

DATE: March 2, 2007

TO: Members, Local Agency Formation Commission

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

SUBJECT: Preliminary Budget and Work Program for Fiscal Year 2007-08

### **Summary**

Staff drafted a preliminary budget for the coming fiscal year assuming no significant changes to the Commission's programs. Staff met with the Budget Committee to review the preliminary draft on February 12<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 \$389,670, an increase of 5.3% over last year's budget. Personnel costs show an increase of 5.3%. Administrative costs are increased 9.9%. The proposed budget appropriates \$19,572 from reserves in order to absorb cost increases and hold the contributions of the County, cities and special districts at the same level as last year.

As a result of the new County SAP accounting system, some expenditure accounts have been redefined or renumbered. New and old account numbers are shown on the attached draft and footnotes explaining other changes have been added. As part of allowing LAFCO to have access to the new SAP accounting system and County financial management services, new fees will be charged in FY 2007-08. The amount of the fee has not been finally determined. Staff estimates the fee to be about \$6,000. This amount and other amounts in the draft budget are subject to revision when the Commission takes final action on its budget on May 10<sup>th</sup>.

## **Preliminary Budget**

The Budget Committee met with staff on February 12, 2007 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 meet or exceed \$35,000 for the current fiscal year as budgeted.
- Staffing level is held constant at 2.5 full time equivalent positions.
- Salary amounts include a 3% Cost of Living increase for all staff and 5% merit increase for the Clerk to the Commission and Assistant Planner positions if approved by the Commission. The Executive Officer's salary is currently under review. No provision for a possible increase in Executive Officer compensation has been included in this preliminary budget.
- Workers' Compensation has increased compared to previous years due to the unexpected need to change carriers during 2006. It was noted by our SDRMA representative that a decrease is expected (by as much as 10%) which will be voted on by the SDRMA Board in May of 2007.
- Increase to Mileage & Related Reimbursements (5211440) is due to the IRS rate increase for mileage reimbursement as well as an increase to the anticipated number of meetings staff will attend in the upcoming year. This item also includes parking fees, bridge tolls and other travel reimbursements.
- Decrease to budget item Data Processing (5210129) is due to the reclassification of the annual web-hosting fee. The web-hosting fee is now budget line item Communication Services (5210715).

Under these assumptions, the Commission's total expenditures will increase 5.3% from the budget adopted for FY 2006-07 in May 2006. Costs to contributing agencies would either increase a corresponding 5.3% or be held constant with the appropriation of reserves. The Budget Committee proposed appropriating the necessary funds (\$19,572) from the reserve to offset the increase and maintain a constant contribution to the previous fiscal year.

## **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 staff time amounts and costs as shown in the following table as estimated under current conditions. 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 Commission evaluation of changes in workload following anticipated completion of sphere of influence revisions and greater involvement in consolidation studies.

Administrative costs by position are shown in the following table:

<b>Administration</b>	Hours	Rate	Cost
Executive Officer	104	\$ 66.30	\$ 6,895
Commission Clerk	702	\$ 41.69	\$ 29,264
Assistant Planner	78	\$ 41.14	\$ 3,209
Consultant Services	0	\$ -	\$ 3,000
Assigned Overhead		\$ 19.72	\$ 17,434
<b>Total</b>	884		<b>\$ 59,802</b>

## Proposal Processing

Proposal volume during the present fiscal year has increased to approximate or exceed recent activity levels. Processing fee revenue is expected to reach or exceed 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 although these tasks have recently required much greater commitment of staff time.

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:

<b>Proposal Processing</b>	<u>Hours</u>	<u>Rate</u>	<u>Cost</u>
Executive Officer	416	\$ 66.30	\$ 27,581
Commission Clerk	390	\$ 41.69	\$ 16,258
Assistant Planner	234	\$ 41.14	\$ 9,627
Consultant Services	0		\$ -
Assigned Overhead		\$ 19.72	\$ 20,510
<b>Total</b>	<b>1040</b>		<b>\$ 73,976</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 service review and sphere of influence updates for cities and special districts in Ross Valley areas and west Marin as well as for all county water service agencies. This year will also require periodic review of spheres of influence adopted in 2002 for the Novato area. 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.

Although the specific need for consultant services in studies underway and anticipated for FY 2007-08 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 to enable future 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:

<b>Special Studies</b>	<u>Hours</u>	<u>Rate</u>	<u>Cost</u>
Executive Officer	728	\$ 66.30	\$48,267
Commission Clerk	78	\$ 41.69	\$3,252
Assistant Planner	936	\$ 41.14	\$38,510
Consultant Services	0	\$ 110.00	\$17,000
Assigned Overhead		\$ 19.72	\$ 34,354
<b>Total</b>	<b>1742</b>		<b>\$ 141,383</b>

### Communications

The Commission has included in its strategic plan goals and objectives that place great emphasis on further development of LAFCO's communications with the public and with other government agencies. 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.

The Commission has directed staff to attend meetings and conduct informational events for public agencies and to expand participation in planning activities sponsored by other agencies.

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

<b>Communications</b>	<u>Hours</u>	<u>Rate</u>	<u>Cost</u>
Executive Officer	520	\$ 66.30	\$34,477
Commission Clerk	78	\$ 41.69	\$3,252
Assistant Planner	78	\$ 41.14	\$3,209
Consultant Services			
Assigned Overhead		\$ 19.72	\$ 13,332
<b>Total</b>	<b>676</b>		<b>\$ 54,269</b>

### Training

Changes to the Commission's staff and the County's new SAP financial management system will continue to require extensive training for the Clerk and Assistant Planner. This will include "on-the-job" training by the Executive Officer, outside training resources of the California Special Districts Association and new classes offered by 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	\$ 66.30	\$6,895
Commission Clerk	156	\$ 41.69	\$6,503
Assistant Planner	78	\$ 41.14	\$3,209
Consultant Services	0		\$0
Assigned Overhead		\$ 19.72	\$ 6,666
<b>Total</b>	<b>338</b>		<b>\$ 23,273</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 10, 2007 and direct staff to circulate the preliminary budget to the County, cities and special districts for comment.

Respectfully submitted,

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Peter V. Banning  
Executive Officer

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Candice Bozzard  
Clerk to the Commission