



**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

April 28, 2021

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

FROM: Neelima Palacherla, Executive Officer

**SUBJECT: ADOPTION OF PROPOSED BUDGET FOR FISCAL YEAR 2022 &
NOTICE OF JUNE 2, 2021 LAFCO PUBLIC HEARING**

At its public hearing on April 7, 2021, the Local Agency Formation Commission of Santa Clara County (LAFCO) adopted a Proposed Budget for Fiscal Year 2022, as recommended in the attached staff report. The attached report reviews the status of LAFCO's current year work plan and budget; and sets forth the proposed work plan and budget for Fiscal Year 2022.

LAFCO is scheduled to consider adoption of its Final Budget at a public hearing on Wednesday, June 2, 2021 at 1:15 PM. The County Auditor will apportion LAFCO costs and invoice the cities, independent special districts and the County based on the Final Budget adopted by LAFCO.

Due to the COVID-19 pandemic and the shelter-in-place orders, and consistent with the Governor's Executive Order N-29-20, the June 2, 2021 LAFCO meeting will be held as a virtual meeting. More information regarding public access to the meeting will be available with the publication of the meeting agenda on the LAFCO website at SantaClaraLAFCO.org. The staff reports and related meeting material will also be available on the LAFCO website by May 28, 2021. All interested persons may attend the meeting as provided for on the agenda. Written public comments may be submitted by email to **LAFCO@ceo.sccgov.org** prior to the date of the hearing.

Attachment:

Staff Report on the Proposed Work Plan and Budget for FY 2022 (April 7, 2021)

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



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LAFCO MEETING: April 7, 2021

TO: LAFCO

**FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Asst. Executive Officer**

SUBJECT: PROPOSED WORK PLAN AND BUDGET FOR FY 2022

FINANCE COMMITTEE / STAFF RECOMMENDATIONS

1. Adopt the Proposed Work Plan for Fiscal Year 2021-2022.
2. Adopt the Proposed Budget for Fiscal Year 2021-2022.
3. Find that the Proposed Budget for Fiscal Year 2022 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
4. Authorize staff to transmit the Proposed Budget adopted by the Commission including the estimated agency costs as well as the LAFCO public hearing notice for the adoption of the Fiscal Year 2022 Final Budget to the cities, the special districts, the County, the Cities Association of Santa Clara County and the Santa Clara County Special Districts Association.

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 proposed budget by May 1 and a final budget by June 15 at noticed public hearings. Both the proposed 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.

FISCAL YEAR 2021-2022 BUDGET DEVELOPMENT TIMELINE

Dates	Staff Tasks / LAFCO Action
March 17 - April 7	Notice of this public hearing was advertised in a local newspaper, posted on the LAFCO website and distributed to local agencies. The agenda and a link to the posted agenda packet are also distributed to local agencies, interested persons and organizations. The proposed Workplan and Budget are posted on the LAFCO website and available for public review and comment.
April 7	LAFCO public hearing on adoption of Proposed Workplan and Budget
April 8	Proposed Work Plan and Budget, preliminary apportionments and LAFCO public hearing notice for Final Budget Hearing transmitted to agencies
June 2	LAFCO public hearing and adoption of Final Budget
June 2 - July 1	Final Budget transmitted to agencies; Auditor requests payment from agencies

LAFCO FINANCE COMMITTEE

At its February 3, 2021 LAFCO meeting, the Commission appointed Commissioner Jimenez, Commissioner Kremen and Alternate Commissioner Melton to serve on the Finance Committee.

At its special meeting held on March 4, 2021, the Finance Committee discussed the progress on the current year work plan and the status of the current year budget; and recommended the proposed FY 2022 work plan and budget for consideration and adoption by the full commission.

CURRENT YEAR IN REVIEW

PROGRESS REPORT ON FY 2020-2021 WORK PLAN

LAFCO's current fiscal year workplan was adopted at a noticed public hearing held on April 8, 2020. **Attachment A** depicts the current status (through the third quarter of the year) of the 2020-2021 Work Program.

During this time, LAFCO has initiated many important new projects identified in its workplan highlighted by the Countywide Fire Service Review, the dissolution of an inactive district, and the implementation of recommendations from LAFCO's Comprehensive Organizational Assessment. These projects are currently underway.

A major focus of LAFCO's work during the past nine months has centered on providing assistance and expertise to local and regional agencies on a variety of matters in support of local or shared goals such as island annexations, Urban Service

Area amendment and out of agency contract for service applications, environmental review activities, regional plans/housing needs allocations, city general plan updates and other topics that affect local agency boundaries and services. Many of these issues need months or years of discussion and coordination and involve time intensive research, back and forth dialogue, exploration of options, multiple meetings and preparation of documentation and comment letters.

In accordance with the Commission's directive, a work plan focus area as opportunities arise and time permits has been to conduct targeted outreach to various local entities (special districts, County, cities and other community organizations/individuals) on LAFCO's role in promoting sustainable growth and good governance.

