

SAN MATEO



LOCAL AGENCY FORMATION COMMISSION

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March 14, 2012

To: Members, Formation Commission

From: Martha Poyatos *MP*
Executive Officer

Subject: Proposed 2012-13 LAFCo Operating Budget

Recommendation:

1. Open the public hearing on the LAFCo 2012-13 Proposed Operating Budget and receive public comment
2. Consider and Adopt the Proposed Operating Budget of \$311,133 for 2012-13 with any desired changes and direct the Executive Officer to distribute it to the County, cities and independent special districts prior to consideration for adoption at the May 18, 2011 meeting pursuant to Government code Section 56381

Background

Section 56381 of Cortese-Knox-Hertzberg, which covers adoption of the LAFCo budget, requires Commission consideration of both a proposed and 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 following circulation of the recommended final budget to the County, all cities and all independent special districts.

This process requires distribution of both the proposed budget and final budget to all funding agencies for comment 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 apportioned in thirds to the County, the cities and independent special districts¹. Also, because the Proposed and Adopted Budget are adopted before the end of the fiscal year and include an *estimate* of fund balance carry over, once the

¹ 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 2011-12 Fiscal Year.

current fiscal year closes and the actual fund balance carry-over is determined, it will be necessary for the Commission to consider revisions to the budget to reflect application of the actual fund balance carry-over.

Budget Committee Recommendations

The Commission's Budget Committee consisting of Commissioners Altscher and Horsley and Chair Craig met on March 8 to review the draft budget and provide direction to staff.

Key components of the budget include appropriations for salaries, services and supplies, which are provided by contract with the County of San Mateo and appropriations for reserve.² Components of revenues include fund balance carry-over from the previous fiscal year, application fees and intergovernmental revenues comprised of mandatory one-third funding by the County, cities and special districts.

The LAFCo budget is based on contract amounts provided by the County of San Mateo for salary and benefits, county counsel and other services and supplies. This year staff prepared, for Committee review, a budget that aimed at maintaining level of service consistent with reductions made in the 2011-12 Fiscal year. One-time unanticipated expenditures in the current fiscal year include purchase of a new desktop computer and printer. The proposed budget continues the following reductions made in the current fiscal year.

1. Reduced printing and postage and relying on documents available on-line or by e-mail.
2. Reduced level of sharing secretarial support with Parks Division/Department of Public Works to 20% time or \$25,000.
3. Eliminate one-time reserve and retain only 3% reserve.

The following narrative explains each budget account. The attached budget reflects the Committee's discussion and direction, and includes a spreadsheet showing Actual 2009-10, Estimated Actual 2010-11 and Adopted and Estimated Actual 2011-12 and Proposed 2012-13. One exception is new information provided by the County Controller for charges for administering LAFCo apportionment, amending the estimate to \$2,440, an increase of \$504. As shown in Column G and based on Committee discussion, the proposed appropriations budget is \$311,133 and net operating budget³ (appropriations less application fees and fund balance) is \$236,720. The Net Operating Budget reflects an offset of \$49,413 in estimated fund balance carry-over from the current fiscal year.

² The Commission's reserve amount is re-established each year and does not accumulate.

³ Shown as intergovernmental revenues.

The anticipated fund balance results primarily from savings in secretarial support and county counsel and non-use of reserve funds.

The Committee supported continuing with a reduced budget with the caveat that if the Commission experiences a shortfall during the fiscal year, a loan can be obtained from the County of San Mateo and be repaid in the subsequent fiscal year, as provided by Section 56381[c].

Apportionment to Cities and Special Districts:

As noted above, the net operating budget is apportioned in thirds to the County, cities and 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, the County Controller prepares apportionment tables indicating each agency's share of the LAFCo net operating budget. The State Controller's reports are typically not available until September. For this reason, for city and special district budgeting purposes, the current year formulas are provided to the cities and districts in order to estimate each agency's apportionment of the proposed LAFCo budget. The County's apportionment is transferred to the LAFCo budget via intrafund transfer. The LAFCo net operating budget of \$236,720 as proposed results in one-third apportionments of \$78,907, an increase of \$1,903 or 2.4% from the 2011-12 apportionment to the funding groups.

Application of Fund Balance

In regard to application of fund balance, the estimated actual revenue for 2010-11 is \$335,109. Based on estimated expenditures of \$285,696, the resulting estimated fund balance is \$49,413, and is applied as revenue and labeled "fund balance from previous year." The portion of the LAFCo budget that is apportioned in thirds to funding groups is the appropriations budget less fund balance and application fees and labeled "intergovernmental revenue."

