



LAFCO

Alameda Local Agency Formation Commission

AGENDA REPORT

March 13, 2025

Item No. 6

TO: Alameda Commissioners

FROM: Rachel Jones, Executive Officer

SUBJECT: Draft Operating Budget and Work Plan for FY 2025-2026

The Alameda Local Agency Formation Commission (LAFCO) will consider adopting a draft budget and work plan for fiscal year 2025-2026 in anticipation of taking final action at its next regular meeting. Proposed budget expenses total \$910,855, representing an increase of \$92,317, or 11.3% from the current fiscal year. The increase is marked by expenses as LAFCO transitions towards operational separation from the County, which includes employee benefits and professional services for operational costs such as payroll, bookkeeping, and legal expenses. Proposed budget revenues are matched to expenses with an increase in agency contributions by \$63,317, or 12.6%, in step with a fund balance offset of \$295,000, applied in the same manner as the previous fiscal year with a \$25,000 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 8, 2025.

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.

Adopted 2024-2025 Budget

The Commission’s adopted final budget for fiscal year 2024-2025 totals \$818,538. 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 \$270,000 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, 2024 was \$376,975.

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

Lena Tam, Alternate
County of Alameda

Jack Balch, Regular
City of Pleasanton

John Marchand, Regular
City of Livermore

Michael McCorrison, Alt.
City of Dublin

Ralph Johnson, Chair
Castro Valley Sanitary District

Mariellen Faria, Regular
Eden Township Healthcare

Georgian Vonheeder-Leopold, Alternate
Dublin San Ramon Services District

Sblend Sblendorio, Regular
Public Member

Bob Woerner, Alternate
Public Member

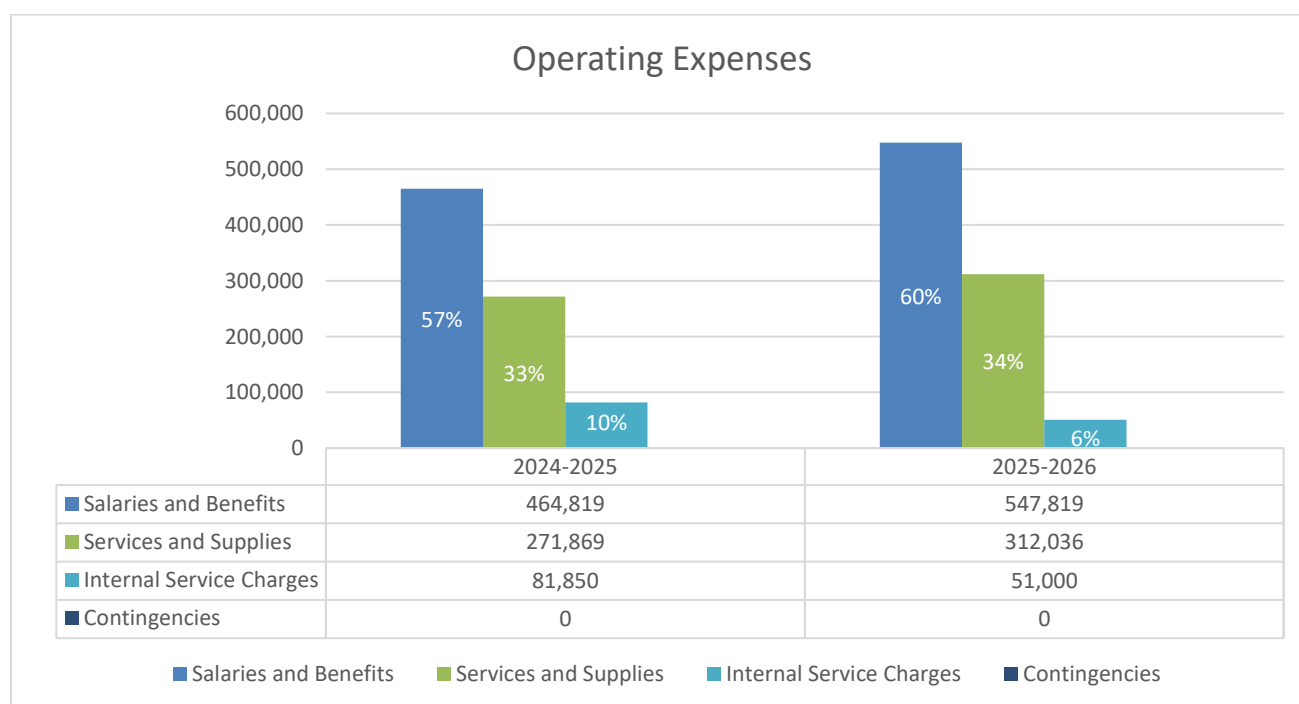
Budgeted Expenses FY 24-25	Budgeted Revenues FY 24-25	Budgeted Year End Balance FY 24-25	Fund Balance FY 24-25
\$818,538	\$818,538	\$0	\$376,975

