

SAN MATEO

**LOCAL AGENCY FORMATION COMMISSION**

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

May 9, 2012

To: Members, Formation Commission

From: Martha Poyatos *M Poyatos*
Executive Officer

Subject: Recommended Adopted 2012-13 LAFCo Budget

Recommendation:

1. Open the public hearing on the LAFCo 2012-13 Recommended Adopted Budget and receive public comment; and
2. Consider and adopt the Recommended Adopted Budget of \$312,505 for 2012-13 with any desired changes and direct the Executive Officer to distribute it to the County Controller, cities and independent special districts.

Background

Section 56381 of Cortese-Knox-Hertzberg, which covers adoption of the LAFCo budget, requires Commission consideration of both a proposed and final budget at the following intervals:

1. By May 1, the Commission shall adopt a “proposed” budget at a noticed public hearing
2. By June 15, the Commission shall adopt a “final” budget at a noticed public hearing following circulation of the recommended final budget to the County, all cities and all independent special districts.

This process requires distribution of both the proposed budget and final budget to all funding agencies for comment prior to Commission action. The Act also provides for carryover of unused funds to the subsequent year’s budget and requires that the LAFCo net operating budget be apportioned in thirds to the County, the cities and independent special districts¹. Also, because the Proposed and Adopted Budget are adopted before the end of the fiscal year and include an *estimate* of fund balance carryover, once the current fiscal year closes and the actual fund balance carryover is determined, it will be

¹ Apportionment of the one-third shares to individual cities and special districts is calculated by the County Controller based on proportionate share of revenues reported in the most recent edition of the State Controller’s reports on cities and special districts. These reports are not yet available. For estimation purposes, agencies can reference the apportionment rates calculated for the 2011-12 Fiscal Year .

necessary for the Commission to consider revisions to the budget to reflect application of the actual fund balance carryover.

Budget Committee Recommendations

At the March 21 Commission meeting the Commission considered and approved the Proposed 2012-13 Budget as recommended by the Budget Committee consisting of Commissioners Altscher and Horsley and Chair Craig. The proposed budget was based in part on estimated actuals for the current fiscal year and estimates provided by the County. Some costs such as liability insurance with the Special District Risk Management Authority (SDRMA) continue to be estimates because LAFCo has not yet received a quote for the new fiscal year.

The LAFCo budget is based on contract amounts provided by the County of San Mateo for salary and benefits, county counsel and other services and supplies. Key components of the budget include appropriations for salaries, services and supplies, which are provided by contract with the County of San Mateo and appropriations for reserve.² Components of revenues include fund balance carryover from the previous fiscal year, application fees and intergovernmental revenues comprised of mandatory one-third funding by the County, cities and special districts.

The attached Recommended Adopted Budget includes revisions from the March 12 Proposed Budget in some estimated actual expenditures for the current fiscal year and projected expenditures for 2012-13 Fiscal Year. The revised estimated actual for 2011-12 results in a reduction of \$6,230 in total expenditures and associated increase of \$6,230 in fund balance carry over. Revisions in the Recommended Adopted Budget for the 2012-13 Fiscal Year result in total appropriations of \$313,020 compared to \$311,133 contained in the March 9 Proposed Budget. Changes in the various accounts are detailed in the narrative below.

As shown in Column G, the recommended appropriations budget is \$313,020 and net operating budget³ (appropriations less application fees and fund balance) is \$232,377. The Net Operating Budget reflects an offset of \$55,643 in estimated fund balance carryover from the current fiscal year. The anticipated fund balance results primarily from savings in secretarial support and county counsel, reduced actual rent charges and non-use of reserve funds.

As noted at your March meeting, the Budget Committee supported continuing with a reduced budget with the caveat that if the Commission experiences a shortfall during the fiscal year, a loan can be obtained from the County of San Mateo and be repaid in the subsequent fiscal year, as provided by Section 56381[c].

² The Commission's reserve amount is re-established each year and does not accumulate.

³ Shown as intergovernmental revenues

Apportionment to Cities and Special Districts:

As noted above, the net operating budget is apportioned in thirds to the County, cities and special districts with the cities' shares based on general fund revenues as reported to the State Controller and the independent special districts' shares based on the same formula. After September revisions to the budget, the County Controller prepares apportionment tables indicating each agency's share of the LAFCo net operating budget. The State Controller's reports are typically not available until September. For this reason, for city and special district budgeting purposes, the current year formulas are provided to the cities and districts in order to estimate each agency's apportionment of the proposed LAFCo budget. The County's apportionment is transferred to the LAFCo budget via intrafund transfer. The LAFCo net operating budget of \$232,377 as proposed results in one-third apportionments of \$77,459, an increase of \$455 from the 2011-12 apportionment to the funding groups.