Another significant and growing area of the workplan is responding to public inquiries. The volume and complexity of such inquiries has continued to increase this past year, even under Shelter in Place restrictions. To examine this trend, LAFCO staff tracked public inquiries that the LAFCO Office received during the month of February (February 1 - 28, 2021). On top of prior scheduled meetings and administrative issues/requests, staff received and responded to a total of 43 public inquiries (an average of 2+ inquiries each day) during the month. This trend has continued. These inquiries come from various parties including property owners, developers, consultants, attorneys, or agency staff, and cover a broad range of issues/topics and could pertain to any location within Santa Clara County or neighboring counties. Depending on the type of inquiry, a response can be provided in a single email/phone call, require moderate or extensive research, require one or more meetings, or a combination of these. While this represents a considerable part of staff workload on the whole, only the more complex issues or controversial issues, or those that involve a significant amount of staff time are reported on a regular basis to the Commission in the EO Reports.

Other notable administrative activities and projects that have been completed or are underway include among others, the annual financial audit, the annual report, new commissioners onboarding, required staff training, bylaws revision, and arrangement for LAFCO meetings broadcast.

Notwithstanding the preceding progress on various work plan items, some important, high priority projects such as the comprehensive review and update of LAFCO policies and scanning of LAFCO records have fallen behind and will not be completed by the end of the fiscal year. The delays are partly due to the increased demand for LAFCO services and staff's efforts to prioritize and meet the needs of the local agencies and the public; personnel issues including a vacant analyst position since the end of January 2021; and remote work protocols due to the COVID-19 pandemic. The projects in the current workplan that will not be completed by the end of the fiscal year have been added to the proposed FY 2022 workplan.

The [LAFCO Annual Report for FY 2020](#) which summarizes the work accomplished during the previous fiscal year (July 2019 – June 2020) provides context and serves as a benchmark to evaluate the scope of staff workload for the current fiscal year.

LAFCO has not experienced a decrease in the current year workload as a result of the COVID-19 pandemic, rather the workload reflects a higher demand from local agencies for LAFCO's expertise and assistance. Staff's goal is to continue to be responsive and provide service with professional and personal integrity.

The LAFCO Annual Report for FY 2021 will be published at the end of the current fiscal year and will document all the applications reviewed and processed by LAFCO in Fiscal Year 2021; and will summarize the various accomplishments, activities/projects that LAFCO has engaged in or completed during the period.

STATUS OF FY 2020-2021 ADOPTED BUDGET

Attachment D includes the FY 2021 final budget adopted by the Commission at a noticed public hearing on June 2, 2020, the status of LAFCO's expenditures and revenues as of February 19, 2021 and expenditure and revenue projections for end of FY 2021. The adopted LAFCO budget for FY 2021 is \$983,785 and reflects a 14% reduction compared to the previous fiscal year's (FY 2020) budgeted operating expenses. It is estimated that the total year-end projected expenditures for FY 2021 would be approximately 10% lower than the adopted budget primarily due to salary savings from a vacant staff position and unspent business travel and office expense accounts due to the COVID-19 pandemic. Revenue for FY 2021 is also projected to be lower than that projected in the adopted budget. LAFCO has received the respective FY 2021 cost shares from the County, the cities and the independent special districts. The actual fund balance rolled over at the end of FY 2020 was considerably higher at \$352,123, compared to the amount estimated (\$187,927) in the FY 2021 budget. The excess fund balance and the unspent FY 2021 expenditure amounts will carry over into FY 2022 and be used to reduce net operating expenses that would in turn translate to reduced FY 2022 costs for contributing agencies.

PROPOSED WORK PLAN FOR FISCAL YEAR 2022

Attachment C includes the proposed work plan for FY 2022, as recommended by the Finance Committee, for consideration and adoption by the full commission.

The proposed workplan includes ongoing as well as new projects and outlines detailed projects/activities organized under six broad areas: (1.) LAFCO application processing; (2.) island annexations; (3.) outreach, government/community relations and customer service; (4.) service reviews, special studies and sphere of influence updates; (5.) commission support; and (6.) administrative projects. The work plan assigns priority levels (high, moderate, low); and designates whether the work is to be conducted by staff or outside consultants.

The Finance Committee directed that staff consider and discuss how the reduced staffing levels (due to a vacant position) might affect work plan priorities and the accomplishment of the work plan. Staff has reassessed the proposed priorities to better reflect actual staffing levels and has updated the workplan accordingly.

The proposed work plan includes a broad spectrum of responsibilities that LAFCO, as an independent local agency and as a regulatory body of the state, is expected to

fulfill in its role of promoting sustainable growth and good governance in Santa Clara County. It incorporates the Commission's legislative functions and mandates and also the Commission's proactive local initiatives and priorities such as its directives for ongoing public outreach and communications, comprehensive organizational assessment and its proactive service review and implementation program.