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 8th regular meeting. A summary of the proposed budget and accompanying work plan follows.

Proposed Operating Budget for FY 2025-2026

The proposed operating budget developed by the Executive Officer sets operating expenses at \$910,855; a net increase of \$92,317, or 11.3% from the current fiscal year. The operating expenses total, divided between labor and non-labor costs, are at a 60% to 40% split, with 0% 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 any sizable increases to agency contributions. The net effect would be an increase in contributions of \$64,317, or 12.6% from \$508,538 to \$572,855.



Contingencies

Contingencies are integrated into the proposed operating budget devised by the Executive Officer and allocated within its Services and Supplies Unit and Internal Service Charges Unit for each account. Since the County does not specifically designate funds for contingencies, this allocation will be accounted for in LAFCO's budget and readily available for use, if necessary.

Operating Expenses

It is proposed the **Salaries and Benefits Unit** will increase by \$83,000, or 17.9% over the next fiscal year from \$464,819 to \$547,819. The unit covers labor costs tied to staffing 2.0 full-time employees: Executive Officer and Commission. Notable adjustments proposed may be reviewed below.

- The increase accommodates anticipated costs in retirement and health benefits plans as LAFCO transitions to its own employer status. The majority of the costs are attributed to vacation payouts as employers must pay employees for any unused vacation time when they separate from an agency.
- Salary increases of no less than 10% 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 \$40,167, or 14.8% over the next fiscal year from \$271,869 to \$312,036. The unit provides for direct support services necessary to operate Alameda LAFCO. Notable adjustments proposed may be reviewed below.

- Adds \$35,000 in the professional services account; a difference of 30% over the next fiscal year. The increase is to support expanded legal and bookkeeping functions for LAFCO's operational independence.
- Adds \$2,277 in the membership account; a difference of 18.2% over the next fiscal year. The increase is associated with joining the California Special District Association for pooled benefits like general liability insurance.

It is proposed the **Internal Service Charges Unit** will decrease by \$30,850, or 37.7% over the next fiscal year from \$81,850 to \$51,000. The unit provides for indirect support services necessary to operate Alameda LAFCO. Notable adjustments proposed may be reviewed below.

- Subtracts \$32,050 from the office space and CDA services account to decrease the total line item from \$50,550 to \$18,500, a difference of 63.4% over the next fiscal year. The decrease is based on current rental and service expense projections, even if a separate agreement is negotiated.

Operating Revenues

It is proposed the **Intergovernmental Unit** will increase by \$64,317, or 12.6% over the next fiscal year from \$508,538 to \$572,855. 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 increase by \$3,000, or 30% over the next fiscal year to a total of \$13,000. This total is consistent with recent quarters.

It is proposed the **Unrestricted Fund Balance** will increase by \$25,000 to a total of \$295,000. The total is close to the Commission's target of maintaining its fund balance at 33% of its operating budget. Staff will work with its Auditor, O'Connor and Company, to verify the fund balance.

Proposed Work Plan for FY 2025-2026

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.

LAFCO Operational Independence

LAFCO will assume full employer responsibilities by contracting directly for its own payroll services, health benefits, and retirement plans as part of its transition to independent operations.

Municipal Services Review on Health Services and EMS/Ambulance Services

The project will consider accessibility of healthcare (including mental health) services to all residents within Alameda County. Staff and consultants will partner with stakeholders to scope and define community needs. Staff will look to what other LAFCOs are doing to facilitate the coordination and provision of safety net services.

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.

