



# LAFCO

*Alameda* Local Agency Formation Commission

## AGENDA REPORT

May 12, 2022

Item No. 8

**TO:** Alameda Commissioners

**FROM:** Rachel Jones, Executive Officer

**SUBJECT: Adoption of Final Budget and Workplan for FY 2022-2023**

The Alameda Local Agency Formation Commission (LAFCO) will consider adopting a final budget and workplan for fiscal year 2022-2023. Both items return following their adoption in draft form and subsequent public review. The final budget and workplan remain intact from its initial draft. The final budget expenses total \$746,428, and represent an increase of \$91,093 or 13.9% from the current fiscal year. The increase is marked by expenses for professional services in the Service and Supplies Unit for additional LAFCO studies, and a rise in rent/moving costs for new LAFCO Office space. Revenues are matched to expenses with an increase in agency contributions by \$8,868, or 6%, in step with a fund balance offset of \$250,000, applied in the same manner as the previous fiscal year with a \$65,000 increase in total amount. Staff recommends approval.

### Background

Alameda 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.

### Adopted 2021-2022 Budget

The Commission's adopted final budget for fiscal year 2021-2022 totals \$655,335. 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 \$185,000 from reserves. Budgeted revenues are divided between three active units: agency contributions, application fees; and interest earnings. The total unaudited fund balance as of July 1, 2021 was \$833,587.

**Administrative Office**  
Rachel Jones, Executive Officer  
224 West Winton Avenue, Suite 110  
Hayward, California 94544  
T: 510.670.6267  
www.alamedalafco.org

**Nate Miley, Regular**  
County of Alameda

**David Haubert, Regular**  
County of Alameda

**Dave Brown, Alternate**  
County of Alameda

**Bob Woerner, Regular**  
City of Livermore

**Melissa Hernandez, Reg**  
City of Dublin

**Karla Brown, Alternate**  
City of Pleasanton

**Ralph Johnson, Regular**  
Castro Valley Sanitary District

**Ayn Wieskamp, Regular**  
East Bay Regional Park District

**Georgian Vonheeder-Leopold, Alternate**  
Dublin San Ramon Services District

**Sblend Sblendorio, Chair**  
Public Member

**John Marchand, Alternate**  
Public Member

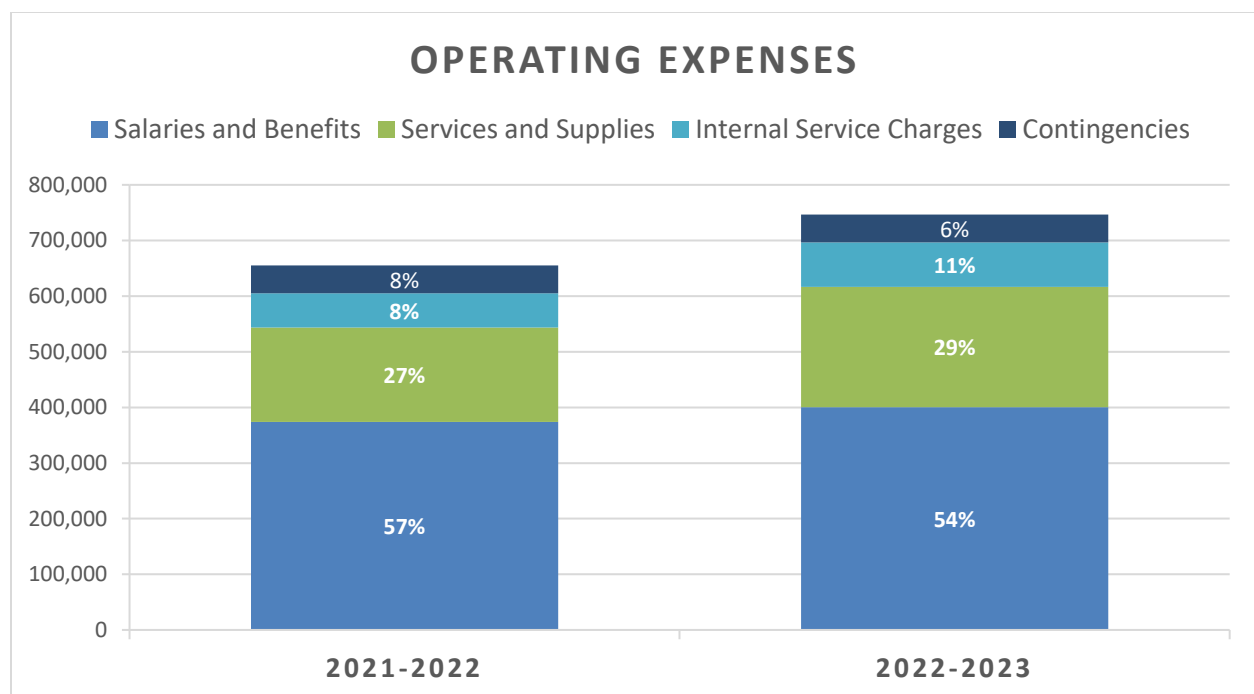
Budgeted Expenses FY 20-21	Budgeted Revenues FY 20-21	Budgeted Year End Balance FY 20-21	Fund Balance FY 20-21
\$655,335	\$655,335	\$0	\$833,587

**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 public review and comment period. This included providing direct notice to all 29 local funding agencies as required under statute. A summary of the proposed budget and accompanying work plan follows.

