

SAN MATEO



# LOCAL AGENCY FORMATION COMMISSION

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

September 12, 2018

**To:** LAFCo Commissioners  
**From:** Martha Poyatos, Executive Officer *M. Poyatos*  
**Subject:** Recommended Revision to the Adopted 2018-19 LAFCo Budget

## Recommendation

1. Open the public hearing on Recommended Revisions to the Adopted 2018-19 LAFCo Budget and receive public comment.
2. Consider and adopt the recommended revisions resulting in an Appropriations Budget of \$574,397 for the 2018-19 Fiscal Year with any desired changes and direct the Executive Officer to distribute it to the County, cities, and independent special districts.

## Summary

At the May LAFCo meeting, the Commission adopted a final 2018-19 Appropriations Budget of \$563,144 and Net Operating Budget of \$430,341<sup>1</sup>, which reflected increasing the Commission's staffing level to add a management analyst position and fund a shared clerical position with the San Mateo County Planning Department. The Recommended budget was based on application of the 2017-18 *estimated* fund balance of \$108,258. Following the close of the fiscal year, the final actual fund balance for the 2018-19 Fiscal Year was \$128,846, or \$26,043 greater than estimated. The greater than anticipated fund balance results from savings in legal and other services, non-expenditure of reserves, and non-payment of a refund to the County of San Mateo for a prior overpayment of \$12,416 in the 2014-15 FY apportionment. This change in fund balance and other adjustments to 2018-19 expenditures necessitates revising the Commission's 2018-19 Adopted Budget. It is recommended that the Commission consider and approve the attached recommended revised Appropriations Budget of \$574,397.

<sup>1</sup> Net Operating Budget is the appropriations budget less fund balance and application fees. Government Code Section 56381(b)(1)(A) sets forth that the County, cities, and independent special districts shall each provide a one-third share of the Commission's operational costs. This section establishes that the cities' and districts' shares shall be apportioned in proportion to each city's and district's total revenues as a percentage of the combined city and district revenues within the County, as reported in the most recent edition of the Annual Report published by the State Controller.

**COMMISSIONERS:** MIKE O'NEILL, CHAIR, City ▪ ANN DRAPER, VICE CHAIR Public ▪ JOSHUA COSGROVE, Special District ▪ RICH GARBARINO, City ▪ DON HORSLEY, County ▪ JOE SHERIDAN, Special District ▪ WARREN SLOCUM, County

**ALTERNATES:** KATI MARTIN, Special District ▪ HARVEY RARBACK, City ▪ JAMES O'NEILL, Public ▪ DAVE PINE, County

**STAFF:** MARTHA POYATOS, EXECUTIVE OFFICER ▪ REBECCA ARCHER, LEGAL COUNSEL

### **Background**

Section 56381 of the Cortese-Knox-Hertzberg Act, which covers adoption of the LAFCo budget, requires Commission consideration of both a Proposed and a 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.

This process requires distribution of both the Proposed Budget and Final Budget to all funding agencies 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 funded in thirds by the County, the cities, and independent special districts.<sup>2</sup> Also, because the Proposed and Final Budgets 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 is necessary for the Commission to consider revisions to the budget to reflect application of the actual fund balance carryover and other necessary adjustments (please see the attached September 12, 2018 budget spreadsheet).

The Final Actual 2017-18 Year End Fund balance is \$128,846 compared to the May estimate of \$102,803. In the May Recommended 2018-19 Budget, staff estimated the 2017-18 actual expenditures at \$382,768 (please see budget spreadsheet approved May 16, 2018). At the close of the fiscal year, the final actual 2017-18 expenditures were \$358,355. The difference between the May estimate and the actual year-end expenditures reflects higher than anticipated expenditures in salary and benefits (but within budget), lower expenditures in legal and other services, and non-expenditure of reserves.