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 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 LAFCO's operational independence.

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 2025-2026 with any desired changes; and

Direct the Executive Officer to circulate the proposed budget for 2025-2026 for review and comment by the funding agencies and general public; and

Direct staff to return with a final budget for 2025-2026 for adoption as part of a noticed public hearing on May 8, 2025.

Alternative Two:

Continue consideration of the item to a special meeting scheduled no later than the legislative deadline of May 1, 2025, 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 2025-2026
2. Proposed Budget for FY 2025-2026
3. Proposed Work Plan for FY 2025-2026

ALAMEDA LOCAL AGENCY FORMATION COMMISSION

**RESOLUTION OF THE
ALAMEDA LOCAL AGENCY FORMATION COMMISSION
ADOPTING A PROPOSED WORK PLAN AND BUDGET
FOR FISCAL YEAR 2025-2026**

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 2025-2026; and

WHEREAS, the Commission has heard and fully considered all evidence on a proposed work plan and budget for 2025-2026 presented at a public hearing held on March 13, 2025; 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 2025-2026 shown as Exhibit A is APPROVED.
2. The proposed work plan for 2025-2026 shown as Exhibit B is APPROVED

PASSED AND ADOPTED by the Alameda Local Agency Formation Commission on March 13, 2025 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:

Ralph Johnson
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 2022-2023		FY 2023-2024		FY 2024-2025		FY 2025-2026		
		Adopted	Actuals	Adopted	Actuals	Adopted	Projected	Proposed	Difference	
Salary and Benefit Costs										
<u>Account</u>	<u>Description</u>									
60001	Staff Salaries	275,933	275,933	292,488	2,500	320,565	320,565	353,565	33,000	10.3%
-	Employee Benefits and Retirement (ACERA)	124,558	124,558	132,031	129,600	144,254	144,254	194,254	50,000	34.7%
		400,491	400,491	424,519	387,628	464,819	464,819	547,819	83,000	17.9%
Service and Supplies										
<u>Account</u>	<u>Description</u>									
-	Intern	-	-	-	-	-	-	-	-	-
610077	Postage	500	-	500	-	500	-	500	-	-
610141	Copier	500	-	500	-	500	-	500	-	0.0%
610191	Pier Diems	7,500	7,003	9,000	9,265	10,000	10,000	10,000	-	0.0%
610211	Mileage/Travel	600	124	1,200	1,493	2,000	1,000	2,500	500	25.0%
610461	Training (Conferences and Workshops)	2,500	4,619	2,500	6,493	2,500	2,500	3,000	500	20.0%
610241	Records Retention	350	-	350	178	360	360	375	15	4.2%
610261	Consultants	150,000	112,465	160,000	219,027	200,000	200,000	205,000	5,000	2.5%
610261	Planning Services	5,000	-	5,000	-	5,000	-	5,000	-	0.0%
610261	Legal Services	20,000	-	20,000	18,252	20,000	-	35,000	15,000	75.0%
610261	Bookkeeping	-	-	-	-	-	-	15,000	-	-
610261	Payroll	-	-	-	-	-	-	1,875	-	-
610261	SALC Grant Charges	-	-	-	-	-	-	-	-	-
610311	CAO/CDA - County - Services	1,000	-	250	28,874	250	250	250	-	-
610312	Audit Services	10,000	-	10,000	-	10,000	10,000	10,000	-	0.0%
610351	Memberships	11,287	11,287	12,221	12,221	12,509	12,509	14,786	2,277	18.2%
610421	Public Notices	2,000	1,222	2,500	2,959	3,000	1,500	3,000	-	0.0%
610441	Assessor - County - Services	250	-	250	-	250	250	250	-	0.0%
610461	Special Departmental	1,500	-	2,000	297	2,000	2,000	2,000	-	0.0%
620041	Office Supplies	3,000	41	3,000	2,087	3,000	1,000	3,000	-	0.0%
		215,987	136,762	229,271	301,146	271,869	241,369	312,036	40,167	14.8%
Internal Service Charges										
<u>Account</u>	<u>Description</u>									
619991	Office Lease/Rent/CDA	50,550	22,894	50,550	10,841	50,550	15,500	18,500	(32,050)	-63.4%
630061	Information Technology	26,000	22,080	27,000	22,080	28,000	28,000	28,000	-	0.0%
630081	Risk Management (General Liability)	3,300	-	3,300	3,300	3,300	3,300	4,500	1,200	36.4%
		79,850	44,974	80,850	36,221	81,850	46,800	51,000	(30,850)	-37.7%
		50,000	-	50,000	-	0	-	0	-	-
Contingencies										
<u>Account</u>	<u>Description</u>									
-	Operating Reserve	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
	EXPENSE TOTALS	746,328	582,226	784,640	724,995	818,538	752,988	910,855	92,317	11.3%

