

DATE: March 5, 2005

TO: Members, Local Agency Formation Commission

FROM: Peter Banning, Executive Officer

SUBJECT: Preliminary Budget and Work Program for Fiscal Year 2005-06

Summary

The proposed budget advanced by the Budget Committee is attached for consideration by the Commission. The Committee's proposal includes total expenditures of \$353,444, a negligible increase of 0.1% over last year's budget. Personnel costs show an increase of 7.8%. Administrative costs are reduced 28.1%. Contributions by the County, cities and special districts required to fund the proposed budget are unchanged. The budget proposal provides reserves for unrealized revenues, equipment replacement and, to a limited extent, special studies.

Preliminary Budget

The Budget Committee met with staff on February 17, 2005 to review the Commission's budget requirements for the coming year. The beginning point of the discussion was a 'status quo' budget prepared by staff that included the following assumptions:

- ❑ Application processing fees are assumed to reach \$35,000 for the current fiscal year as budgeted. The same amount is budgeted for FY 2005-06.
- ❑ Year-end reserves are projected to be approximately \$12,000 to be added to the Commission's current reserve of \$54,000. As discussed at the Commission's Strategic Planning Workshop, the potential uses of the reserve account include \$35,000 for unrealized fee revenue and other contingency needs, \$4,000 for equipment replacement and \$75,000 for un-planned special study needs arising during the fiscal year. The reserve account categories total a reserve account balance of \$115,000 of which approximately \$66,000 will be accumulated at the beginning of FY 2005-06.

- Staffing level is held constant at 2.5 full time equivalent positions.
- Cost-of-living salary increases (COLAs) were assumed at a maximum of 2% based on Commission policy and on the advice of County Human Resources staff. The Commission's Assistant Planner and Clerk will be eligible for merit salary increases in addition to COLAs.

Under these assumptions, the Commission's total expenditures and costs to contributing agencies show virtually no change from the previous fiscal year.

The draft budget includes reductions in a number of operating expenses reflecting cost experience over the past few years. Based on budgetary experience, more significant reductions have been made to Payroll Service Charges (2406), Mileage (2479), Outside Legal Expense (2713), Office Supplies (2133), Publications and Legal Notices (2221) and Graphic Supplies (2353). Equipment Repair and Maintenance (2079) is increased to reflect the cost of maintaining an obsolete photocopier planned for replacement next year.

The Budget Committee also reviewed commissioner stipend data from other LAFCOs in the Bay Area. The Committee does not recommend reduction in the stipend for regular or alternate commissioners, but did direct staff to adjust the proposed expenditure to reflect the probability of cancelled meetings in the coming year. The proposed budget assumes that the Commission will hold ten regular meetings in the coming fiscal year. Commissioner stipends in other Bay Area counties are:

Alameda	\$100	Contra Costa	\$125
Napa	50	San Francisco	100
San Mateo	100	Santa Clara	50
Santa Cruz	50	Sonoma	75

Proposed Work Program

Staff activity and workload are best described by category under the headings below.

Administration

In operating as an independent agency, LAFCO staff must perform normal management and administrative tasks such as program planning, budgeting, hiring, purchasing, payroll, contract management, commissioner elections, meeting management, maintenance of records and office machines, etc. Staff takes advantage of administrative services available from the County and other outside vendors whenever it is most efficient to do so. Administrative activities account for approximately 10% of the Executive

Officer's time and 50% of the Clerk's time on an ongoing basis. These estimates reflect recent changes to the structure of the Commission's staff. Administrative costs also include consultant services for website enhancement and facilitator services for the Commission's annual strategic planning retreat.

Strategic Plan objectives related to administrative activities are found under the Commission's goals for aligning the work plan and budget process with the strategic plan (Goal #1). Other administrative objectives include a multi-year work plan for completion of sphere of influence updates, establishing a system for evaluating customer service, tracking and continuing to monitor progress toward implementation of other strategic plan objectives.

Administrative costs by position are shown in the following table:

Administration

	Hours		Rate	Cost
Executive Officer	208	\$	62.73	\$ 13,047
Commission Clerk	780	\$	36.56	\$ 28,514
Assistant Planner	78	\$	36.31	\$ 2,832
Consultant Services	0	\$	-	\$ 5,280
Assigned Overhead		\$	17.56	\$ 18,721
Total	1066			\$ 68,394

Proposal Processing

Proposal volume during the present fiscal year has increased to approximate the expected level. Applications submitted and application fee revenues are expected to reach or nearly reach levels anticipated under the Commission's budget. Processing fee revenue is expected to reach the proposed \$35,000 level budgeted for the current year assuming submittal of proposals discussed in pre-application conferences. Proposal processing, including pre-application consultations and routine response to proposal-related questions constitutes approximately 20% of Executive Officer's workload including tasks formerly performed by the Commission Clerk prior to staff restructuring.