Proposed 2012-13 Budget Narrative

The following provides a narrative to the attached budget spreadsheet and reflects costs associated with LAFCo's contract with the County of San Mateo for staffing, office space, supplies and legal counsel.

Salary & Benefits (4111)

Salary and benefits of \$209,693 includes the County position of Principal Management Analyst serving as Executive Officer by contract with the County and the Commissioner stipend of \$100 per bi-monthly meeting. County salaries have been frozen since the

2009-10 Fiscal Year. The reduced salary and benefits from 2011-12 reflects an increase employee share of retirement costs. Annuity represents the amount of the County offset of management position retirement contributions.

SERVICES & SUPPLIES

Outside Printing (5191)

Appropriation of \$500 for copying and printing by outside print shops afforded by reliance on electronic distribution of documents.

General Office Supplies (5193)

A flat appropriation of \$500 for incidental office supplies provided to LAFCo.

Photocopy (5196)

A flat appropriation of \$500 for incidental copies made from the Planning Department copier where the LAFCo office is located.

Postage & Mailing (5197)

Appropriation of \$1,000 for postage/ mailing service through County Mail Room.

Memberships (5331)

Includes CALAFCo dues of \$5,223, and California Special Districts Association dues of \$846.

Legal Advertising (5341)

Appropriation of \$1,500 for legal notices published in newspaper for LAFCo hearing items requiring notice.

Mileage Allowance (5712)

Appropriation of \$250 for mileage reimbursement for staff attendance at offsite meetings or site visits.

Meetings & Conferences (5721)

Appropriation of \$6,000 associated with commission and staff attendance/travel at CALAFCo Annual Workshop and Staff Workshop based on the venue of each event. (Assumes four commissioners and one staff person will attend Annual Conference in Monterey and attendance of one staff person at CALAFCo staff workshop in Davis.)

Training (5733)

Appropriation of \$250 for educational classes or workshops related to LAFCo, CEQA or related training.

Fiscal Office Specialist (5810)

Appropriation of \$988 for a County Fiscal Office Specialist to process LAFCo accounts receivable and payable and payroll.

Graphics/GIS (5848)

Appropriation of \$4,500 for GIS and other mapping for LAFCo studies and sphere updates.

Admin Assistant Shared with Parks (5962)

Appropriation of \$25,000 for executive secretary position shared with San Mateo County Department of Public Works through contract.

GIS (5861)

Appropriation \$2,500 for special work completed by ISD/Public Works GIS mapping related to LAFCo applications or studies.

Controller (5872)

Estimated Cost of \$2,440 of administering the apportionment and collection of LAFCo budget to county, cities and special districts.

Telephone (6712)

Telephone charges of \$670 for Executive Officer phone line.

Other Information Services Department Services (6713)

Charges of \$4,650 for internet access, technical support and website maintenance including posting of notice, agenda materials and studies.

Rent (6714)

Rent charges of \$3,937 for Executive Officer office space on 2nd Floor.

General Liability & Bond Insurance (6725)

Appropriation of \$3,560 for insurance through California Special Districts Association and employee bond insurance with County of San Mateo.

County Counsel (6732)

Appropriation of \$30,000 for charges for County Counsel.

A-87 Charges (6821)

A-87 Charges represent indirect charges such as Human Resources, county manager, etc. A-87 for 2012-13 results in a credit amount of -\$2,636 because prior year's

calculation included late invoices from the 2009-10 fiscal year that were paid in the 2010-11 fiscal year.

Reserve (8612)

Amount of \$9,062 in reserve for unanticipated expenditures, historically set at 3% of gross appropriations.

Recommended Action:

It is respectfully recommended that the Commission open the public hearing, accept comment and consider and adopt the Proposed Operating Budget for 2012-13 of \$311,133 as proposed or with any desired changes and direct the Executive Officer to distribute it to the County, cities and independent special districts prior to consideration for final adoption at the May 16, 2012 meeting.

