

DATE: March 6, 2009

TO: Members, Local Agency Formation Commission

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

SUBJECT: Preliminary Budget and Work Program for Fiscal Year 2009-10

Summary

Staff met with the Budget Committee (Commissioners Heller, McGlashan and Rodoni) to review the preliminary drafts on February 21st. The preliminary budget recommended by the Committee and staff includes total appropriations of \$340,163, a 12.7% reduction from the previous year.

Personnel costs show a reduction of 10.0% and administrative costs reduced 7.3%. Supplies, Services and Facilities expenses are reduced by 16.5%. Cost reductions from reduced staffing, smaller offices and other measures combined with an appropriation from reserves of \$13,574 will allow a 10% reduction in the contributions of the County, cities and special districts.

Budget Development Assumptions

Most generally, staff and the Budget Committee assumed that as the budgets of individual local governments have come under financial pressure from the economic downturn, that Marin LAFCO would wish to respond proactively with reduced cost to those agencies required to contribute to LAFCO's budget. The Commission is positioned to require smaller contributions, having recently cut its staff. However, application fee revenues have been far less than anticipated, canceling out some of those cost savings, a condition that may apply both in this fiscal year and in FY 2009-10.

The proposed LAFCO budget for FY 2009-10 assumes the following changes:

1. By the Commission's action last year to cut staff, the second half of those cost savings will show in the coming year's budget (reduced 10.0%)
2. LAFCO office will be relocated to 555 Northgate Boulevard, with lower rent; a cost saving of approximately \$10,000 or 42%.
3. Miscellaneous line item reductions based on recent experience or changes in costs, including:
 - Conferences (-46%)
 - Mileage (-25%)
 - Graphic Design (18%)
 - General insurance (-14%)
 - Office supplies (-38%)
 - Equipment and machines (-100%)

The proposed budget includes \$2,000 for furniture and fixtures relating to the move to new office space.

Less favorably, LAFCO may continue to experience a lower volume of applications and lower application fee revenues. Therefore the application fee revenues in the draft budget are reduced from \$35,000 to \$25,000 based on current trends. Actual revenues may be even lower, thereby requiring incursion into the Commission's reserve.

With the cost reductions above, a 10% reduction in agency contributions would require the Commission to appropriate \$13,574 from reserves.

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. In the coming year, administrative activities are estimated to account for approximately 5% of the Executive Officer's time and 55% of the Clerk's total hours on an ongoing basis. Administrative costs also include consultant services for website enhancement and support services for the Commission's annual strategic planning retreat.

Strategic Plan objectives related to administrative activities are found under the Commission's goals for carrying out the mandates of the Cortese-Knox-Hertzberg Act (Goal #1) and aligning the work plan and budget process with the strategic plan (Goal #2).

Administrative costs by position are shown in the following table:

Administration

	Hours	Rate	Cost
Executive Officer	104	\$ 75.97	\$ 7,901
Commission Clerk	858	\$ 47.49	\$ 40,749
Assistant Planner	0		-
Consultant Services	0	-	\$ 4,400
Assigned Overhead		\$ 24.21	\$ 23,290
Total	962		\$ 76,340

Proposal Processing

Proposal volume during the present fiscal year is significantly lower than previous years and may or may not continue at that level in the coming year. However, pre-application consultation and other activity in preparation for anticipated proposals has increased significantly. Proposal processing, including pre-application consultations and routine response to proposal-related questions is expected to require approximately 25% of Executive Officer's time and 20% of the Commission Clerk's time including adjustments made for reduced staff and extended pre-application effort for annexations in the Tiburon area.

Staff's practice continues to utilize a proactive approach to complex and/or contentious proposals. Staff will engage the Commission, legal counsel 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

	<u>Hours</u>		<u>Rate</u>	<u>Cost</u>
Executive Officer	520	\$	75.97	\$ 39,506
Commission Clerk	312	\$	47.49	\$ 14,818
Assistant Planner	0			-
Consultant Services	0			\$ 9,600
Assigned Overhead		\$	24.21	\$ 20,142
Total	832			\$ 84,066

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 all MSR/SOI studies, including those for Tomales, Marin Municipal and North Marin Water Districts, and Marin Healthcare District. Special studies are estimated to require 35% of the Executive Officer's time and 5% of the Commission Clerk's total hours. The Commission's program costs for service reviews and sphere of influence studies have declined significantly with the completion of previous studies representing the bulk of compliance with state mandates.

Budgeted Special Studies costs are shown in the following table:

Special Studies

	<u>Hours</u>		<u>Rate</u>	<u>Cost</u>
Executive Officer	728	\$	75.97	\$55,308
Commission Clerk	78	\$	47.49	\$3,704
Assistant Planner	0			
Consultant Services				\$6,000
Assigned Overhead		\$	24.21	\$ 19,513
Total	806			\$ 84,526

Communications

It has been the Commission's practice to place emphasis on LAFCO's communications with the public and with other government agencies. The drafted communications-related objectives focus on outreach to other organizations, public presentations, progress reporting, improvement of the Commission's website, and exchanging information with other agencies.

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	416	\$	75.97	\$31,605
Commission Clerk	78	\$	47.49	\$3,704
Assistant Planner	0			
Consultant Services				\$3,000
Assigned Overhead		\$	24.21	\$ 11,960
Total	494			\$ 50,269

Training

The Commission's Clerk and Executive Officer continue to develop contacts with their counterparts in other LAFCOs and to benefit from CALAFCO's training programs. The County's SAP accounting system, Marinmap and other evolving technology will also require intermittent training activity. Staff continues to participate in CALAFCO conferences and courses which entail both providing and receiving training.

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

Training

	<u>Hours</u>		<u>Rate</u>	<u>Cost</u>
Executive Officer	104	\$	75.97	\$7,901
Commission Clerk	78	\$	47.49	\$3,704
Assistant Planner	0			
Consultant Services	0			\$0
Assigned Overhead		\$	24.21	\$ 4,406
Total	182			\$ 16,012

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 14, 2009 and direct staff to circulate the preliminary budget to the County, cities and special districts for comment.

Respectfully submitted,

Peter Banning
Executive Officer

Candice Bozzard
Commission Clerk