Application of Fund Balance

In regard to application of fund balance, the estimated actual revenue for 2010-11 is \$335,109. Based on estimated expenditures of \$279,466, the resulting estimated fund balance is \$55,643, and is applied as revenue and labeled "fund balance from previous year." The portion of the LAFCo budget that is apportioned in thirds to funding groups is the appropriations budget less fund balance and application fees and labeled "intergovernmental revenue".

Proposed 2012-13 Budget Narrative

The following provides a narrative to the attached budget spreadsheet and reflects costs associated with LAFCo's contract with the County of San Mateo for staffing, office space, supplies and legal counsel.

Salary & Benefits (4111)

Projected 2012-13 Salary and Benefits of \$211,590 includes the County position of Principal Management Analyst that serves as Executive Officer by contract with the County and Commissioner stipend of \$100 per bi-monthly meeting. County salaries have been frozen since the 2009-10 Fiscal Year. The reduced salary and benefits from 2011-12 reflects higher than anticipated costs for administrative leave cash out in the current fiscal year and an increase in employee share of retirement costs thereby reducing County contribution in the 2012-13. Annuity represents the amount of the County offset of management position retirement contributions.

SERVICES & SUPPLIES

Outside Printing (5191)

Appropriation of \$500 for copying and printing by outside print shops afforded by reliance on electronic distribution of documents.

General Office Supplies (5193)

A flat appropriation of \$500 for incidental office supplies provided to LAFCo.

Photocopy (5196)

A flat appropriation of \$500 for incidental copies made from the Planning Department copier where the LAFCo office is located.

Postage & Mailing (5197)

The current year estimate has been adjusted to \$1,400 from \$900 cited in the March estimate based on year to date actuals. The 2012-13 recommended appropriation has been adjusted to \$1,500 compared to the March figure of \$1,000 for postage/ mailing service through the County mailroom.

Memberships (5331)

Current year actual has been adjusted to \$5,064 from \$5,939. The recommended 2012-13 appropriation of \$6,069, includes CALAFCo dues of \$5,223, and California Special Districts Association dues of \$846.

Legal Advertising (5341)

Appropriation of \$1,500 for legal notices published in newspaper for LAFCo hearing items requiring notice.

Mileage Allowance (5712)

Appropriation of \$250 for mileage reimbursement for staff attendance at offsite meetings or site visits.

Meetings & Conferences (5721)

Current year actual reflects savings from the Executive Officer not attending the CALAFCo workshop. The Proposed 2012-13 appropriation of \$6,000 associated with commission and staff attendance/travel at CALAFCo Annual Workshop and Staff Workshop is based on the venue of each event. (Assumes four commissioners and one staff person will attend Annual Conference in Monterey and attendance of one staff person at CALAFCo staff workshop in Davis.)

Training (5733)

Appropriation of \$250 for educational classes or workshops related to LAFCo, CEQA or related training.

Fiscal Office Specialist (5810)

Appropriation of \$988 for a County Fiscal Office Specialist to process LAFCo accounts receivable and payable and payroll.

Graphics/GIS (5848)

Appropriation of \$4,500 for GIS and other mapping for LAFCo studies and sphere updates.

Executive Secretary Shared with Department of Public Works (5962)

Appropriation of \$25,000 for executive secretary position shared with San Mateo County Department of Public Works through contract.

GIS (5861)

Appropriation \$2,500 for special work completed by ISD/Public Works GIS mapping related to LAFCo applications or studies.

Controller (5872)

Estimated Cost of \$2,440 of administering the apportionment and collection of LAFCo budget to county, cities and special districts.

Telephone (6712)

Telephone charges of \$670 for Executive Officer phone line.

Other Information Services Department Services (6713)

Charges of \$4,650 for internet access, technical support and website maintenance including posting of notice, agenda materials and studies.

Rent (6714)

Rent for the current year estimated actual and Recommended 2012-13 has been adjusted from \$3,937 that assumed moving LAFCo offices to \$2,703.

General Liability & Bond Insurance (6725)

Estimated actual for 2011-2012 has been adjusted to \$4,229 from \$3,560 for insurance through Special District Risk Management Authority (SDRA) and employee bond insurance with County of San Mateo. Recommended 2012-13 is estimated at \$4,229, however LAFCo has not received the quote from the SDRMA.

County Counsel (6732)

Current year estimate for County Counsel has been adjusted from \$15,000 to \$10,000 based on year to date billing and anticipated legal service needs for the balance of the year. The 2012-13 recommended appropriation remains at \$30,000 and allows for unanticipated demand for legal counsel.