- c: John Maltbie, County Manager
Members, Board of Supervisors
City Managers, San Mateo County Cities
Finance Directors, San Mateo County Cities
District Managers, Independent Special Districts

LAFCo Budget - Proposed Draft 2012-13

Proposed draft March 12, 2012

A	B	C	D	E	F	G
		<i>Actual</i>	<i>Actual</i>	<i>Amended</i>	<i>Estimated</i>	<i>Proposed</i>
		<i>2009/10</i>	<i>2010-11</i>	<i>Adopted</i>	<i>Actual</i>	<i>Draft</i>
				<i>2011-12</i>	<i>2011-12</i>	<i>2012-13</i>
4111	Salary & Benefits	183,540	195,042	195,321	195,321	194,265
4141	Admin. Leave Cash Out	4,273	3,237	3,003	3,003	3,003
4161	Commissioner Compensation	5,300	3,700	4,800	4,800	4,800
	County Annuity	9,159	7,119	7,625	7,625	7,625
	SALARIES & BENEFITS	202,272	209,098	210,749	210,749	209,693
5191	Outside Printing (LAFco handbook, other special print)	0	11	1,000	250	500
5193	General Office Supplies	500	500	500	500	500
5196	Photocopy - in-house copier	500	500	500	500	500
5197	Postage & Mailing Service	1,097	417	1,000	900	1,000
5212	Computer Equipment under \$5,000	-	-	-	1,350	-
5331	Memberships (CALAFCo/CSDA new in 0809)	5,840	5,093	5,939	5,939	6,069
5341	Legal Advertising	382	150	1,500	1,100	1,500
5712	Mileage Allowance	0	0	250	60	250
5721	Meetings & Conferences	4,979	3,658	5,000	5,000	6,000
5733	Training	37	0	250	250	250
5810	Fiscal Office Specialist	950	988	988	988	988
5218	Corovan Records Storage (new 09/10)	500	177	200	200	200
5848	Graphics	3,103	2,320	6,500	4,800	4,500
5856	consulting					
5962	Admin Asst. Shared with Parks. (start 4/6/09)	30,898	14,997	25,000	15,000	25,000
5861	GIS Mapping	0	0	2,500	1,900	2,500
5872	Controller Admin**	3,066	1,760	1,936	1,936	2,440
6712	Telephone	670	670	670	670	670
6713	ISD	3,940	2,694	4,650	3,700	4,650
6714	Rent	2,703	2,986	3,937	3,937	3,937
6722	Copy Center Charges	1,200	241	2,000	0	0
6725	Gen'l Liability & bond ins.	3,544	3,559	3,560	3,527	3,560
6732	County Counsel	13,395	18,060	39,280	15,000	30,000
6821	A 87 Charges	6,584	12,168	7,440	7,440	-2,636
	Subtotal Appropriations	286,160	280,047	325,349	285,696	302,071
8612	Reserve 3%	0	0	9,760		9,062
	one time reserve	0	0			
	Total Appropriations Budget	\$286,160	\$280,047	\$335,109	\$285,696	\$311,133
	Revenues					
	Fund Balance from previous year	125,056	94,886	79,097	79,097	49,413
	Application Fees	17,072	16,643	25,000	25,000	25,000
***	Intergov. Revenue	238,918	247,615	231,012	231,012	236,720
	Total Revenues	\$381,046	\$359,144	\$335,109	\$335,109	\$311,133
	One-third apportionment	\$79,639	\$82,538	\$77,004	\$77,004	\$78,907

(*** Apportionment to county, cities & special districts (cities/districts based on proportional revenues)

also the net operating budget, (appropriation less revenues & fund balance)

net operating budget apportioned in thirds to funding agencies)

*County annuity reduced by 25% *

**controller charges 07-08 & 09-10

2009-10 fund balance carry over

\$79,097

estimated **2010-11 fund balance carry over**

\$49,413

Fund balance carry over is actual total revenues less actual appropriations

County of San Mateo LAFCO

Apportionment of LAFCO's Net Operating Expenses - AB2838 / GC 56381

- Cities

Apportionment For Fiscal Year: 2009-2010

Net Operating Expenses: \$ 238,917

Apportionment Ratio: 1/3

Apportionment Amount: \$ 79,639

State Controller's Annual

Report for Fiscal Year: 2006-07 (see Note 1)

