



LAFCO

Alameda Local Agency Formation Commission

AGENDA REPORT

May 11, 2023

Item No. 10

TO: Alameda Commissioners

FROM: Rachel Jones, Executive Officer

SUBJECT: Adoption of Final Operating Budget and Work Plan for FY 2023-2024

The Alameda Local Agency Formation Commission (LAFCO) will consider adopting a final budget and work plan for the fiscal year 2023-2024. Both items return following their adoption in draft form and subsequent public review period. The final budget and work plan remain intact from its initial draft. The final 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. 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 the total amount. 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 into 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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Georgian Vonheeder-Leopold, Alternate
Dublin San Ramon Services District

Sblend Sblendorio, Chair
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Vacant, Alternate
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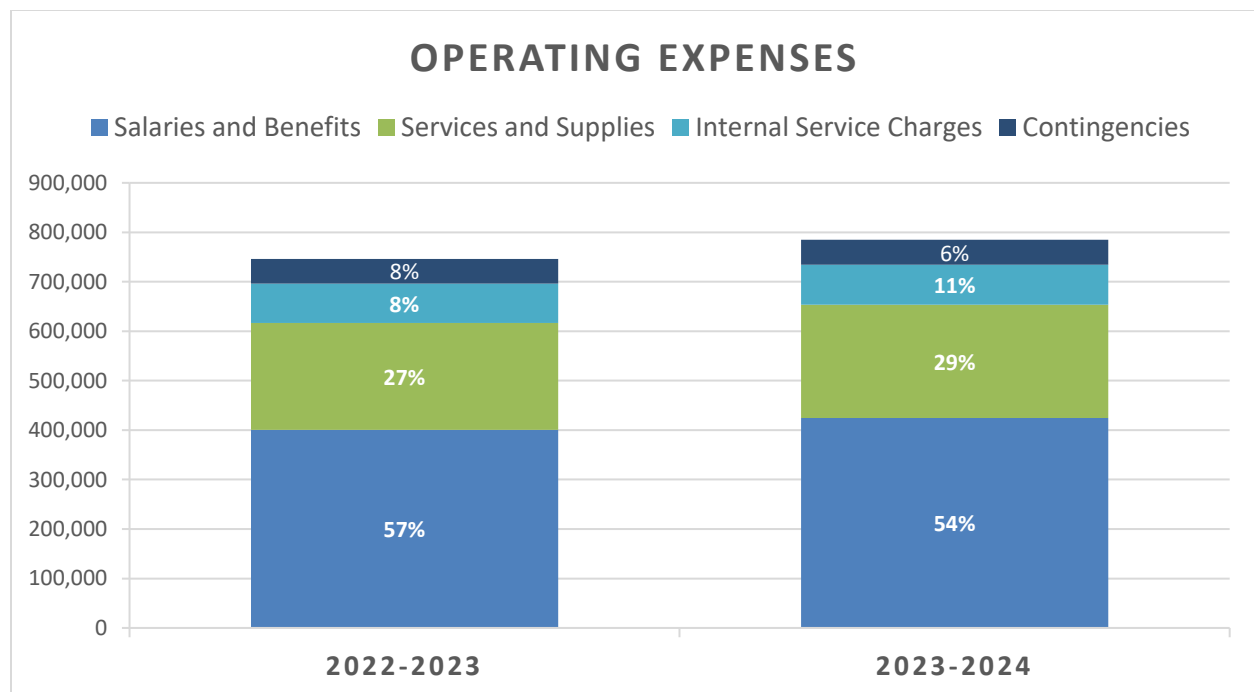
| Budgeted Expenses FY 22-23 | Budgeted Revenues FY 22-23 | Budgeted Year End Balance FY 22-23 | Fund Balance FY 22-23 |
|-------------------------------|-------------------------------|--|--------------------------|
| \$746,428 | \$746,429 | \$1 | \$883,301 |

Discussion

This item is for the Commission to consider adopting a final (a) operating budget and (b) work plan 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 includes providing direct notice to all 29 local funding agencies as required under the statute. A summary of the final budget and accompanying work plan follows.