Reduced Staffing and Impact on Work Plan

As indicated previously, over the past year, LAFCO has experienced an ever increasing demand for its expertise and services but is currently functioning with reduced professional staffing (3.0 FTE) due to a vacant LAFCO Analyst position since January 2021. The current 3.0 FTEs are experienced staff members and provide superior service levels – each having served in their positions for 20 years. Due to the current vacancy, staff members have had to work overtime and particularly the LAFCO Clerk has had to perform higher functions and fill the vacancy gap in order to meet deadlines. At this time, it is unclear how quickly the vacant position could be filled as the recruitment for the position is dependent on the outcome of the classification study currently in progress. It is anticipated that actual professional staffing capabilities will be below 4.0 FTE for at least six months, and possibly longer considering the onboarding and training period for the new staff person.

According to the Comprehensive Organizational Assessment report prepared by LAFCO's consultant, even the 4.0 FTE staffing level is lower than other LAFCOs with comparable operations. However, in August 2020, the Commission voted to maintain the current 4.0 FTE staffing level given uncertain economic conditions related to the COVID-19 pandemic but kept open the option to consider the potential addition of 1.0 FTE in the future.

To address this reduced staffing situation, staff must actively manage the workload in order to focus on accomplishing essential activities such as processing applications, completing projects currently underway such as the Countywide Fire Service Review, maintaining core administrative functions, recruiting and training new staff, supporting the commission and responding to local agency and public requests for assistance. Non-essential activities and other proactive initiatives will need to be deferred until staffing levels/expertise are restored. This is consistent with past practice where LAFCO's statutorily mandated activities take priority over administrative projects that are not statutorily required, and over proactive commission-initiated projects which are discretionary but support LAFCO's mission and statutory requirements.

PROPOSED BUDGET FOR FISCAL YEAR 2021

Attachment D includes the proposed Budget for FY 2021-2022 as recommended by the Finance Committee, for consideration and adoption by the full commission. The Finance Committee conducted a thorough review of the work plan and budget and recognized the public benefit of LAFCO's work and the high demand for LAFCO's services from local agencies and the public. The Committee maintained its commitment to ensure adequate resources that allow the Commission to fulfill its

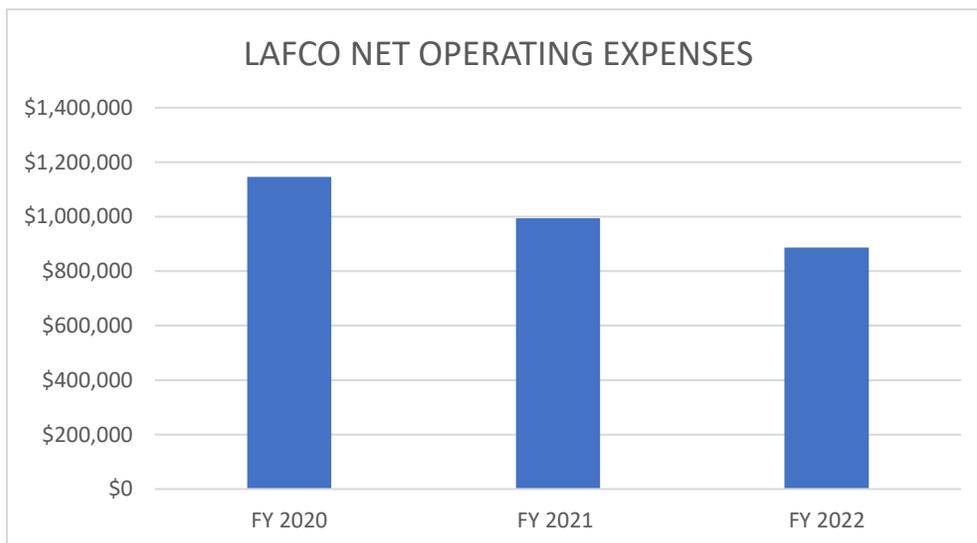
statutory responsibilities and accomplish its work plan while also limiting costs for LAFCO’s funding agencies given the financial challenges faced by local agencies due to the COVID-19 pandemic. Specifically, the Committee directed staff to:

- Review certain expenditure line items in order to reduce the amounts and make them more consistent with actual expenditure trends from previous years and/or to reflect COVID-19 related reduced operational expenses
- Reduce the current reserve amount from \$250,000 to \$200,000
- Negotiate a rent reduction given that the LAFCO office is closed and staff is working remotely due to the COVID-19 pandemic
- Confirm the costs in the County’s cost allocation plan amount to ensure that the charges are appropriate

Staff has addressed these issues within the detailed discussion of the individual budget line items and has incorporated revisions into the proposed budget accordingly. As a result of these intentional measures, the proposed budget maintains the overall expenditure for FY 2022 (\$1,210,990) at a substantially similar level to the current year budget (\$1,207,712).

In addition to cutting costs to limit net operating expenses, projected current year cost savings (from salary savings, unspent travel, and other reduced operational costs because of COVID-19 remote work) and a larger than estimated fund balance from FY 2020 are expected to result in a \$288,660 fund balance at the end of the current year – and will be used to further reduce net operating expenses in FY 2022.