Also, a refund in the amount of \$12,416 to the County of San Mateo for overpayment of the one-third apportionment in a prior year was not credited to the County and charges for video recording LAFCo meetings did not post. Both of these expenditures have been included in the revised 2018-19 budget. Other changes to the recommended 2018-19 budget include funding in the amount of \$7,700 for independent auditing services now that the LAFCo budget has been moved from the County's General Fund to a Trust Fund and adjustment in Salary and Benefits to reflect the new Management Analyst position at D Step salary range starting on September 24, 2018.

On the revenue side, 2017-18 actual revenue was \$24,630 compared to the May estimate of \$23,000.

### **Application of Fund Balance**

The excess fund balance of \$26,043 was not set aside in reserve.

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<sup>2</sup> 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 2016-17 Fiscal Year.

**Apportionment to County, Cities, and Special Districts**

As noted above, the Net Operating Budget is apportioned in thirds to the County, cities, and independent 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 based on actual fund balance, the County Controller prepares apportionment tables indicating each agency's share of the LAFCo net operating budget and invoices cities and special districts. The County's apportionment is transferred to the LAFCo budget via intrafund transfer. The Recommended Revised 2018-19 LAFCo Net Operating Budget of \$415,551 (appropriations budget less fund balance and application revenue) results in a reduction in the amount of \$4,930 to each of the one-third apportionments from the May adopted budget equaling \$138,517.

**Recommendation**

Open the public hearing, receive public comment, and adopt the Recommended Amended 2018-19 Appropriations Budget of \$574,397 with any desired amendments. The Amended Budget would then be transmitted to the County, cities, and independent special districts. The County Controller will invoice funding agencies for their share of the Net Operating Budget based on the formula set forth in Government Code Section 56381(b)(1)(A).

