



**Local Agency
Formation Commission
of Santa Clara County**

777 North First Street
Suite 410
San Jose, CA 95112

SantaClaraLAFCO.org

Commissioners

Rich Constantine
Susan Ellenberg
Sergio Jimenez
Yoriko Kishimoto
Gary Kremen
Mike Wasserman
Susan Vicklund Wilson

Alternate Commissioners

Helen Chapman
Cindy Chavez
Matt Mahan
Russ Melton
Terry Trumbull

Executive Officer
Neelima Palacherla

June 3, 2021

TO: County Executive, Santa Clara County
City Managers, Cities in Santa Clara County
District Managers, Independent Special Districts in Santa Clara County

FROM: Neelima Palacherla, LAFCO Executive Officer

SUBJECT: LAFCO BUDGET FOR FISCAL YEAR 2021-2022

At its June 2, 2021 meeting, LAFCO adopted its Final Budget for Fiscal Year 2021-2022. The adopted Final Budget and the staff report are attached for your information.

Pursuant to the apportionment method specified in Government Code §56381 and §56381.6, the County Auditor-Controller will apportion LAFCO's net operating expenses to the cities, the County and the independent special districts based on the Final Budget adopted by LAFCO. Please expect to receive an invoice from the County Controller's Office in the next few days.

Should you have any questions regarding the LAFCO budget or cost apportionment, do not hesitate to contact me at (408) 993-4713 / neelima.palacherla@ceo.sccgov.org.

Thank you.

Attachments: Fiscal Year 2021-2022 Budget approved by LAFCO on June 2, 2021
Staff Report on June 2, 2021 re. Final LAFCO Budget for FY 2021-2022

cc: Board of Supervisors, Santa Clara County
City Council Members, Cities in Santa Clara County
Independent Special District Board Members
Santa Clara County Cities Association
Santa Clara County Special Districts Association

FINAL LAFCO BUDGET FISCAL YEAR 2021- 2022

ITEM # TITLE	APPROVED BUDGET FY 2021	ACTUALS Year to Date 2/19/2021	PROJECTIONS Fiscal Year End 2021	FINAL BUDGET FY 2022
EXPENDITURES				
Object 1: Salary and Benefits	\$806,845	\$491,543	\$747,214	\$844,239
Object 2: Services and Supplies				
5255100 Intra-County Professional	\$45,000	\$0	\$5,000	\$10,000
5255800 Legal Counsel	\$74,622	\$41,867	\$74,000	\$75,896
5255500 Consultant Services	\$110,000	\$14,654	\$110,000	\$150,000
5285700 Meal Claims	\$750	\$0	\$100	\$750
5220100 Insurance	\$10,452	\$10,452	\$10,452	\$8,500
5250100 Office Expenses	\$10,000	\$549	\$5,000	\$5,000
5270100 Rent & Lease	\$46,254	\$22,914	\$46,254	\$47,784
5255650 Data Processing Services	\$20,267	\$11,755	\$20,267	\$22,048
5225500 Commissioners' Fee	\$10,000	\$2,800	\$7,000	\$10,000
5260100 Publications and Legal Notices	\$2,500	\$0	\$200	\$1,000
5245100 Membership Dues	\$12,000	\$12,144	\$12,144	\$12,500
5250750 Printing and Reproduction	\$1,500	\$0	\$1,000	\$1,500
5285800 Business Travel	\$12,000	\$0	\$0	\$10,000
5285300 Private Automobile Mileage	\$2,000	\$7	\$100	\$1,000
5285200 Transportation&Travel (County Car Usage)	\$605	\$0	\$100	\$600
5281600 Overhead	\$30,917	\$15,459	\$30,917	\$49,173
5275200 Computer Hardware	\$3,000	\$0	\$1,000	\$3,000
5250800 Computer Software	\$5,000	\$3,508	\$5,000	\$5,000
5250250 Postage	\$2,000	\$109	\$500	\$1,000
5252100 Staff/Commissioner Training Programs	\$2,000	\$0	\$1,000	\$2,000
5701000 Reserves	\$0	\$0	\$0	-\$50,000
TOTAL EXPENDITURES	\$1,207,712	\$627,761	\$1,077,248	\$1,210,990
REVENUES				
4103400 Application Fees	\$30,000	\$1,367	\$20,000	\$30,000
4301100 Interest: Deposits and Investments	\$6,000	\$6,168	\$10,000	\$6,000
TOTAL REVENUE	\$36,000	\$7,535	\$30,000	\$36,000
3400150 FUND BALANCE FROM PREVIOUS FY	\$187,927	\$352,123	\$352,123	\$288,660
NET LAFCO OPERATING EXPENSES	\$983,785	\$268,103	\$695,125	\$886,330
3400800 RESERVES Available	\$250,000	\$250,000	\$250,000	\$200,000
COSTS TO AGENCIES				
5440200 County	\$327,928	\$327,928	\$327,928	\$295,443
4600100 Cities (San Jose 50% + Other Cities 50%)	\$327,928	\$327,928	\$327,928	\$295,443
4600100 Special Districts	\$327,928	\$327,928	\$327,928	\$295,443