As a result of these measures, LAFCO’s proposed net operating expense for FY 2022 is 10% lower than the current year budgeted amount which was 14% lower than the previous year. **This means that for a second year LAFCO has reduced local agencies’ apportionments.** However, such measures may not be available in future years and there may be a potential need to increase apportionments in order to meet state mandates and LAFCO work plan objectives.



DESCRIPTION OF FY 2021-2022 BUDGET LINE ITEMS

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 proposed 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.

The following is a detailed itemization of the proposed budget.

EXPENDITURES

Expenditures are divided into two main sections: Staff Salary and Benefits (Object 1) which comprise 70% of the total expenditures, and Services and Supplies (Object 2).

OBJECT 1. SALARIES AND BENEFITS \$844,239

This line item supports the salary and benefits for the 4.0 FTE positions including the Executive Officer position, the two Analyst positions and the Clerk position. One Analyst position is currently vacant. Recruitment for the position is on hold until the County's classification study for LAFCO staff positions is completed. LAFCO contracts with the County of Santa Clara for staffing and services and in accordance with the MOU between the County and LAFCO, all four positions are staffed through the County Executive's Office. The proposed amount is based on the best available projections from the County at this time for salary and benefits for the 4 positions. Changes to the projections for the four positions that occur within the next couple of months will be reflected in the Final LAFCO budget.

OBJECT 2. SERVICES AND SUPPLIES

5255100 Intra-County Professional \$10,000

This includes the costs for services from various County agencies such as the County Surveyor's Office, the County Assessors' Office, and the Registrar of Voters. The County Surveyor assists with map review and approval for boundary change proposals. In addition, the Surveyor's Office also assists with research to resolve boundary discrepancies. The County Assessor's Office prepares reports for LAFCO and the Registrar of Voters provides data necessary for processing LAFCO applications. This item also allows LAFCO to seek GIS mapping services including maintenance and technical assistance from the County Planning Office, as necessary. This budgeted amount has been reduced significantly from \$45,000 to be more consistent with actual expenditure trends from previous years.

5255800 Legal Counsel \$75,896

This item covers the cost for general legal services.

In February 2009, the Commission retained the firm of Best Best & Krieger for legal services on a monthly retainer. The contract was amended in 2010 to reduce the number of total hours required to 240 hours per year. The contract sets the hourly rate and allows for an annual automatic adjustment to the rates based on the Consumer Price Index (CPI). In 2017, the contract was once again amended to

increase the monthly retainer cost and limit the CEQA work within the retainer to 24 hours annually. Any additional CEQA work above 24 hours would be charged outside the retainer at the same hourly rate.

The monthly retainer for FY 2022 increases to \$6,083, based on a 1.7% increase in the Consumer Price Index for the prior calendar year (2020). This item covers the annual retainer fees and includes additional monies to cover approximately 10 hours of work outside the retainer at the current hourly rate of \$290.

5255500 Consultant Services \$150,000

This item is budgeted for hiring consultants to assist LAFCO with special projects such as for conducting service reviews and special studies, facilitating a strategic planning workshop, scanning LAFCO's hardcopy records into the existing electronic document management system, meeting broadcast services for LAFCO meetings and for conducting the annual financial audit, among others. The Commission must take action to authorize such special projects prior to expending funds. This item also includes costs associated with ongoing existing contracts such as costs for maintenance and hosting of the LAFCO website by an outside provider.

5285700 Meal Claims \$750

This item includes cost of food to support Commission events, workshops, meetings.

5220200 Insurance \$8,500

This item is for the purpose of purchasing general liability insurance and workers' compensation coverage for LAFCO. In 2010, LAFCO switched from the County's coverage to the Special District Risk Management Authority (SDRMA), for the provision of general liability insurance. Additionally, LAFCO also obtains workers' compensation coverage for its commissioners from SDRMA. Workers' compensation for LAFCO staff is currently covered by the County and is part of the payroll charge. SDRMA has recently provided estimated FY 2022 contribution amounts for use in the budgeting process: Property/ liability (\$7,300) and Workers compensation (\$1,100). SDRMA is in the process of negotiating rates on behalf of its program membership and expects to confirm rates in mid-May. The Final budget will reflect any major revisions to these estimates.

5270100 Rent & Lease \$47,784

This item includes monthly rent for the LAFCO office space during the FY 2022. The current lease term expires on March 31, 2022. As directed by the Finance Committee, staff has contacted the landlord about rent accommodation in light of the COVID-19 pandemic. The landlord suggested a "blend and extend" approach as part of renegotiating a 3-year option to extend the lease based on current market rent. It allows the landlord to lock in the tenant for the option term and the tenant gets some rent relief in lowered rent because of market instability. Staff will work with legal counsel and bring this back to the Committee and the full Commission for consideration upon receiving more information from the landlord.

5250100 Office Expenses \$5,000

This item includes funds for purchase of books, subscriptions/publications necessary to keep current on laws and trends; small equipment and supplies for office operations, including printer/photocopier lease. This amount has been reduced in half to be more consistent with actual expenditure trends from previous years and reflects potential lower operating expenses due to COVID-19 related remote work and office closure.

