiscal year from 243,500 to 200,876. The unit provides for direct support services necessary to operate Alameda LAFCO. Notable adjustments may be reviewed below.

- Reduces \$10,000 in the legal services account to decrease the total line item from \$40,000 to \$30,000; a difference of 25% over the next fiscal year. The decrease responds to recent trends produced by the Alameda County Counsel's Office.
- Subtracts \$20,000 in the planning services account to decrease the total line item from \$25,000 to \$5,000; a difference of 80% over the next fiscal year. The decrease responds to recent trends in reduced demand of application and proposal review requests.

The **Internal Service Charges Unit** will increase by \$27,733 or 87.5% over the next fiscal year from 31,690 to 59,423. The unit provides for indirect support services necessary to operate Alameda LAFCO. Notable adjustments may be reviewed below.

- Adds \$21,800 in the office lease account to raise the total line item from \$3,200 to \$25,000; a difference of 681.3% over the next fiscal year. The increase is attributed to the assumption of leasing a new office space through the County at approximately 1,000 square feet.

### Operating Revenues

The **Intergovernmental Unit** will decrease by 14,464 or 2.4% over the next fiscal year from 590,844 to 576,380. 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** remain 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 increase by \$7,500. This reflects anticipated changes in interest earnings consistent with recent quarters.

### Final Work Plan for FY 2019-2020

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 26 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 new with several remaining items continued from the current and previous fiscal years. A summary of all high priority projects follows.

#### MOU Update with the County of Alameda

This project involves updating the existing memorandum of understanding (MOU) with the County of Alameda set to expire June 30<sup>th</sup>. The purpose of the update is to reflect current agency relationship needs, and among other items formalize existing staff classifications and job descriptions.

#### General MSR on Water, Wastewater and Stormwater Services

The project is being continued from the current fiscal year due to a delay with contract negotiations, but is currently underway with its data collection phase. 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 August 2019.

### **Conclusion**

The final budget and work plan remain the same to the draft versions presented and adopted by Alameda LAFCO at its March meeting. Both documents affirmatively respond 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 organizational capacity through administrative duties and policy updates which includes MOU negotiations with the County, recruitment and training of 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 services and supplies units to account for the modification of staff hours for the Commission Clerk and Analyst positions, recruitment of staff, and the use of professional services.

### **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 2019-2020 with any desired changes; and

Direct the Executive Officer to circulate the final budget for 2019-2020 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, 2019 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 on behalf of the Policy and Budget Committee,



Rachel Jones  
Executive Officer

#### Attachments:

1. Draft Resolution Adopting the Final Budget and Work Plan for FY 2019-2020
2. Final Budget for FY 2019-2020
3. Final Work Plan for FY 2019-2020