June 2, 2021



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Neelima Palacherla

LAFCO MEETING: June 2, 2021

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer

SUBJECT: FINAL BUDGET FOR FY 2022

FINANCE COMMITTEE / STAFF RECOMMENDATIONS

1. Adopt the Final Budget for Fiscal Year 2021-2022.
2. Find that the Final Budget for Fiscal Year 2022 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
3. Authorize staff to transmit the Final Budget adopted by the Commission including the estimated agency costs to the cities, the special districts, the County, the Cities Association of Santa Clara County and the Santa Clara County Special Districts Association.
4. Direct the County Auditor-Controller to apportion LAFCO costs to the cities; to the special districts; and to the County; and to collect payment pursuant to Government Code §56381.

NO CHANGES TO THE DRAFT/PRELIMINARY BUDGET

On April 7, 2021, the Commission adopted its preliminary budget for Fiscal Year 2021-2022. No changes are recommended to the preliminary budget adopted by the commission.

LAFCO ANNUAL BUDGET PROCESS REQUIREMENTS

The Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (CKH Act) which became effective on January 1, 2001, requires LAFCO, as an independent agency, to annually adopt a draft budget by May 1 and a final budget by June 15 at noticed public hearings. Both the draft and the final budgets are required to be transmitted to the cities, the special districts and the County. Government Code §56381(a) establishes that at a minimum, the budget must be equal to that of the previous year unless the Commission finds that reduced staffing or program costs will nevertheless allow it to fulfill its statutory responsibilities. Any unspent funds at the end of the year may be rolled over into the next fiscal year budget. After adoption of the final budget by LAFCO, the County Auditor is required to apportion

the net operating expenses of the Commission to the agencies represented on LAFCO.

LAFCO and the County of Santa Clara entered into a Memorandum of Understanding (MOU) (effective since July 2001), under the terms of which, the County provides staffing, facilities, and services to LAFCO. The associated costs are reflected in the LAFCO budget. LAFCO is a stand-alone, separate fund within the County's accounting and budget system and the LAFCO budget information is formatted using the County's account descriptions/codes.

COST APPORTIONMENT TO CITIES, DISTRICTS AND THE COUNTY

The CKH Act requires LAFCO costs to be split in proportion to the percentage of an agency's representation (excluding the public member) on the Commission. Santa Clara LAFCO is composed of a public member, two County board members, two city council members, and since January 2013 – two special district members. Government Code §56381(b)(1)(A) provides that when independent special districts are seated on LAFCO, the county, cities and districts must each provide a one-third share of LAFCO's operational budget.

Since the City of San Jose has permanent membership on LAFCO, as required by Government Code §56381.6(b), the City of San Jose's share of LAFCO costs must be in the same proportion as its member bears to the total membership on the commission, excluding the public member. Therefore in Santa Clara County, the City of San Jose pays one sixth and the remaining cities pay one sixth of LAFCO's operational costs. Per the CKH Act, the remaining cities' share must be apportioned in proportion to each city's total revenue, as reported in the most recent edition of the Cities Annual Report published by the Controller, as a percentage of the combined city revenues within a county. Each city's share is therefore based on the 2018/2019 Report – which is the most recent edition available.