5255650 Data Processing Services \$22,048

This item includes estimated costs associated with County Technology Solutions & Services Department (TSS) providing IT services to the LAFCO program. According to TSS, the projected costs cover Telecom services for 5 phones- VOIP/Landline (\$2,520), Wireless Carrier Service (\$709), MS Adobe special order, Acrobat Pro and MS Visio monthly subscription (\$3,449), and other services (\$15,370) comprising Enterprise Content Management services and solutions, Kronos support, Architecture and Innovation Services, Claranet services, Data Analytics and Visualizations, digital print and sccLearn. Revised cost estimates received from the County will be reflected in the Final LAFCO budget.

5225500 Commissioner's Fees \$10,000

This item covers the \$100 per diem amount for LAFCO commissioners and alternate commissioners to attend LAFCO meetings and committee meetings.

5260100 Publications and Legal Notices \$1,000

This item is for costs associated with publication of hearing notices for LAFCO applications and other projects/ studies, as required by state law. It has been reduced from \$2,500 to be more consistent with actual expenditure trends from previous years.

5245100 Membership Dues \$12,500

This item includes CALAFCO – the California Association of LAFCOs membership dues. As approved at the CALAFCO Annual Membership Business meeting on October 31, 2019, the FY 2022 membership dues for Santa Clara LAFCO is \$10,760.

Additionally, this item includes estimated membership dues for CSDA – the California Special Districts Association. In June 2018, CSDA informed staff that Santa Clara LAFCO as a customer of SDRMA, must be a member of CSDA pursuant to SDRMA bylaws.

5250750 Printing and Reproduction \$1,500

This covers printing expenses for reports such as service reviews or other studies and documents.

5285800 Business Travel \$10,000

This item includes funding for staff and commissioners to attend conferences and workshops. It would cover costs of air travel, accommodation, conference registration and other expenses at the conferences. CALAFCO annually holds a Staff Workshop (March 2022) and an Annual Conference (October 2021) that is attended

by commissioners as well as staff. The CALAFCO Legislative Committee meetings are currently being held by teleconference and will not require travel. The reduced amount reflects this and is more consistent with actual expenditure trends from previous years.

5285300 Private Automobile Mileage \$1,000

This item provides for mileage reimbursement when staff travels by private car to conduct site visits and attend meetings / training sessions. This amount has been reduced in half to be more consistent with actual expenditure trends from previous years.

5285200 Transportation and Travel (for use of County car) \$600

This item would cover costs associated with the use of a County vehicle for travel to conferences, workshops, site visits and meetings.

5281600 Overhead (\$49,173)

This overhead charge is established by the County Controller's Office, for service rendered by various County departments that do not directly bill LAFCO. The overhead includes LAFCO's share of the County's FY 2022 Cost Allocation Plan which is based on actual overhead costs from FY 2020 – the most recent year for which actual costs are available.

The overhead amount includes the following charges from:

County Executive's Office:	\$12,569
Controller-Treasurer:	\$11,000
Employee Services Agency:	\$6,976
OBA:	\$426
BHS-MH - Employee:	\$281
TSS Intragovernmental Service:	\$672
Technology Services & Solutions:	\$3,212
Procurement:	\$62
Facilities and Fleet:	\$121

Further, a "roll forward" is applied which is calculated by comparing FY 2020 Cost Plan estimates with FY 2020 actuals. The FY 2020 cost estimates were lower than the actuals by \$13,854; this amount is added to the FY 2022 Cost Plan. This is a state requirement.

5275200 Computer Hardware \$3,000

This item is designated for any required hardware upgrades / purchases.

5250800 Computer Software \$5,000

This amount is designated for computer software purchases, and annual licenses for GIS software and records management (LaserFische) hardware/software annual maintenance agreement.

5250250 Postage \$1,000

This amount covers postage costs for mailing notices, agendas, agenda packets and general correspondence. This amount has been reduced by half to be more consistent with actual expenditure trends from previous years.

5252100 Training Programs \$2,000

This item covers the costs associated with attendance at staff development courses and seminars. CALAFCO conducts University Courses throughout the year on topics of relevance to LAFCO.

REVENUES

4103400 Application Fees \$30,000

It is anticipated that LAFCO will receive approximately \$30,000 in fees from processing applications. The actual amount earned from fees depends entirely on the level of application activity.

4301100 Interest \$6,000

It is estimated that LAFCO will receive an amount of approximately \$6,000 from interest earned on LAFCO funds.

3400150 Fund Balance from Previous Fiscal Year (FY 2021) \$288,660

It is projected that there will be a savings or fund balance of approximately \$288,660 at the end of the current year, which will be carried over to reduce the proposed Fiscal Year 2022 costs for LAFCO's funding agencies (cities, independent special districts and the County).