Attachment: Budget Spreadsheet – 9-12-2018  
Budget Spreadsheet – 5-17-2018

cc: County of San Mateo  
Cities  
Special Districts

LAFCo	Recommended revision 18-19	Adopt.Sept.	Final	May	Adopt.Sept.	Final	Adopt.Sep	Final	Revised
	Date: 9/12/18	Revised	Actual	Adopted	Revised	Actual	Revised	Actual	Adopted
		2015-16	2015-16	2016-17	2016-17	2016-17	2017-18	FY 17-18	FY 18-19
4111	Salary & Benefits Executive Officer	223,164	223,164	222,349	222,349	222,349	231,706	231,706	234,340
	.5 FTE Exec. Secretary	54,000	48,000	45,203	45,203	45,203	45,416	42,451	
	Management Analyst (effective 9/24/18)								145,000
4141	Admin. Leave Cash Out (E.O.)	6,000	5,900	6,000	6,000	4,418	6,000	4,678	6,000
4161	Commissioner Compensation	4,800	3,800	4,800	4,800	4,600	4,800	4,400	4,800
	<b>SALARIES &amp; BENEFITS</b>	287,964	259,835	278,352	278,352	270,802	287,922	283,235	390,140
	<b>SERVICES &amp; SUPPLIES</b>								
	<i>Refund County overpayment in 2014/15</i>	12,416	0	0	12,416	0	12,416		12,416
5191	Outside Printing (other special printing)	1,000	0	1,000	1,000	0	1,000	0	1,000
5193	General Office Supplies	500	0	500	1,000	1,488	500	352	500
5196	Photocopy - in-house copier	500	0	500	1,000	1,000	500	500	500
5197	Postage & Mailing Service	1,500	248	1,500	1,500	856	1,200	602	1,200
5212	Computer Equipment under \$5,000		0		1,278	1,278	0		0
5331	Memberships (CALAFCo/CSDA)	6,649	6,637	7,100	7,100	7,095	7,628	8,872	7,714
5341	Legal Advertising	1,500	737	1,500	1,500	753	1,500	334	1,500
5712	Mileage Allowance/Motor Pool	250	0	250	250	0	250	0	250
	Video Recording Comm. Meetings						2,000	0	4,000
5721	Meetings & Conferences	8,000	5,781	8,000	8,000	7,052	8,000	5,488	9,000
5733	Training	250	-	250	250	98	250	-	250
5810	Fiscal Office Specialist	988	-	988	1,976	1,976	988	988	988
	<b>.5 FTE Time Shared Admin Sec. II under contract</b>								<b>52,138</b>
5218	Corovan Records Storage	200	193	200	200	178	500	268	700
5848	Graphics	4,500	-	4,500	4,500	50	1,500	-	1,500
	Outside Auditing Services								7,700
5858	Consulting	16,557	16,557	60,000	60,000	56,683	12,317	13,395	-
5861	GIS Mapping	2,500	-	2,500	2,500	-	1,000	-	1,000
5872	Controller Admin	1,660	1,660	1,641	1,641	1,641	1,982	1,982	1,982
6712	Telephone	500	352	500	500	367	500	287	500
6713	ISD (Automation Services)	8,377	5,354	8,377	8,377	6,055	8,073	6,815	8,443
6714	Rent	3,540	-	3,540	5,406	5,406	12,925	12,925	12,925
6722	Countywide security and HR	90	88	53	53	84	90	90	90
6725	Gen'l Liability & bond ins.	4,651	3,299	5,387	5,387	3,621	4,237	4,316	4,591
6732	County Counsel	30,000	11,215	30,000	30,000	4,478	30,000	7,656	30,000
6821	A 87 Charges	5,178	4,657	6,193	6,193	6,193	10,250	10,250	6,640
	<b>Subtotal Appropriations</b>	<b>399,270</b>	<b>316,613</b>	<b>422,831</b>	<b>440,379</b>	<b>377,154</b>	<b>407,528</b>	<b>358,355</b>	<b>557,667</b>
8612	Reserve 3%	11,978	-	12,685	13,211	-	11,484	-	16,730
	<i>special reserve</i>	65,000	-	14,714	40,000	-	73,559	-	
	<b>Total Appropriations Budget</b>	<b>\$ 476,248</b>	<b>\$ 316,613</b>	<b>\$ 450,230</b>	<b>\$ 493,590</b>	<b>\$ 377,154</b>	<b>\$ 492,571</b>	<b>\$ 358,355</b>	<b>\$ 574,397</b>
	<b>Revenues</b>								
	Fund Balance	111,331	111,331	98,986	151,888	151,888	108,258	108,258	128,846
	Application Fees	30,000	22,253	30,000	30,000	21,822	30,000	24,630	30,000
	<b>Intergov. Rev. (County/City/Dist)</b>	<b>334,917</b>	<b>334,917</b>	<b>321,244</b>	<b>311,702</b>	<b>311,702</b>	<b>354,313</b>	<b>354,313</b>	<b>415,551</b>
	<b>Total Revenues</b>	<b>\$ 476,248</b>	<b>\$ 468,501</b>	<b>\$ 450,230</b>	<b>\$ 493,590</b>	<b>\$ 485,412</b>	<b>\$ 492,571</b>	<b>\$ 487,201</b>	<b>\$ 574,397</b>
	<b>County/City/District 1/3 Apportionment</b>	<b>\$ 111,639</b>	<b>\$ 111,639</b>	<b>\$ 107,081</b>	<b>\$ 103,901</b>	<b>\$ 103,901</b>	<b>\$ 118,104</b>	<b>\$ 118,104</b>	<b>\$ 138,517</b>