Final Operating Budget for FY 2023-2024

The final 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 a 54% to 40% split, with 6% dedicated to contingencies. Revenues match operating expenses and are 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

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.

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 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.

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 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

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.

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.

Final Work Plan for FY 2023-2024

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.

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 final operating budget and work plan 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 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 2023-2024 with any desired changes; and

Direct the Executive Officer to circulate the final budget for 2023-2024 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, 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 Final Budget and Work Plan for FY 2023-2024
2. Final Budget for FY 2023-2024
3. Final Work Plan for FY 2023-2024

ALAMEDA LOCAL AGENCY FORMATION COMMISSION

**RESOLUTION OF THE
ALAMEDA LOCAL AGENCY FORMATION COMMISSION
ADOPTING A FINAL WORK PLAN AND BUDGET
FOR FISCAL YEAR 2023-2024**

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 Commission’s Executive Officer prepared a written report outlining recommendations with respect to anticipated work activities and budgetary needs in 2023-2024 and

WHEREAS, the Commission has heard and fully considered all evidence on a final work plan and budget for 2023-2024 presented at a public hearing held on May 11, 2023; 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 2023-2024 shown as Exhibit A is APPROVED.
2. The final work plan for 2023-2024 shown as Exhibit B is APPROVED

PASSED AND ADOPTED by the Alameda Local Agency Formation Commission on May 11, 2023 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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 | |
| Salary and Benefit Costs | | | | | | | | | | |
| <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 | |
| | | 357,157 | 260,735 | 373,975 | 373,975 | 400,491 | 400,491 | 424,519 | 24,028 | 6.0% |
| Service and Supplies | | | | | | | | | | |
| <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% |
| | | 186,662 | 73,357 | 269,610 | 244,769 | 215,987 | 209,137 | 229,271 | 13,284 | 6.2% |
| Internal Service Charges | | | | | | | | | | |
| <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% |
| | | 63,073 | 61,650 | 61,750 | 63,718 | 79,950 | 61,900 | 80,950 | 1,000 | 1.3% |
| Contingencies | | | | | | | | | | |
| | | 50,000 | - | 50,000 | - | 50,000 | - | 50,000 | - | 0.0% |
| <u>Account</u> | <u>Description</u> | | | | | | | | | |
| - | Operating Reserve | - | - | - | - | - | - | - | - | - |
| | | - | - | - | - | - | - | - | - | - |
| | | 655,335 | | 755,335 | | 746,428 | | 784,740 | | |
| | | | | <i>Amended</i> | | | | | | |
| | | 656,892 | 395,742 | 755,335 | 682,462 | 746,428 | 671,528 | 784,740 | 38,312 | 5.1% |
| | | | | <i>Amended</i> | | | | | | |
| | EXPENSE TOTALS | 656,892 | 395,742 | 755,335 | 682,462 | 746,428 | 671,528 | 784,740 | 38,312 | 5.1% |

Revenue Ledger

| | FY 2020-2021 | | FY 2021-2022 | | FY 2022-2023 | | FY 2023-2024 | | | |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|-------------|--|
| | Adopted | Actuals | Adopted | Actuals | Adopted | Projected | Proposed | Difference | | |
| Intergovernmental | | | | | | | | | | |
| <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% | |
| | 439,891 | 439,891 | 433,335 | 427,833 | 459,429 | 459,429 | 482,739 | 23,310 | 5.1% | |
| Service Charges | | | | | | | | | | |
| - 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 | | | | | | |
| | | | | | | | | | | |
| Investments | | | | | | | | | | |
| - Interest | 7,000 | 8,965 | 7,000 | 5,765 | 7,000 | 7,000 | 7,000 | - | 0.0% | |
| Fund Balance Offset | | | | | | | | | | |
| | 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% | |
| REVENUE TOTALS | 656,891 | 487,499 | 755,335 | 697,436 | 746,429 | 721,429 | 784,739 | 38,310 | 5.1% | |
| OPERATING NET | (1) | 91,757 | - | 14,974 | 1 | 49,901 | - | - | - | |
| UNRESTRICTED FUND BALANCE | | 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 |