



# LAFCO

*Alameda* Local Agency Formation Commission

## AGENDA REPORT

March 9, 2023

Item No. 4

**TO:** Alameda Commissioners

**FROM:** Rachel Jones, Executive Officer

**SUBJECT: Draft Operating Budget and Workplan for FY 2023-2024**

The Alameda Local Agency Formation Commission (LAFCO) will consider adopting a draft budget and workplan for fiscal year 2023-2024 in anticipation of taking final action at its next regular meeting. Proposed budget expenses total \$784,740, representing an increase of \$38,312 or 5.1% 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 membership and travel costs. Proposed budget revenues are matched to expenses with an increase in agency contributions by \$23,310, or 5.1%, in step with a fund balance offset of \$265,000, applied in the same manner as the previous fiscal year with a \$15,000 increase in total amount. Adoption will precede a formal public review and comment period, and conclude with final action taken at the next regular meeting scheduled for May 11, 2023.

### 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 2022-2023 Budget

The Commission's adopted final budget for fiscal year 2022-2023 totals \$746,429. 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 a balanced budget along with the purposeful transfer of \$250,000 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, 2022 was \$883,301.

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**Nate Miley, Regular**  
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**David Haubert, Regular**  
County of Alameda

**Vacant, Alternate**  
County of Alameda

**Karla Brown, Regular**  
City of Pleasanton

**Melissa Hernandez, Reg**  
City of Dublin

**John Marchand, Alternate**  
City of Livermore

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

**Vacant, Regular**  
Special District Member

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

**Sblend Sblendorio, Chair**  
Public Member

**Vacant, Alternate**  
Public Member

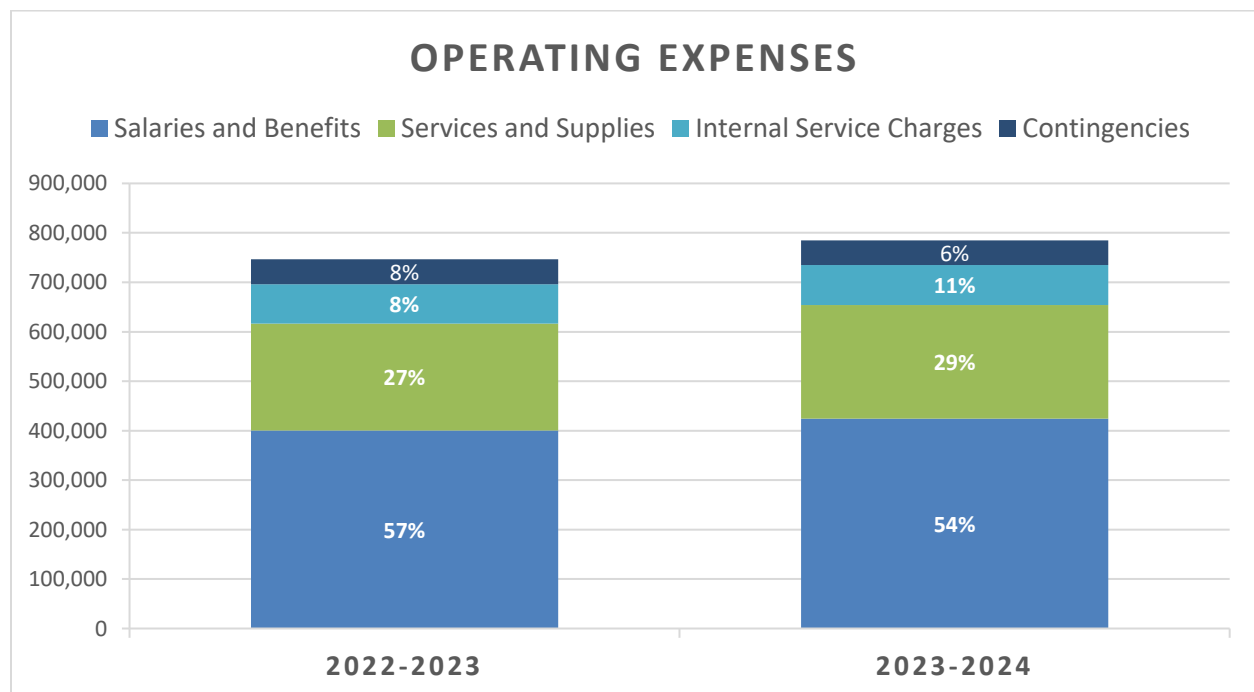
Budgeted Expenses FY 22-23	Budgeted Revenues FY 22-23	Budgeted Year End Balance FY 22-23	Fund Balance FY 22-23
\$746,428	\$746,429	\$1	\$883,301