**Final Operating Budget for FY 2022-2023**

The final operating budget developed by the Executive Officer sets operating expenses at \$746,429; a net increase of \$91,094, or 13.9% from the current fiscal year. The operating expenses total, divided between labor and non-labor costs, are at an 54% to 40% split, with 6% dedicated to contingencies. 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 an increase in contributions of \$26,094 or 6% from \$433,335 to \$459,429.



## Operating Expenses

The **Salaries and Benefits Unit** will increase by \$26,516 or 7.1% over the next fiscal year from \$373,975 to \$400,491. The unit covers labor costs tied to staffing 2.0 full-time employees: Executive Officer and Commission Clerk. Notable adjustments proposed may be reviewed below.

- Salary increases of no less than 5% are contemplated for all budgeted positions to accommodate merit and or cost of living adjustments that may be approved during the fiscal year.

The **Services and Supplies Unit** will increase by 46,377 or 27.3% over the next fiscal year from \$169,610 to \$215,987. The unit provides for direct support services necessary to operate Alameda LAFCO. Notable adjustments proposed may be reviewed below.

- Adds \$50,000 in the professional services account; a difference of 50% over the next fiscal year. The increase is based on the Commission's work plan for additional municipal service reviews and special studies.
- Reduces \$1,000 in the public notices services account to decrease the total line item from \$3,000 to \$2,000; a difference of 33% over the next fiscal year. The decrease is based on recent demands.

The **Internal Service Charges Unit** will increase by \$18,020 or 29.5% over the next fiscal year from \$61,750 to \$79,950. The unit provides for indirect support services necessary to operate Alameda LAFCO. Notable adjustments proposed may be reviewed below.

- Adds \$18,050 from the office lease and rent services account to increase the total line item from \$32,500 to \$50,550, a difference of 55% over the next fiscal year. The increase is attributable to LAFCO staff requesting to move into permanent office space as outlined in its MOU with the County and Community Development Agency in order to ultimately increase its workspace for additional staff.

## Operating Revenues

The **Intergovernmental Unit** will increase by \$26,094, or 6% over the next fiscal year from \$433,335 to \$459,429. 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 remain as is at \$7,000. This total is consistent with recent quarters.

### **Proposed Work Plan for FY 2022-2023**

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 20 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.

#### Community Services Municipal Service Review

The project involves a countywide study on agencies that provide community services such as street maintenance and lighting, parks and recreation, mosquito and vector abatement, and lead abatement in Alameda County. The MSR will also review broadband services and any accessibility issues within the region.

#### Create Countywide Regional Water and Wastewater Committee

This item aims to follow the Commission's adopted recommendation from its 2021 Countywide Municipal Service Review to create a committee that includes all affected agencies that provide water, wastewater, stormwater, and flood control services to explore opportunities and share practices for collaboration on how the region can recycle water, or better utilize water that is already imported.

#### LAFCO Office Move

Staff is requesting to enter into a long-term rental agreement with the Community Development Agency for permanent office space. The Commission currently leases loft space from the CDA that supports two offices, and a small meeting area. Staff seeks to move into an office space located in the CDA Administration Building that offers at least three work-stations and a large conference space to eventually accommodate a LAFCO Analyst.

### **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, conducting municipal service reviews to inform spheres of influence updates, and creating stakeholder groups to determine growth management policies.

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 cost-of-living adjustments and the demand for more professional services to conduct LAFCO special studies and MSRs.

### **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 2022-2023 with any desired changes; and

Direct the Executive Officer to circulate the final budget for 2022-2023 to all funding agencies and public.

#### Alternative Two:

Continue consideration of the item to a special meeting scheduled no later than the legislative deadline of June 15, 2022, 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,



Rachel Jones  
Executive Officer

#### Attachments:

1. Draft Resolution Adopting the Final Budget and Work Plan for FY 2022-2023
2. Final Budget for FY 2022-2023
3. Final Work Plan for FY 2022-2023

**ALAMEDA LOCAL AGENCY FORMATION COMMISSION**

**RESOLUTION OF THE  
ALAMEDA LOCAL AGENCY FORMATION COMMISSION  
ADOPTING A FINAL WORK PLAN AND BUDGET  
FOR FISCAL YEAR 2022-2023**

**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 Commission’s Executive Officer prepared a written report outlining recommendations with respect to anticipated work activities and budgetary needs in 2022-2023; and