Government Code Section 56381 provides that the independent special districts' share shall be apportioned in proportion to each district's total revenues as a percentage of the combined total district revenues within a county. The Santa Clara County Special Districts Association (SDA), at its August 13, 2012 meeting, adopted an alternative formula for distributing the independent special districts' share to individual districts. The SDA's agreement requires each district's cost to be based on a fixed percentage of the total independent special districts' share.

The estimated apportionment of LAFCO's FY 2022 costs to the individual cities and districts is included as Attachment B. The final costs will be calculated and invoiced to the individual agencies by the County Controller's Office after LAFCO adopts the final budget.

ATTACHMENTS

- Attachment A: Final LAFCO Budget for Fiscal Year 2022
- Attachment B: Costs to Agencies Based on the Final Budget

**FINAL LAFCO BUDGET
FISCAL YEAR 2021- 2022**

**ITEM # 6
Attachment A**

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LAFCO COST APPORTIONMENT: COUNTY, CITIES, SPECIAL DISTRICTS
Estimated Costs to Agencies Based on the Final FY 2022 LAFCO Budget

Net Operating Expenses for FY 2022				\$886,330
JURISDICTION	REVENUE PER 2018/2019 REPORT	PERCENTAGE OF TOTAL REVENUE	ALLOCATION PERCENTAGES	ALLOCATED COSTS
County	N/A	N/A	33.33333333%	\$295,443.33
Cities Total Share			33.33333333%	\$295,443.33
San Jose	N/A	N/A	50.00000000%	\$147,721.67
Other cities share			50.00000000%	\$147,721.66
Campbell	\$64,536,222	1.7980522%		\$2,656.11
Cupertino	\$108,060,680	3.0106928%		\$4,447.45
Gilroy	\$125,345,516	3.4922679%		\$5,158.84
Los Altos	\$57,463,937	1.6010103%		\$2,365.04
Los Altos Hills	\$16,800,340	0.4680765%		\$691.45
Los Gatos	\$51,214,203	1.4268856%		\$2,107.82
Milpitas	\$216,026,300	6.0187372%		\$8,890.98
Monte Sereno	\$3,758,600	0.1047188%		\$154.69
Morgan Hill	\$110,550,245	3.0800549%		\$4,549.91
Mountain View	\$407,506,157	11.3535827%		\$16,771.70
Palo Alto	\$701,560,301	19.5462638%		\$28,874.07
Santa Clara	\$1,078,173,133	30.0391235%		\$44,374.28
Saratoga	\$34,095,585	0.9499416%		\$1,403.27
Sunnyvale	\$614,138,449	17.1105921%		\$25,276.05
Total Cities (excluding San Jose)	\$3,589,229,668	100.0000000%		\$147,721.66
Total Cities (including San Jose)				\$295,443.33
Special Districts Total Share		(Fixed %)	33.33333333%	\$295,443.34
Aldercroft Heights County Water District		0.06233%		\$184.15
Burbank Sanitary District		0.15593%		\$460.68
Cupertino Sanitary District		2.64110%		\$7,802.95
El Camino Healthcare District		4.90738%		\$14,498.53
Guadalupe Coyote Resource Conservation District		0.04860%		\$143.59
Lake Canyon Community Services District		0.02206%		\$65.17
Lion's Gate Community Services District		0.22053%		\$651.54
Loma Prieta Resource Conservation District		0.02020%		\$59.68
Midpeninsula Regional Open Space District		5.76378%		\$17,028.70
Purissima Hills Water District		1.35427%		\$4,001.10
Rancho Rinconada Recreation and Park District		0.15988%		\$472.35
San Martin County Water District		0.04431%		\$130.91
Santa Clara Valley Open Space Authority		1.27051%		\$3,753.64
Santa Clara Valley Water District		81.44126%		\$240,612.80
Saratoga Cemetery District		0.32078%		\$947.72
Saratoga Fire Protection District		1.52956%		\$4,518.98
South Santa Clara Valley Memorial District		0.03752%		\$110.85
Total Special Districts		100.00000%		\$295,443.34
Total Allocated Costs				\$886,330.00