The Commission's current Strategic Plan objectives include expansion of public notification procedures through the use of e-mail and publication in local weekly newspapers. Staff's practice continues to utilize a proactive approach to complex and/or contentious proposals. Staff will engage the Commission or appropriate committees for planning optimal approaches to specific proposals as they arise.

Costs of anticipated proposal processing activity are shown in the following table:

Proposal Processing	<u>Hours</u>	<u>Rate</u>	<u>Cost</u>
Executive Officer	416	\$ 62.73	\$26,094
Commission Clerk	234	\$ 36.56	\$8,554
Assistant Planner	78	\$ 36.31	\$2,832
Consultant Services	0	\$ -	0
Assigned Overhead		\$ 17.56	\$ 12,785
Total	728		\$ 50,265

Service Reviews, Sphere of Influence Updates & Other Special Projects

Under the goal of compliance with AB2838 mandates, the Commission's Strategic Plan objectives include completion of the consultant's report for the Southern Marin Sewer Service Alternatives Study and Commission action on the spheres of influence of the affected sewer agencies.

Special studies costs include \$12,700 in consultant services as shown in the proposed budget for the coming fiscal year. Although the specific need for consultant services in studies underway and anticipated for FY 2005-06 has not been identified, this allocation is included to either allow for consultant services on a contingency basis or to build the Commission's reserves. The Strategic Plan calls for accumulation of sufficient reserves to fund special studies while minimizing the cost impacts to contributing agencies. The amount budgeted will allow for limited consultant services or contribution to reserves without increasing costs to contributing agencies.

Budgeted Special Studies costs are shown in the following table:

Special Studies	<u>Hours</u>	<u>Rate</u>	<u>Cost</u>
Executive Officer	624	\$ 62.73	\$39,140
Commission Clerk	156	\$ 36.56	\$5,703
Assistant Planner	936	\$ 36.31	\$33,987
Consultant Services	0	\$ 110.00	\$12,700
Assigned Overhead		\$ 17.56	\$ 30,137
Total	1716		\$ 121,667

Communications

The Commission's Strategic Plan goals and objectives place great emphasis on further development of LAFCO's communications with the public and with other government agencies. Almost one half of the objectives in the Strategic Plan are communications-related. Those objectives generally focus on public notice, development of inter-jurisdictional planning functions, media relations, progress reporting, improvement of the Commission's website, exchanging information with other agencies and deepening the Commission's understanding of the Cortese-Knox-Hertzberg Act and its application to land use issues in Marin County.

In addition to the contents of the Strategic Plan, staff will continue established communications activities including:

- ❑ Annual meetings with the Marin Civil Grand Jury and response to Grand Jury requests for information.
- ❑ Presentations requested by local government agencies, neighborhood associations and other interest groups.
- ❑ Attendance and participation in CALAFCO conferences and regional meetings.
- ❑ Membership on the MarinMap Steering Committee.
- ❑ Response to requests for information on mechanisms for changing local government boundaries and organization as requested by other local agencies and the public.

The costs of communications-related activities in the proposed budget are shown in the following table:

Communications	<u>Hours</u>	<u>Rate</u>	<u>Cost</u>
Executive Officer	520	\$ 62.73	\$32,617
Commission Clerk	78	\$ 36.56	\$2,851
Assistant Planner	156	\$ 36.31	\$5,665
Consultant Services	0	\$ -	0
Assigned Overhead		\$ 17.56	\$ 13,242
Total	754		\$ 54,375

Training

Recent changes to the Commission's staff have included deletion of an Office Assistant position (half time), addition of an Assistant Planner position (three-quarter time) and the re-alignment of duties of the Clerk to the Commission. These changes require extensive training for the Clerk and Assistant Planner largely in the form of informal training sessions conducted by the Executive Officer, conference attendance, classes and development of contacts with similar personnel in other agencies.

The costs of estimated training-related activities in the proposed budget are shown in the following table:

Training	Hours	Rate	Cost
	<u> </u>	<u> </u>	<u> </u>
Executive Officer	104	\$ 62.73	\$6,523
Commission Clerk	156	\$ 36.56	\$5,703
Assistant Planner	156	\$ 36.31	\$5,665
Consultant Services	0	\$ -	\$0
Assigned Overhead		\$ 17.56	\$ 7,306
Total	416		\$ 25,197

Recommendation: Staff recommends that the Commission review the attached Preliminary Budget and the Draft Work Program above and direct modifications as necessary to implement the objectives of its Strategic Plan. Under the adopted Policies, Procedures and Guidelines, the Commission should then continue action on the Budget and Work Program until May 12, 2005 and direct staff to circulate the preliminary budget to the County, cities and special districts for comment.

Respectfully submitted,

Peter Banning
Executive Officer