Revenue Ledger

Intergovernmental

Account Description

- Agency Contributions
 - County of Alameda
 - Cities
 - Special Districts

Service Charges

- Application Fees
- SALC Grant Funds

Investments

- Interest

Fund Balance Offset

REVENUE TOTALS

OPERATING NET

UNRESTRICTED FUND BALANCE

		FY 2022-2023		FY 2023-2024		FY 2024-2025		FY 2025-2026		
		Adopted	Actuals	Adopted	Actuals	Adopted	Actuals	Proposed	Difference	
		153,143	153,143	160,913	160,913	169,513	169,513	190,952	21,439	12.6%
		153,143	153,143	160,913	160,913	169,513	169,513	190,952	21,439	12.6%
		153,143	153,143	160,913	160,913	169,513	169,513	190,952	21,439	12.6%
		459,429	459,429	482,740	482,739	508,538	508,539	572,855	64,317	12.6%
		30,000	-	30,000	10,650	30,000	10,750	30,000	-	0.0%
			53,397		102,224					
		7,000	7,156	7,000	50,048	10,000	13,500	13,000	3,000	30.0%
		250,000	250,000	265,000	265,000	270,000	270,000	295,000	25,000	9.3%
		746,429	769,982	784,740	910,661	818,538	802,789	910,855	92,317	11.3%
OPERATING NET		101	187,756	100	185,666	(0)	49,801	(0)	-	-
UNRESTRICTED FUND BALANCE			632,624		376,975		426,776			

Priority	Urgency	Type	Project	Key Issues
1	High	Administrative	LAFCO Operational Independence	Establish LAFCO as its own employer
2	High	Statutory	Countywide MSR on Health and EMS/Ambulance Services	Consider accessibility of healthcare (including mental health) services to all residents within Alameda County
3	High	Statutory	Countywide Regional Water and Wastewater Committee	Develop a Framework for Creating a Countywide Regional Water and Wastewater Committee
4	High	Administrative	LAFCO Personnel Policies and Procedures	Establish own LAFCO personnel policies and employer handbook
5	High	Statutory	Application Proposals and Requests	Utilize resources to address all application proposals and boundary issues (ex. South Livermore Sewer Extension Project)
6	High	Administrative	Informational Report on Island Annexations	Map all Unincorporated Islands and Examine Island Annexation Implementation Issues in Alameda County
7	High	Administrative	2024-2025 Audit	Verify Fund Balance; Perform Regular Audits
8	Moderate	Administrative	Local Agency Directory Update and MSR Summary Report	Continue Producing LAFCO Graphic Design Materials for Transparency and Outreach
9	Moderate	Statutory	Police Services Municipal Service Review	Examine Current Provision and Need for Police Services and Related Financial Considerations
10	Moderate	Administrative	Agricultural Land Use Designation Project	Work in Partnership with the County to Review and Evaluate Land Use Designations for Agricultural and Open Space Areas
11	Moderate	Statutory	Participate and Facilitate Ongoing MSR Fire Service Discussions	Work with Fire Agencies in Providing Possible Boundary Solutions and Shared Facilities
12	Moderate	Administrative	SALC Agricultural Conservation Acquisition Grants	Apply for SALC Grants to permanently protect croplands, rangelands, and lands utilized for the cultivation of traditional resources from conversion to non-agricultural uses
13	Moderate	Statutory	South Livermore Valley Sewer Extension	Collaborate with the City of Livermore to review and implement best service connection options to winegrowers
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	Legislative Proposal - UC Berkeley Report	Work with LAFCOs to facilitate legislation implementing UC Report recommendations to improve LAFCO oversight
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