**WHEREAS**, the Commission has heard and fully considered all evidence on a final work plan and budget for 2022-2023 presented at a public hearing held on May 12, 2022; 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 2022-2023 shown as Exhibit A is APPROVED.
2. The final work plan for 2022-2023 shown as Exhibit B is APPROVED

**PASSED AND ADOPTED** by the Alameda Local Agency Formation Commission on May 12, 2022 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:

---

Sblend Sblendorio  
Chair

ATTEST:

---

Rachel Jones  
Executive Officer

APPROVED TO FORM:

---

Andrew Massey  
Legal Counsel





	-	-	-	-	-	-	-	-	
EXPENSE TOTALS	793,880	581,349	656,892	395,649	655,335	624,585	746,428	91,093	13.9%

**Revenue Ledger**

	FY 2019-2020		FY 2020-2021		FY 2021-2022		FY 2022-2023		
	Adopted	Actuals	Adopted	Projected	Adopted	Projected	Proposed	Difference	
<b>Intergovernmental</b>									
<u>Account</u> <u>Description</u>									
- Agency Contributions									
County of Alameda	192,127	192,127	146,464	146,464	144,445	144,445	153,143	8,698	6.0%
Cities	192,127	192,127	146,464	146,464	144,445	144,445	153,143	8,698	6.0%
Special Districts	192,127	192,127	146,464	146,464	144,445	144,445	153,143	8,698	6.0%
	576,380	576,380	439,392	439,392	433,335	433,335	459,429	26,094	6.0%
<b>Service Charges</b>									
- Application Fees	30,000	25,000	30,000	38,643	30,000	10,000	30,000	-	0.0%
<b>Investments</b>									
- Interest	7,500	7,500	7,500	8,965	7,000	6,500	7,000	-	0.0%
<b>Fund Balance Offset</b>	180,000		180,000	-	185,000	185,000	250,000	65,000	35.1%
REVENUE TOTALS	793,880	608,880	656,892	487,000	655,335	634,835	746,429	91,094	13.9%

<b>OPERATING NET</b>	-	27,531	-	91,351	-	10,250	-	-	-
----------------------	---	--------	---	--------	---	--------	---	---	---

<b>UNRESTRICTED FUND BALANCE</b>	741,830	833,587	558,337	
As of June 30th				

Priority	Urgency	Type	Project	Key Issues
1	High	Statutory	Community Services Municipal Service Review	Service Specific MSR   Identify Accessibility Issues for Broadband Services
2	High	Statutory	General MSR on Fire Protection and Emergency Services	Second MSR on Fire and Emergency Services sine 2006   Address Shared Opportunities
3	High	Statutory	Alameda County Resource Conservation District MSR	MSR on resource conservation in Alameda County
4	High	Administrative	LAFCO Office Move	Fulfill Long-Term Lease in MOU with CDA; Aid in Hiring LAFCO Analyst
5	High	Statutory	Countywide MSR on Police Services	Examine Current Provision and Need for Police Services and Related Financial and Governance Considerations
6	High	Administrative	South Livermore Valley Area Specific Plan	Provide a LAFCO Update on Plan and Review Current Trends
7	High	Administrative	2018-2021 Audits	Verify Fund Balance; Perform Regular Audits
8	Moderate	Administrative	Alameda LAFCO Brochure	Create and Distribute Pamphlet for LAFCO Outreach and Education
9	Moderate	Statutory	Informational Report on Island Annexations	Map all Unincorporated Islands and Examine Island Annexation Implementation Issues in Alameda County
10	Moderate	Administrative	Create Countywide Regional Water and Wastewater Committee	Explore Opportunities and Share Practices for Collobaration on Recycled Water for the Region and Better Utilization of Imported Water
11	Moderate	Statutory	Unincorporated Areas Incorporation Feasibility Report	Prepare a Feasibility Report on the Incorporation of Castro Valley and surrounding areas of Ashland, Cherryland, and San Lorenzo
12	Moderate	Administrative	SALC Grant Award	Continue Two-Year Process on Grant Project and Track Agricultural Trends
13	Moderate	Administrative	Prepare Informational Report on JPAs	Post Enactment of SB 1266; Enhance Repository on Local Government Services
14	Low	Administrative	Review of County Transfer of Jurisdiction Policies	Ensure Policies are Consistent with CKH
15	Low	Administrative	Update Application Packet and Mapping Requirements	Streamline LAFCO Application and County Mapping Requirements; Make User Friendly
16	Low	Administrative	Informational Report on Remen Tract	Special Report on Service Delivery
17	Low	Administrative	Bay Area LAFCO Meetings	Attend Meetings with Other Bay Area LAFCOs for Projects/Training

18	Low	Administrative	Host Alameda County Special District Association Meeting	Communicate LAFCO's Mission and Goals to the Community
18	Low	Administrative	Social Media	Expand Alameda LAFCO's Social Media Presence
19	Ongoing	Statutory	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