# ALAMEDA LOCAL AGENCY FORMATION COMMISSION

Regional Service Planning | Subdivision of the State of California

## Expense Ledger

	FY2016-2017		FY2017-2018		FY2018-2019		FY2019-2020		
	Adopted	Actuals	Adopted	Actuals	Adopted	Estimated	Proposed	Difference	
<b>Salary and Benefit Costs</b>									
<u>Account</u>	<u>Description</u>								
60001	-	-	-	-	321,692	263,373	308,307	(13,385)	-4.2%
-	-	-	-	-	149,961	149,961	175,275	25,314	16.9%
	422,665	378,825	472,385	383,228	471,653	413,334	483,581	11,928	2.5%
<b>Service and Supplies</b>									
<u>Account</u>	<u>Description</u>								
-	1,600	-	1,600	-	1,600	0	1,600	-	0.0%
610077	1,000	2,000	1,000	1,000	1,000	1,000	1,000	-	0.0%
610141	1,800	4,000	2,000	2,503	3,000	3,000	3,000	-	0.0%
610191	6,600	7,000	7,500	7,300	7,700	7,700	7,800	100	1.3%
610211	-	-	-	89	200	2,628	1,300	1,100	550.0%
610461	18,500	12,000	20,000	17,171	20,000	20,000	13,000	(7,000)	-35.0%
610241	1,000	1,100	1,000	1,000	1,000	1,000	1,000	-	0.0%
610261	50,000	31,000	75,000	75,000	96,000	90,000	90,000	(6,000)	-6.3%
610261	5,000	6,000	5,000	5,000	5,000	5,000	5,000	-	0.0%
610261	60,000	75,000	25,000	10,000	25,000	5,000	5,000	(20,000)	-80.0%
610261	30,000	50,000	40,000	35,000	40,000	40,000	30,000	(10,000)	-25.0%
610311	16,000	13,000	11,000	11,000	11,000	11,000	11,000	0	0.0%
610312	7,500	-	7,500	-	10,000	7,500	7,700	(2,300)	-23.0%
610351	8,157	8,157	8,675	8,774	9,000	9,026	10,476	1,476	16.4%
610421	5,000	2,000	5,000	2,000	5,000	5,000	5,000	0	0.0%
610441	-	-	5,000	-	2,500	2,500	2,500	0	0.0%
610461	500	500	500	500	1,500	1,500	1,500	0	0.0%
620041	3,000	1,500	3,000	500	4,000	4,000	4,000	0	0.0%
	215,657	213,257	218,775	176,837	243,500	215,854	200,876	(42,624)	-17.5%
<b>Internal Service Charges</b>									
<u>Account</u>	<u>Description</u>								
630051	3,200	3,200	3,200	3,200	3,200	3,200	25,000	21,800	681.3%
630021	3,156	3,156	3,218	3,218	3,878	3,878	3,950	72	1.9%
630061	17,726	17,726	18,081	18,081	21,578	23,370	27,373	5,795	26.9%
630081	2,633	2,633	2,686	2,686	3,034	3,034	3,100	66	2.2%
	26,715	26,715	27,185	27,185	31,690	37,482	59,423	27,733	87.5%
	50,000		50,000		50,000	-	50,000	-	0.0%
<u>Account</u>	<u>Description</u>								
-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
<b>EXPENSE TOTALS</b>	<b>715,037</b>	<b>618,797</b>	<b>768,345</b>	<b>587,250</b>	<b>796,843</b>	<b>666,670</b>	<b>793,880</b>	<b>(2,963)</b>	<b>-0.4%</b>

## Revenue Ledger

	FY2016-2017		FY2017-2018		FY2018-2019		FY2019-2020			
	Adopted	Estimate	Adopted	Estimate	Adopted	Estimate	Proposed	Difference		
<b>Intergovernmental</b>										
<u>Account</u>	<u>Description</u>									
-	Agency Contributions									
	County of Alameda									
	196,115	196,114	196,115	196,114	196,948	196,948	192,127	(4,821)	-2.4%	
	Cities									
	196,115	196,114	196,115	196,114	196,948	196,948	192,127	(4,821)	-2.4%	
	Special Districts									
	196,115	196,114	196,115	196,114	196,948	196,948	192,127	(4,821)	-2.4%	
	540,037	588,344	588,345	588,344	590,844	590,844	576,380	(14,464)	-2.4%	
<b>Service Charges</b>										
-	Application Fees									
	25,000	50,000	30,000	16,000	30,000	10,000	30,000	-	0.0%	
<b>Investments</b>										
-	Interest									
	-	2,000	-	4,000	-	11,531	7,500	7,500	-	
<b>Fund Balance Offset</b>										
	150,000	150,000	150,000	150,000	176,000	176,000	180,000	4,000	2.3%	
<b>REVENUE TOTALS</b>	<b>715,037</b>	<b>742,037</b>	<b>768,345</b>	<b>758,344</b>	<b>796,844</b>	<b>788,375</b>	<b>793,880</b>	<b>(2,964)</b>	<b>-0.4%</b>	
<b>OPERATING NET</b>	-	123,240	-	171,094	-	121,705	-	-	-	
<b>UNRESTRICTED FUND BALANCE</b>							429,370			
As of June 30th										