**Discussion**

This item is for the Commission to consider adopting a proposed (a) operating budget and (b) workplan for the upcoming fiscal year. Adoption of these documents would immediately precede a formal public review and comment period, including providing copies of the proposed budget to the 29 local funding agencies, with final actions scheduled for the Commission’s May 11<sup>th</sup> regular meeting. A summary of the proposed budget and accompanying work plan follows.

**Proposed Operating Budget for FY 2023-2024**

The proposed operating budget developed by the Executive Officer sets operating expenses at \$784,740; a net increase of \$38,312, or 5.1% 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. Proposed operating revenues match operating expenses and is covered by drawing down reserves consistent with the practice to help offset and phase in sizable increases to agency contributions. The net effect would be an increase in contributions of \$23,310 or 5.1% from \$459,429 to \$482,739.



## Operating Expenses

It is proposed the **Salaries and Benefits Unit** will increase by \$24,028 or 6% over the next fiscal year from \$400,491 to \$424,519. 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 6% are contemplated for all budgeted positions to accommodate merit and or cost of living adjustments that may be approved during the fiscal year.

It is proposed the **Services and Supplies Unit** will increase by 13,284 or 6.2% over the next fiscal year from \$215,987 to \$229,271. The unit provides for direct support services necessary to operate Alameda LAFCO. Notable adjustments proposed may be reviewed below.

- Adds \$10,000 in the professional services account; a difference of 6.7% over the next fiscal year. The increase is based on the Commission's work plan for additional municipal service reviews and special studies.
- Adds \$1,500 in the Commission pier diem account; a difference of 20% over the next fiscal year. The increase is based on the Commission's stipend increase from \$100 to \$125 for all regular and ad hoc committee meetings.
- Increases \$500 in the public notices services account to increase the total line item from \$2,000 to \$2,500; a difference of 25% over the next fiscal year. The increase is based on recent demands and future application notices.
- Adds \$600 in the mileage/travel services account; a difference of 100% over the next fiscal year. The increase is based on the end of the state of emergency of the COVID-19 pandemic and the regular program of CALAFCO conferences and staff workshops.

It is proposed the **Internal Service Charges Unit** will increase by \$1,000 or 1.3% over the next fiscal year from \$79,950 to \$80,950. The unit provides for indirect support services necessary to operate Alameda LAFCO. Notable adjustments proposed may be reviewed below.

- Adds \$1,000 from the information technology services account to increase the total line item from \$26,000 to \$27,000, a difference of 3.8% over the next fiscal year. The rise is attributable to service cost increases.

## Operating Revenues

It is proposed the **Intergovernmental Unit** will increase by \$23,310, or 5.1% over the next fiscal year from \$459,429 to \$482,739. 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.

It is proposed 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.

It is proposed the **Interest Earnings Unit** will remain as is at \$7,000. This total is consistent with recent quarters.

## Proposed Work Plan for FY 2023-2024

The proposed 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.

### Countywide Municipal Service Review on Police Protection Services

This study will examine the current provision and need for police services and related financial and governance considerations in the County. The report will consider the potential needs in the unincorporated communities of Fairview, Cherryland, San Lorenzo and Castro Valley and include one special district and the municipal police departments of 14 cities.

### Comprehensive Tri-Valley Area Study

This study will examine the current provision and need for governmental services and related financial and governance considerations along the eastern portion of the 580 corridor and anchored by Pleasanton, Dublin, and Livermore along with neighboring communities.

It is also expected the study will consider potential needs or issues in outlying unincorporated areas, including Happy Valley and the Remen Tract. The study will be region-specific and will precede sphere updates for all of the affected agencies as deemed appropriate by the Commission.

### **Conclusion**

The proposed 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 proposed 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 proposed budget and work plan for 2023-2024 with any desired changes; and

Direct the Executive Officer to circulate the proposed budget for 2023-2024 for review and comment by the funding agencies and general public; and

Direct staff to return with a final budget for 2023-2024 for adoption as part of a noticed public hearing on May 11, 2023.

