

DATE: March 3, 2006

TO: Members, Local Agency Formation Commission

FROM: Peter Banning, Executive Officer  
Candice Bozzard, Commission Clerk

SUBJECT: Preliminary Budget and Work Program for Fiscal Year 2006-07

### **Summary**

Staff drafted a preliminary budget for the coming fiscal year assuming no significant changes to the Commission's programs. The only direct effect on the draft budget from the Commission's Strategic Planning Retreat was to add \$2,000 for updating the LAFCO website. Staff met with the Budget Committee to review the preliminary draft on February 27<sup>th</sup>.

The budget proposed by the Budget Committee and staff is attached for consideration by the Commission. The Committee's proposal includes total expenditures of \$366,037, an increase of 0.7% over last year's budget. Personnel costs show an increase of 3.7%. Administrative costs are increased 6.6%. Contributions by the County, cities and special districts required to fund the proposed budget are increased 3.0%.

### **Preliminary Budget**

The Budget Committee met with staff on February 27, 2006 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:

- Salary amounts include a 3% cost of living increase for staff and merit increases for the Clerk to the Commission and Assistant Planner positions if approved by the Commission.
- Mileage & Related Reimbursements (2479) are increased 23.1% since this account is projected to exceed the amount budgeted for the current fiscal year. Also, the cost reimbursement per mile has increased as well as the anticipated number of meetings staff will attend in the upcoming year.

- Document Reproduction (2137) costs are reduced 16.1%. Outsourcing for the publication of special studies will now be handled almost entirely in-house.
- The Data Processing account (2141) includes \$2000 suggested at the Strategic Planning Workshop to update the Commission's website with new graphics. This account must also cover an anticipated 19% cost increase for upgrades made to Marin.org/MIDAS network configuration used by LAFCO through the County of Marin. Overall, data processing costs are expected to increase 29.8%

Under these assumptions, the Commission's total expenditures will increase 3.0% from the budget adopted for FY 2005-06 in May 2005.<sup>1</sup> Costs to contributing agencies will rise a corresponding 3.0%.

### **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, 50% of the Clerk's time and 5% of the Assistant Planner'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 an examination of the relationship between the current schedule of application fees and the Commission's actual costs for processing proposals.

---

<sup>1</sup> Because that budget was later increased by \$10,000 through appropriation from reserves, the increase in expenditures shown in this draft budget is only 0.7%.

Administrative costs by position are shown in the following table:

### **Administration**

	Hours		Rate	Cost
Executive Officer	208	\$	64.55	\$ 13,426
Commission Clerk	780	\$	38.31	\$ 29,884
Assistant Planner	78	\$	37.99	\$ 2,963
Consultant Services	0	\$	-	\$ 3,000
Assigned Overhead		\$	17.84	\$ 19,015
<b>Total</b>	1066			<b>\$ 68,287</b>

### Proposal Processing

Proposal volume during the present fiscal year has lagged behind the expected level. However, pre-proposal consultations indicate that proposal activity may increase in the second half of the fiscal year and regain "normal" levels (approximately 18 proposals per year) in the coming fiscal year. Applications submitted and application fee revenues are expected to reach or nearly reach levels anticipated under the Commission's budget. 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 Assistant Planner is increasingly involved in proposal processing as her training permits.

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, as requested by Commissioners at the Strategic Planning Retreat earlier this year.

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

### **Proposal Processing**

	Hours		Rate	Cost
Executive Officer	416	\$	64.55	\$ 26,851
Commission Clerk	234	\$	38.31	\$ 8,965
Assistant Planner	234	\$	37.99	\$ 8,889
Consultant Services	0			\$ -
Assigned Overhead		\$	17.84	\$ 15,768
<b>Total</b>	884			<b>\$ 60,473</b>

### 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 cities and special districts in the San Rafael and Ross Valley areas. Studies of urban water service and rural services in the communities of west Marin will remain for completion in 2007. Following completion of the Commission's service review and sphere of influence requirements under the Cortese-Knox-Hertzberg Act by January 1, 2008, the Commission's costs for special studies is expected to decline.

Special studies costs include \$17,000 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 2006-07 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 significantly affecting 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	\$	64.55	\$40,277
Commission Clerk	156	\$	38.31	\$5,977
Assistant Planner	858	\$	37.99	\$32,592
Consultant Services	0	\$	110.00	\$17,000
Assigned Overhead		\$	17.84	\$ 29,218
<b>Total</b>	<b>1638</b>			<b>\$ 125,064</b>

## Communications

In all years that the Commission has conducted strategic planning workshops, the Commission has included goals and objectives that place great emphasis on further development of LAFCO's communications with the public and with other government agencies. Three of the five goals in the Commission's draft Strategic Plan are communications-related. Those objectives generally focus on outreach to other organizations, 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.

This year, the Commission has directed staff to actively explore the implications of the newly enacted legislation for community services districts (CSDs) arising from the passage of Senate Bill 135. Staff will be meeting with each of the County's six CSDs as well as other special districts that might be reorganized as CSDs (e.g. Strawberry Recreation, Stinson Beach Water/Stinson Beach Fire, Bolinas Fire/Bolinas PUD etc.) to review opportunities to enhance special district services.

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	\$	64.55	\$33,564
Commission Clerk	78	\$	38.31	\$2,988
Assistant Planner	78	\$	37.99	\$2,963
Consultant Services				
Assigned Overhead		\$	17.84	\$ 12,058
<b>Total</b>	<b>676</b>			<b>\$ 51,573</b>

### Training

Recent changes to the Commission's staff have required and will continue to require extensive training for the Clerk and Assistant Planner. Training has been conducted "on-the-job" by the Executive Officer. Increasingly, staff has identified and utilized outside training resources of the California Special Districts Association and CALAFCO. The Commission's Clerk and Assistant Planner continue to expand their contacts with their counterparts in other agencies.

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

<b>Training</b>	<u>Hours</u>		<u>Rate</u>	<u>Cost</u>
Executive Officer	104	\$	64.55	\$6,713
Commission Clerk	156	\$	38.31	\$5,977
Assistant Planner	156	\$	37.99	\$5,926
Consultant Services	0			\$0
Assigned Overhead		\$	17.84	\$ 7,420
<b>Total</b>	<b>416</b>			<b>\$ 26,036</b>

**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 its regular meeting on May 11, 2006 and direct staff to circulate the preliminary budget to the County, cities and special districts for comment. At the direction of the Commission, staff will add a summary of recent activities to communications on the proposed budget.

Respectfully submitted,

---

Peter Banning  
Executive Officer