Priority	Urgency	Type	Status	Project	Key Issues
1	High	Administrative	Rollover	MOU Update with County of Alameda	Update existing MOU with the County of Alameda to reflect current agency relationships/needs
2	High	Statutory	Rollover	General MSR on Water, Wastewater, and Stormwater Services	First Service Specific MSR since 2006   Address Infrastructure Needs and Efficiencies and Sustainability
3	High	Administrative	New	Staff Recruitment, Placement and Training	Recruitment and Training of LAFCO Commission Clerk and Analyst
4	Moderate	Administrative	New	2017-2018 Audit	Verify Fund Balance; First Audit in Ten Years
5	Moderate	Statutory	New	Dissolutions of Inactive Special Districts	Implement Regulatory Functions; SB 448
6	Moderate	Statutory	New	Special District Member Elections	Conduct Special District Member Elections to Ensure LAFCO Representation
7	Moderate	Statutory	New	Study Schedule Update	Improve Efficiency and Effectiveness of Commission Operations and Transparency
8	Moderate	Statutory	New	General MSR on Fire Protection and Emergency Services	Second MSR on Fire and Emergency Services since 2006   Address Shared Opportunities
9	Moderate	Statutory	Rollover	Sphere Update for City of Pleasanton	Implement Planning Functions; Update SOIs of Local Government Agencies; Cities MSR
10	Moderate	Statutory	Rollover	Informational Report on Disadvantaged Unincorporated Communities	Develop and Implement Special Study of Unincorporated Areas focusing on DUCs; Consider Policies
11	Moderate	Administrative	New	Prepare Informational Report on JPAs	Post Enactment of SB 1266; Enhance Repository on Local Government Services
12	Moderate	Administrative	New	LAFCO Presentations	Introductory Overview of LAFCO's Duties and Responsibilities to Boards, Councils, Community Groups
13	Moderate	Administrative	New	Update Application Packet	Current Application Dated; Make User Friendly
14	Moderate	Administrative	Rollover	Prepare Informational Report on Unincorporated Islands	Map all Unincorporated Islands and Examine Island Annexation Implementation Issues in Alameda County
15	Moderate	Statutory	New	Alameda County Resource Conservation MSR	Last MSR conducted in 2013; Open space land preservation
16	Moderate	Administrative	Rollover	Informational Report on Fairview Fire Protection District	Status Report on District Activities
17	Low	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
18	Low	Statutory	New	Master Property Tax Exchange Agreement	Improve Efficiency and Effectiveness of Application Process
19	Low	Administrative	Rollover	Informational Report on Remen Tract	Special Report on Service Delivery Feasibility
20	Low	Administrative	Rollover	Digital Archiving	Continue Project to Digitize LAFCO Records
21	Low	Administrative	Rollover	CALAFCO Legislative Committee	Enhance and Clarify LAFCO Authority and Powers to Perform its State-Mandated Responsibilities
22	Low	Administrative	New	Host Alameda County Special District Association Meeting	Communicate LAFCO's Mission and Goals to the Community
23	Low	Administrative	New	LAFCO Annual Report on Status of County	Evaluate LAFCO's Mission and Goals Relative to Local Conditions; Identify Strategies to Achieve Shared Objectives
24	Low	Administrative	New	GIS Mapping Project	CDA to Create a LAFCO GIS Layer for All Local Agencies under LAFCO Purview
25	Low	Administrative	New	LAFCO Agency Logo	Establish New Agency Logo for Branding (Website, Publications, etc.)
26	Low	Administrative	New	Local Agency Directory	User-Friendly Publication Identifying and Summarizing Local Government Agencies and Services in Alameda County



**ALAMEDA LOCAL AGENCY FORMATION COMMISSION**

**RESOLUTION 2019-XX**

**ALAMEDA LOCAL AGENCY FORMATION COMMISSION  
ADOPTING A FINAL WORK PLAN AND BUDGET  
FOR FISCAL YEAR 2019-2020**

**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 1<sup>st</sup> and June 15<sup>th</sup>, respectively; and

**WHEREAS**, the Executive Officer’s has prepare a written report and recommendations on a final budget and work plan for 2019-2020; and

**WHEREAS**, the Commission has heard and fully considered all evidence on a final work plan and budget for 2019-2020 presented at a public hearing held on May 9, 2019; 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 2019-2020 shown as Exhibit A is APPROVED.
2. The final work plan for 2019-2020 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 9, 2019 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:

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Ayn Weiskamp  
Chair

ATTEST:

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Rachel Jones  
Executive Officer