City	Total Revenues (Note 1)	State Annual Report	Proportion (%)	Share
		Page Ref.		
1 Atherton	\$ 13,279,757	23	1.2848%	\$ 1,023
2 Belmont	26,868,665	30	2.5995%	2,070
3 Brisbane	27,254,365	37	2.6368%	2,100
4 Burlingame	100,529,091	39	9.7259%	7,746
5 Colma	15,873,884	55	1.5357%	1,223
6 Daly City	91,812,842	64	8.8826%	7,074
7 East Palo Alto	22,539,599	73	2.1806%	1,737
8 Foster City	28,848,031	86	2.7910%	2,223
9 Half Moon Bay	21,330,411	96	2.0637%	1,643
10 Hillsborough	34,518,858	102	3.3396%	2,660
11 Menlo Park	54,172,905	140	5.2411%	4,174
12 Millbrae	31,590,106	142	3.0562%	2,434
13 Pacifica	39,292,725	163	3.8014%	3,027
14 Portola Valley	9,666,449	177	0.9352%	745
15 Redwood City	147,396,415	182	14.2601%	11,357
16 San Bruno	62,733,318	193	6.0693%	4,833
17 San Carlos	35,445,954	194	3.4293%	2,731
18 San Mateo	154,668,245	202	14.9637%	11,917
19 So. San Fran	104,731,587	221	10.1325%	8,069
20 Woodside	11,072,055	248	1.0712%	853
	<u>\$ 1,033,625,262</u>		<u>100.00000%</u>	<u>\$ 79,639</u>

Total Check: \$ 79,639

Note 1

Total revenues, as reported in the most recent edition of the Cities Annual Report published by the State Controller.

County of San Mateo LAFCO

Apportionment of LAFCO's Net Operating Expenses - AB2838 / GC 56381

- Independent Special Districts

FOR REFERENCE ONLY

Apportionment For Fiscal Year: 2009-2010
 Net Operating Expenses: \$ 238,917
 Apportionment Ratio: 1/3
 Apportionment Amount: \$ 79,639

State Controller's Annual Report for Fiscal Year: 2006-07 (see Note 1)

	State	Each	Each
<u>District</u>	<u>Total Revenues</u>	<u>Annual Report Page Ref.</u>	<u>District's Percentage</u>
	(Note 1)		<u>District's Share</u>
Non-Enterprise Activities			
Fire Protection			
1 Colma	932,180	467	0.7111%
Half Moon Bay	7,841,579	589	
Point Montara	1,777,628	668	
2 Coastsides	9,619,207		7.3375%
3 Menlo Park	24,305,056	632	18.5399%
4 Woodside	11,454,712	752	8.7376%
			5,844
			14,765
			6,959
Health			
5 Peninsula Health Care	6,809,012	661	5.1939%
6 Sequoia Health Care	11,814,957	710	9.0124%
			4,136
			7,177
Pest Control			
7 San Mateo County Mosquito Abatement	3,935,075	703	3.0017%
			2,390
Police Protection			
8 Broadmoor	2,118,034	448	1.6156%
			1,287
Recreation & Park			
9 Highlands Recreation	1,252,531	592	0.9554%
10 Ladera Recreation	675,489	605	0.5153%
			761
			410
Soil Conservation			
11 San Mateo County Resource Conservation	91,418	703	0.0697%
			56
Enterprise Activities			
(Note 2)			
Harbor and Port			
12 San Mateo County Harbor	7,579,373	252	5.7815%
			4,604
Waste Disposal			
13 Bayshore Sanitary	1,219,822	270	0.9305%
14 East Palo Alto Sanitary	3,724,119	290	2.8408%
15 Granada Sanitary	2,150,930	294	1.6407%
16 Montara Sanitary (Water Activity)	2,884,658	380	2.2004%
17 Montara Sanitary (Waste Disposal)	2,192,801	306	1.6727%
18 West Bay	10,386,762	325	7.9230%
			6,310
Water Utility			
19 MidPeninsula (Belmont)	7,429,806	379	5.6674%
20 Coastsides County	7,042,372	341	5.3719%
21 Los Trancos County	213,857	373	0.1631%
22 North Coast County	9,372,029	382	7.1490%
23 Skyline County	-	400	0.0000%
24 Westborough County (Water Activity)	2,445,790	412	1.8656%
24 Westborough County (Waste Disposal)	1,446,215	325	1.1032%
			4,513
			4,278
			130
			5,693
			-
			1,486
			879
	\$ 131,096,205		\$ 79,639
		100.00000%	\$ 79,639
		Total Check:	\$ 79,639

Note 1

Each district's revenues for general purpose transactions or total revenues in case of enterprise activities, as reported in the most recent edition of the Special Districts Annual Report published by the State Controller. The total revenue= total revenue for general purpose transactions less revenue category aid from other government agencies and for enterprise activities as total operating and nonoperating revenues less revenue category aid from other governmental agencies

Note 2

See Revenue Computation Worksheet for Independent Special Districts with Enterprise Activities, page 4