Projected Year-End [FY 2021] Fund Balance = (Projected Year-End [FY 21] Revenue + Actual Fund Balance from Previous Fiscal Year [FY 20] + Funds Received from Local Agencies in FY 21) - (Projected Year-End [FY 21] Expenses)

$$= (\$20,000 + \$352,123 + \$983,784) - \$1,077,248$$

$$= \$288,660$$

The fund balance excludes the reserves.

RESERVES

3400800 Reserves Available \$200,000

This item includes reserves for two purposes: litigation reserve – for use if LAFCO is involved with any litigation; and contingency reserve – to be used for unexpected expenses. If used during the year, this account will be replenished in the following year. Since 2012, the reserves have been retained in a separate Reserves account, thus eliminating the need for LAFCO to budget each year for this purpose.

The Reserves amount has been held at \$250,000 since FY 2020 to timely implement potential recommendations from the Comprehensive Organizational Assessment, and as a tentative measure in recognition that LAFCO operates in an increasingly complex and controversial environment. The implementation of the Comprehensive Organizational Assessment Study is currently on hold pending the completion of the Classification Study by the County, which is expected soon.

The Finance Committee has recommended that the Reserves be reduced by \$50,000 to \$200,000, and that amount be used to further reduce costs to local agencies given the COVID -19 related economic hardships. This places the proposed Reserve amount at approximately 17% of the total FY 2022 expenditures. LAFCO has not adopted a Reserves policy, however as an independent agency, LAFCO should maintain sufficient reserves for flexibility and stability in the event of unanticipated needs.

5701000 Reserves (\$50,000)

The Finance Committee has recommended that the Reserves be reduced by \$50,000 to \$200,000, which is approximately 17% of the total FY 2022 expenditures.

FY 2022 NET OPERATING EXPENSES

FY 2022 Net Operating Expenses = (Proposed FY 2022 Expenditures) - (Proposed FY 2022 Fee & Interest Revenues + Projected Fund Balance from FY 2021)

= (\$1,210,990) - (\$36,000 + \$288,660)

= \$886,330

The projected operating expense for FY 2022 is based on projected expenditures and revenues as well as on estimated fund balance for the current year. Further revisions may be needed as we get a better indication of current year expenses/revenues towards the end of this fiscal year. Additionally, a more accurate projection of costs/revenues for the upcoming fiscal year could become available, particularly for employee salary and benefits. This could result in changes to the proposed net operating expenses for FY 2022 which could in turn impact the costs for each of LAFCO's funding agencies.

COST APPORTIONMENT TO CITIES, INDEPENDENT SPECIAL DISTRICTS AND COUNTY

In January 2013, independent special districts were seated on LAFCO. Government Code §56381(b)(1)(A) provides that when independent special districts are represented on LAFCO, the county, cities and independent special districts must each provide a one-third share of LAFCO's operational budget.

The City of San Jose has permanent membership on LAFCO pursuant to Government Code Section 56327. 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. The remaining cities' share must be apportioned in proportion to each city's total

revenues, 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.

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.

Therefore, in Santa Clara County, the County pays a third of LAFCO's operational costs, the independent special districts pay a third, the City of San Jose pays one sixth and the remaining cities pay one sixth. Government Code §56381(c) requires the County Auditor to request payment from the cities, independent special districts and the County no later than July 1 of each year for the amount each agency owes based on the net operating expenses of the Commission and the actual administrative costs incurred by the Auditor in apportioning costs and requesting payment.

The following is a draft apportionment to the agencies based on the proposed net operating expenses for FY 2022.



Apportionment of the costs among the 14 cities and among the 17 independent special districts will be calculated by the County Controller's Office after LAFCO adopts the final budget in June. In order to provide each of the cities and districts

with a general indication of their costs in advance, **Attachment E** includes draft estimated apportionments prepared by the County Controller's Office, based on the proposed FY 2022 net operating expenses and 2018/2019 Cities annual Report.

ATTACHMENTS

Attachment A:	Status of FY 2021 Work Plan
Attachment B:	LAFCO Financials 2008-2020
Attachment C:	Proposed Work Plan for Fiscal Year 2022
Attachment D:	Proposed LAFCO Budget for Fiscal Year 2022
Attachment E:	Estimated FY 2022 Costs to Agencies Based on the Proposed Budget

FY 2021 WORK PLAN STATUS REPORT (July 1, 2020 – February 28, 2021)