Adopted May 16, 2018

LAFCo	Recommended Final 18-19 Wednesday, May 09, 2018	Adopt. Sept. Revised 2015-16	Final Actual 2015-16	May Adopted 2016-17	Adopt. Sept. Revised 2016-17	Final Actual 2016-17	Adopt. Sep Revised 2017-18	Est. actual FY 17-18	Proposed Draft FY 18-19
4111	Salary & Benefits Executive Officer	223,164	223,164	222,349	222,349	222,349	231,706	231,706	234,430
	.5 FTE Exec. Secretary	54,000	48,000	45,203	45,203	45,203	45,416	36,683	
	Management Analyst								156,101
4141	Admin. Leave Cash Out (E.O.)	6,000	5,900	6,000	6,000	4,418	6,000	4,500	6,000
4161	Commissioner Compensation	4,800	3,800	4,800	4,800	4,600	4,800	4,300	4,800
	<b>SALARIES &amp; BENEFITS</b>	287,964	259,835	278,352	278,352	270,802	287,922	277,189	401,331
	<b>SERVICES &amp; SUPPLIES</b>								
	<b>Refund County overpayment in 2014</b>	12,416	0	0	12,416	0	12,416	12,416	
5191	Outside Printing (other special printin)	1,000	0	1,000	1,000	0	1,000	0	1,000
5193	General Office Supplies	500	0	500	1,000	1,488	500	500	500
5196	Photocopy - in-house copier	500	0	500	1,000	1,000	500	500	500
5197	Postage & Mailing Service	1,500	248	1,500	1,500	856	1,200	800	1,200
5212	Computer Equipment under \$5,000		0		1,278	1,278	0		0
5331	Memberships (CALAFCo/CSDA)	6,649	6,637	7,100	7,100	7,095	7,628	7,573	7,714
5341	Legal Advertising	1,500	737	1,500	1,500	753	1,500	500	1,500
5712	Mileage Allowance/Motor Pool	250	0	250	250	0	250	200	250
	Video Recording Comm. Meetings						2,000	2,000	2,000
5721	Meetings & Conferences	8,000	5,781	8,000	8,000	7,052	8,000	8,000	9,000
5733	Training	250	-	250	250	98	250	250	250
5810	Fiscal Office Specialist	988	-	988	1,976	1,976	988	988	988
	<b>.5 FTE Time Shared Admin Sec. II</b>								<b>52,138</b>
5218	Corovan Records Storage	200	193	200	200	178	500	500	700
5848	Graphics	4,500	-	4,500	4,500	50	1,500	-	1,500
5858	Consulting	16,557	16,557	60,000	60,000	56,683	12,317	13,395	-
5861	GIS Mapping	2,500	-	2,500	2,500	-	1,000	-	1,000
5872	Controller Admin	1,660	1,660	1,641	1,641	1,641	1,982	1,982	1,982
6712	Telephone	500	352	500	500	367	500	400	500
6713	ISD (Automation Services)	8,377	5,354	8,377	8,377	6,055	8,073	8,073	8,443
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6725	Gen'l Liability & bond ins.	4,651	3,299	5,387	5,387	3,621	4,237	4,237	4,591
6732	County Counsel	30,000	11,215	30,000	30,000	4,478	30,000	20,000	30,000
6821	A 87 Charges	5,178	4,657	6,193	6,193	6,193	10,250	10,250	6,640
	<b>Subtotal Appropriations</b>	<b>399,270</b>	<b>316,613</b>	<b>422,831</b>	<b>440,379</b>	<b>377,154</b>	<b>407,528</b>	<b>382,768</b>	<b>546,742</b>
8612	Reserve 3%	11,978	-	12,685	13,211	-	11,484	-	16,402
	<b>special reserve</b>	<b>65,000</b>	<b>-</b>	<b>14,714</b>	<b>40,000</b>	<b>-</b>	<b>73,559</b>	<b>-</b>	<b>-</b>
	<b>Total Appropriations Budget</b>	<b>476,248</b>	<b>316,613</b>	<b>450,230</b>	<b>493,590</b>	<b>377,154</b>	<b>492,571</b>	<b>382,768</b>	<b>563,144</b>
	<b>Revenues</b>								
	Fund Balance	111,331	111,331	98,986	151,888	151,888	108,258	108,258	102,803
	Application Fees	30,000	22,253	30,000	30,000	21,822	30,000	23,000	30,000
	Intergov. Rev. County/City/Dist)	334,917	334,917	321,244	311,702	311,702	354,313	354,313	430,341
	<b>Total Revenues</b>	<b>476,248</b>	<b>468,501</b>	<b>450,230</b>	<b>493,590</b>	<b>485,412</b>	<b>492,571</b>	<b>485,571</b>	<b>563,144</b>
	<b>County/City/District 1/3 Apportionment</b>	111,639	111,639	107,081	103,901	103,901	118,104	118,104	143,447