A-87 Charges (6821)

A-87 Charges represent indirect charges such as Human Resources, county manager, etc. A-87 for 2012-13 results in a credit amount of -\$2,636 because prior year's calculation included late invoices from the 2009-10 fiscal year that were paid in the 2010-11 fiscal year.

Reserve (8612)

Amount of \$9,117 in reserve for unanticipated expenditures, historically set at 3% of gross appropriations.

Recommended Action:

It is respectfully recommended that the Commission open the public hearing, accept comment and consider and adopt the Recommended Adopted Budget for 2012-13 of \$313,020 as proposed or with any desired changes and direct the Executive Officer to distribute it to the County, cities and independent special districts.

- c: John Maltbie, County Manager
 Members, Board of Supervisors
 City Managers, San Mateo County Cities
 Finance Directors, San Mateo County Cities
 District Managers, Independent Special Districts

LAFCo Budget - Recommended Adopted 2012-13

Recommended Adopted May 9, 2012

A	B	C	D	E	F	G
		<i>Actual</i>	<i>Actual</i>	<i>Amended</i>	<i>Rev Est.</i>	<i>Proposed</i>
		<i>2009/10</i>	<i>2010-11</i>	<i>Adopted</i>	<i>Actual</i>	<i>Draft</i>
				<i>2011-12</i>	<i>2011-12</i>	<i>2012-13</i>
4111	Salary & Benefits	183,540	195,042	195,321	195,321	194,265
4141	Admin. Leave Cash Out	4,273	3,237	3,003	4,927	4,900
4161	Commissioner Compensation	5,300	3,700	4,800	4,600	4,800
	County Annuity	9,159	7,119	7,625	7,625	7,625
	SALARIES & BENEFITS	202,272	209,098	210,749	212,473	211,590
5191	Outside Printing (LAFco handbook, other special print)	0	11	1,000	250	500
5193	General Office Supplies	500	500	500	500	500
5196	Photocopy - in-house copier	500	500	500	500	500
5197	Postage & Mailing Service	1,097	417	1,000	1,400	1,500
5212	Computer Equipment under \$5,000	-	-	-	1,350	-
5331	Memberships (CALAFco/CSDA new in 0809)	5,840	5,093	5,939	5,064	6,069
5341	Legal Advertising	382	150	1,500	1,100	1,500
5712	Mileage Allowance	0	0	250	60	250
5721	Meetings & Conferences	4,979	3,658	5,000	3,953	6,000
5733	Training	37	0	250	50	250
5810	Fiscal Office Specialist	950	988	988	988	988
5218	Corovan Records Storage (new 09/10)	500	177	200	200	200
5848	Graphics	3,103	2,320	6,500	4,000	4,500
5856	consulting					
5962	Admin Asst. Shared with Parks. (start 4/6/09)	30,898	14,997	25,000	15,000	25,000
5861	GIS Mapping	0	0	2,500	1,900	2,500
5872	Controller Admin**	3,066	1,760	1,936	1,936	2,440
6712	Telephone	670	670	670	670	670
6713	ISD (Automation Services)	3,940	2,694	4,650	3,700	4,650
6714	Rent	2,703	2,986	3,937	2,703	2,703
6722	Copy Center Charges	1,200	241	2,000	0	0
6725	Gen'l Liability & bond ins.	3,544	3,559	3,560	4,229	4,229
6732	County Counsel	13,395	18,060	39,280	10,000	30,000
6821	A 87 Charges	6,584	12,168	7,440	7,440	-2,636
	Subtotal Appropriations	286,160	280,047	325,349	279,466	303,903
8612	Reserve 3%	0	0	9,760		9,117
	one time reserve	0	0			
	Total Appropriations Budget	\$286,160	\$280,047	\$335,109	\$279,466	\$313,020
	Revenues					
	Fund Balance from previous year	125,056	94,886	79,097	79,097	55,643
	Application Fees	17,072	16,643	25,000	25,000	25,000
***	Intergov. Revenue	238,918	247,615	231,012	231,012	232,377
	Total Revenues	\$381,046	\$359,144	\$335,109	\$335,109	\$313,020
	One-third apportionment	\$79,639	\$82,538	\$77,004	\$77,004	\$77,459

(***Apportionment to county, cities & special districts (cities/districts based on proportional revenues)

also the net operating budget, (appropriation less revenues & fund balance)

net operating budget apportioned in thirds to funding agencies)

*County annuity reduced by 25% *

**controller charges 07-08 & 09-10

2009-10 fund balance carry over

\$79,097

estimated **2010-11 fund balance carry over**

\$55,643

Fund balance carry over is actual total revenues less actual appropriations