	PROJECTS	STATUS
LAFCO APPLICATIONS	Process applicant-initiated LAFCO proposals	Ongoing, as needed (2 special district annexation proposals in process + one pending OASC application) Inactive District dissolution: Reclamation District 1663 – initiated by LAFCO-February 2021
	Comment on potential LAFCO applications, relevant plans, projects & development proposals, city General Plan updates and/ or related environmental documents	Completed and submitted comment letters on unincorporated RHNA allocations, Plan Bay Area 2050, Gilroy General Plan, San Jose General Plan: Coyote Valley, County Farmland Mapping designations. Ongoing, as needed
	Comprehensive review and update of LAFCO policies and procedures for context, clarity and consistency with State law	In progress, working with consultant
ISLAND ANNEXATIONS	Conduct outreach to cities with islands, follow up on responses including review/research of city limits/ USA boundaries, provide assistance with potential annexations and potential USA amendments	Ongoing, as needed Meetings on island annexations, San Jose, LAH, LG
	Review and finalize city-conducted island annexations	Processed applications received. Ongoing, as needed
PUBLIC OUTREACH & COMMUNICATION	Conduct outreach to increase awareness of LAFCO’s role	Completed LAFCO presentations to SDA, County Planning Commission, GCRCD, Leadership Sunnyvale, staff of 2 special districts CA APA Award of Excellence for Communications Initiative
	Engage and establish relationships with local (cities, districts, county), regional (ABAG/MTC), state (SGC, OPR, DoC, SWRCB) agencies, organizations such as SDA, SCCAPO, CALAFCO, other stakeholder groups	Ongoing. Attend regular, scheduled meetings of SCCAPO, SDA, County Planning Dept.; unincorporated RHNA collaboration, GIS Working Group, Sustainability County Working Group
	Respond to public enquiries re. LAFCO policies, procedures and application filing requirements	Ongoing, higher volume than usual, complex enquiries reported in EO reports to the Commission

	PROJECTS	STATUS
SERVICE REVIEWS & SPHERE OF INFLUENCE UPDATES	Conduct third round of service reviews and special studies	Adopted third round service review work plan. Countywide Fire Service Review in progress
	Continue to monitor implementation of recommendations from previous service reviews, as necessary	Completed RRRPD Special Study draft. Cupertino is considering the study. Ongoing follow up with District/City
	Map Mutual Water companies	Ongoing, as new information becomes available
	Engage in SALC grant partnership opportunities	On hold until opportunities present
	Compile and post JPA filings on the LAFCO website	Ongoing as JPAs provide agreements, website posting upon completion of relevant service reviews
ADMINISTRATIVE PROJECTS	Prepare annual work plan and budget	In progress
	Prepare Annual Report	Completed August 2020
	Prepare Annual Financial Audit	Completed December 2020
	Review and update administrative policies and procedures	Completed COI Code and Bylaws amendment in October 2020. Ongoing, as needed.
	Conduct a Strategic Planning Workshop	On hold, previous workshop in 2018 (Communications Plan)
	Maintain and enhance the LAFCO Website	Ongoing enhancements/trouble shoot of new website
	Maintain LAFCO database	Software upgrade and server migration in progress
	Broadcasting LAFCO meetings	Completed MOU execution, February 2021
	Maintain LAFCO's hard copy and digital records	Ongoing
	Organize scan of LAFCO records to Electronic Document Management System	On hold
	Staff and Commissioner training and development (orientation, CALAFCO events, workshops, conferences, relevant courses)	Completed onboarding / orientation of 4 commissioners. Departure of LAFCO Analyst. Position vacant since 1/29 Ongoing staff training CEQA, SHP, JVSU, other webinars
	Staff performance evaluation	Completed April -October 2020
	Comprehensive Organizational Assessment Study	Completed study - August 2020. Implementation in progress
	Track LAFCO related legislation	EO serves as voting member on CALAFCO Legislative Committee. Commission took positions on SB 414 and potential GC 56133(e) amendments
Other administrative functions mandated of a public agency	Ongoing, as required	