#### Alternative Two:

Continue consideration of the item to a special meeting scheduled no later than the legislative deadline of May 1, 2023, 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 Proposed Budget and Work Plan for FY 2023-2024
2. Proposed Budget for FY 2023-2024
3. Proposed Work Plan for FY 2023-2024

**ALAMEDA LOCAL AGENCY FORMATION COMMISSION**

**RESOLUTION OF THE  
ALAMEDA LOCAL AGENCY FORMATION COMMISSION  
ADOPTING A PROPOSED 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 proposed work plan and budget for 2022-2023 presented at a public hearing held on March 10, 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 proposed operating budget for 2022-2023 shown as Exhibit A is APPROVED.
2. The proposed work plan for 2022-2023 shown as Exhibit B is APPROVED

**PASSED AND ADOPTED** by the Alameda Local Agency Formation Commission on March 10, 2022 by the following vote:

**AYES:** 6 (Hernandez, Johnson, Miley, Sblendorio, Wieskamp, and Woerner)

**NOES:**

**ABSTAIN:**

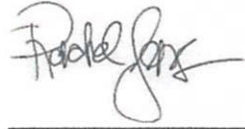
**ABSENT:** 1 (Haubert)

APPROVED:



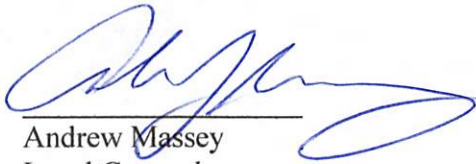
Sblend Sblendorio  
Chair

ATTEST:



Rachel Jones  
Executive Officer

APPROVED TO FORM:



Andrew Massey  
Legal Counsel



# ALAMEDA LOCAL AGENCY FORMATION COMMISSION

Regional Service Planning | Subdivision of the State of California

## Expense Ledger

		FY 2020-2021		FY 2021-2022		FY 2022-2023		FY 2023-2024		
		Adopted	Actuals	Adopted	Actuals	Adopted	Projected	Proposed	Difference	
<b>Salary and Benefit Costs</b>										
<u>Account</u>	<u>Description</u>									
60001	Staff Salaries	234,254	172,085	250,564	250,564	275,933	275,933	292,488	16,555	
-	(ACERA)	122,903	88,649	123,411	123,411	124,558	124,558	132,031	7,473	
		<b>357,157</b>	<b>260,735</b>	<b>373,975</b>	<b>373,975</b>	<b>400,491</b>	<b>400,491</b>	<b>424,519</b>	<b>24,028</b>	<b>6.0%</b>
<b>Service and Supplies</b>										
<u>Account</u>	<u>Description</u>									
-	Intern	1,600	-	-	-	-	-	-	-	-
610077	Postage	1,000	1,000	500	-	500	500	500	-	-
610141	Copier	3,000	-	1,000	-	500	500	500	-	0.0%
610191	Pier Diems	8,000	7,100	8,500	5,600	7,500	7,500	9,000	1,500	20.0%
610211	Mileage/Travel	1,300	-	500	373	600	5,000	1,200	600	100.0%
610461	Training (Conferences and Workshops)	5,000	-	2,500	-	2,500	2,500	2,500	-	0.0%
610241	Records Retention	1,000	303	350	210	350	350	350	-	0.0%
610261	Consultants	96,000	42,527	100,000	152,709	150,000	150,000	160,000	10,000	6.7%
610261	Mapping - County	5,000	-	500	-	-	-	-	-	-
610261	Planning Services	5,000	-	5,000	-	5,000	5,000	5,000	-	0.0%
610261	Legal Services	25,000	-	20,000	-	20,000	20,000	20,000	-	0.0%
610261	SALC Grant Charges	-	-	-	72,404	-	-	-	-	-
610311	CAO/CDA - County - Services	1,000	7,700	1,000	-	1,000	-	250	-	-
610312	Audit Services	10,000	-	10,000	-	10,000	-	10,000	-	0.0%
610351	Memberships	10,762	10,662	10,760	10,760	11,287	11,287	12,221	934	8.3%
610421	Public Notices	5,000	2,149	3,000	2,453	2,000	2,000	2,500	500	25.0%
610441	Assessor - County - Services	2,500	-	500	-	250	-	250	-	0.0%
610461	Special Departmental	1,500	1,000	1,500	233	1,500	1500	2,000	500	33.3%
620041	Office Supplies	4,000	916	4,000	28	3,000	3000	3,000	-	0.0%
		<b>186,662</b>	<b>73,357</b>	<b>269,610</b>	<b>244,769</b>	<b>215,987</b>	<b>209,137</b>	<b>229,271</b>	<b>13,284</b>	<b>6.2%</b>
<b>Internal Service Charges</b>										
<u>Account</u>	<u>Description</u>									
630051	Office Lease/Rent/CDA	32,500	32,500	32,500	32,500	50,550	32,500	50,550	-	0.0%
630021	Communication Services	100	-	100	-	100	100	100	-	0.0%
630061	Information Technology	27,373	25,870	25,870	27,938	26,000	26,000	27,000	1,000	3.8%
630081	Risk Management	3,100	3,280	3,280	3,280	3,300	3,300	3,300	-	0.0%
		<b>63,073</b>	<b>61,650</b>	<b>61,750</b>	<b>63,718</b>	<b>79,950</b>	<b>61,900</b>	<b>80,950</b>	<b>1,000</b>	<b>1.3%</b>
<b>Contingencies</b>										
		<b>50,000</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>0.0%</b>
<u>Account</u>	<u>Description</u>									
-	Operating Reserve	-	-	-	-	-	-	-	-	-
		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
		<b>655,335</b>		<b>755,335</b>		<b>746,428</b>		<b>784,740</b>		
				<i>Amended</i>						
		<b>656,892</b>	<b>395,742</b>	<b>755,335</b>	<b>682,462</b>	<b>746,428</b>	<b>671,528</b>	<b>784,740</b>	<b>38,312</b>	<b>5.1%</b>
				<i>Amended</i>						
	<b>EXPENSE TOTALS</b>	<b>656,892</b>	<b>395,742</b>	<b>755,335</b>	<b>682,462</b>	<b>746,428</b>	<b>671,528</b>	<b>784,740</b>	<b>38,312</b>	<b>5.1%</b>

**Revenue Ledger**

	FY 2020-2021		FY 2021-2022		FY 2022-2023		FY 2023-2024			
	Adopted	Actuals	Adopted	Actuals	Adopted	Projected	Proposed	Difference		
<b>Intergovernmental</b>										
<u>Account</u> <u>Description</u>										
- Agency Contributions										
County of Alameda	146,630	146,631	144,445	144,445	153,143	153,143	160,913	7,770	5.1%	
Cities	146,630	146,631	144,445	144,445	153,143	153,143	160,913	7,770	5.1%	
Special Districts	146,630	146,631	144,445	138,943	153,143	153,143	160,913	7,770	5.1%	
	<b>439,891</b>	<b>439,891</b>	<b>433,335</b>	<b>427,833</b>	<b>459,429</b>	<b>459,429</b>	<b>482,739</b>	<b>23,310</b>	<b>5.1%</b>	
<b>Service Charges</b>										
- Application Fees	30,000	38,643	30,000	6,434	30,000	5,000	30,000	-	0.0%	
- SALC Grant Funds			100,000	72,404						
<b>Investments</b>										
- Interest	7,000	8,965	7,000	5,765	7,000	7,000	7,000	-	0.0%	
<b>Fund Balance Offset</b>										
	180,000	-	185,000	185,000	250,000	250,000	265,000	15,000	6.0%	
			655,335	Adopted						
			755,335	Amended	697,436		784,739	38,310	5.1%	
<b>REVENUE TOTALS</b>	<b>656,891</b>	<b>487,499</b>			<b>746,429</b>	<b>721,429</b>				
<b>OPERATING NET</b>	(1)	91,757	-	14,974	1	49,901	-	-	-	
<b>UNRESTRICTED FUND BALANCE</b>		1,153,327		883,301		683,202				

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	Countywide MSR on Police Protection Services	Examine Current Provision and Need for Police Services and Related Financial and Governance Considerations
3	High	Statutory	Comprehensive Tri-Valley Area Study	Region Specific MSR   Review of Potential Needs and Issues
4	High	Administrative	LAFCO Office Move	Fulfill Long-Term Lease in MOU with CDA; Aid in Hiring LAFCO Analyst
5	High	Statutory	Application Proposals and Requests	Utilize resources to address all application proposals and boundary issues
6	High	Administrative	Establish LAFCO Bank Account	Deposit LAFCO Application funds for Special Projects and CALAFCO Conferences
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	Website Content Update	Update Relevant Information on LAFCO Website and Create New Mapping Page
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