FY 2008 - FY 2020 LAFCO FINANCIALS

February 2021

ITEM # 7
Attachment B

ITEM NO.	ACTUALS FY 2008	ACTUALS FY 2009	ACTUALS FY 2010	ACTUALS FY 2011	ACTUALS FY 2012	ACTUALS FY 2013	ACTUALS FY 2014	ACTUALS FY 2015	ACTUALS FY 2016	ACTUALS FY 2017	ACTUALS FY 2018	ACTUALS FY 2019	ACTUALS FY 2020
EXPENDITURES													
Salary and Benefits	\$356,009	\$400,259	\$406,650	\$413,966	\$393,194	\$411,929	\$450,751	\$466,755	\$484,216	\$514,381	\$628,534	\$713,900	\$744,439
Object 2: Services and Supplies													
5255100 Intra-County Professional	\$66,085	\$57,347	\$13,572	\$4,532	\$6,118	\$5,260	\$5,663	\$4,379	\$18,523	\$1,292	\$703	\$3,593	\$346
5255800 Legal Counsel	\$0	\$9,158	\$67,074	\$52,440	\$48,741	\$56,791	\$53,550	\$52,854	\$57,498	\$71,131	\$59,400	\$72,276	\$69,975
5255500 Consultant Services	\$19,372	\$75,000	\$76,101	\$58,060	\$102,349	\$59,563	\$35,602	\$37,250	\$39,625	\$0	\$45,000	\$52,650	\$106,709
5285700 Meal Claims	\$0	\$368	\$277	\$288	\$379	\$91	\$228	\$209	\$367	\$50	\$901	\$257	\$166
5220100 Insurance	\$491	\$559	\$550	\$4,582	\$4,384	\$4,378	\$4,231	\$4,338	\$4,135	\$4,679	\$4,893	\$5,296	\$5,893
5250100 Office Expenses	\$1,056	\$354	\$716	\$639	\$1,212	\$536	\$850	\$783	\$6,266	\$48,632	\$15,412	\$4,702	\$2,544
5270100 Rent and Lease											\$41,120	\$39,360	\$44,478
5255650 Data Processing Services	\$8,361	\$3,692	\$3,505	\$1,633	\$3,384	\$1,663	\$3,311	\$9,024	\$1,519	\$6,869	\$877	\$11,894	\$15,500
5225500 Commissioners' Fee	\$5,700	\$5,400	\$3,500	\$3,400	\$4,000	\$4,900	\$5,800	\$4,900	\$6,700	\$5,300	\$5,400	\$5,000	\$4,600
5260100 Publications and Legal Notices	\$1,151	\$563	\$1,526	\$363	\$916	\$222	\$378	\$2,484	\$487	\$191	\$145	\$192	\$44
5245100 Membership Dues	\$5,500	\$7,000	\$7,000	\$7,000	\$7,000	\$14,473	\$0	\$7,428	\$7,577	\$8,107	\$8,674	\$9,615	\$11,822
5250750 Printing and Reproduction	\$5	\$0	\$0	\$0	\$0	\$0	\$9	\$177	\$703	\$0	\$0	\$0	\$799
5285800 Business Travel	\$7,238	\$8,415	\$4,133	\$8,309	\$3,095	\$4,777	\$5,800	\$4,042	\$5,811	\$3,877	\$13,091	\$4,260	\$6,908
5285300 Private Automobile Mileage	\$1,016	\$704	\$832	\$1,185	\$615	\$424	\$409	\$396	\$1,009	\$1,264	\$590	\$689	\$696
5285200 Transportation&Travel (County Car Us	\$894	\$948	\$629	\$0	\$384	\$250	\$371	\$293	\$559	\$605	\$0	\$328	\$256
5281600 Overhead	\$42,492	\$62,391	\$49,077	\$46,626	\$60,647	\$43,133	\$42,192	\$34,756	\$49,452	\$0	\$28,437	\$69,944	\$4,505
5275200 Computer Hardware	\$0	\$451	\$0	\$83	\$2,934	\$1,791	\$2,492	\$0	\$106	\$0	\$0	\$773	\$0
5250800 Computer Software	\$0	\$0	\$626	\$314	\$579	\$3,124	\$933	\$1,833	\$2,079	\$754	\$4,505	\$3,012	\$1,200
5250250 Postage	\$1,160	\$416	\$219	\$568	\$309	\$589	\$246	\$597	\$411	\$209	\$183	\$117	\$73
5252100 Staff Training Programs	\$0	\$665	\$491	\$250	\$300	\$0	\$0	\$1,431	\$0	\$0	\$0	\$350	\$525
5701000 Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES	\$516,530	\$633,691	\$636,478	\$604,238	\$640,540	\$613,895	\$612,816	\$633,929	\$687,043	\$667,342	\$857,865	\$998,208	\$1,021,478
REVENUES													
4103400 Application Fees	\$46,559	\$41,680	\$35,576	\$48,697	\$37,426	\$45,458	\$63,561	\$27,386	\$146,168	\$20,436	\$29,864	\$33,049	\$7,587
4301100 Interest: Deposits and Investments	\$24,456	\$16,230	\$6,688	\$4,721	\$4,248	\$3,416	\$2,674	\$2,844	\$6,073	\$10,830	\$12,620	\$12,141	\$18,176
3400150 Fund Balance from Previous FY	\$271,033	\$368,800	\$334,567	\$275,605	\$209,987	\$208,219	\$160,052	\$226,111	\$187,310	\$293,489	\$331,177	\$314,693	\$352,123
TOTAL REVENUE	\$342,048	\$426,711	\$376,831	\$329,023	\$251,661	\$257,092	\$226,287	\$256,341	\$339,551	\$324,755	\$373,661	\$359,883	\$377,886
NET LAFCO OPERATING EXPENSES	\$174,482	\$206,980	\$259,648	\$275,215	\$388,879	\$356,802	\$386,529	\$377,588	\$347,492	\$342,587	\$484,204	\$638,325	\$643,592
3400800 RESERVES AVAILABLE				\$100,000	\$100,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$250,000
COSTS TO AGENCIES													
5440200 County	\$271,641	\$270,896	\$267,657	\$292,601	\$298,597	\$281,780	\$156,002	\$187,521	\$220,668	\$225,778	\$266,298	\$277,942	\$381,904
4600100 Cities (San Jose 50% +other cities 50%)	\$271,641	\$270,896	\$267,657	\$292,601	\$298,597	\$282,625	\$156,002	\$187,521	\$220,668	\$225,778	\$266,298	\$277,942	\$381,904
4600100 Special Districts							\$296,892	\$187,521	\$220,668	\$225,778	\$266,298	\$277,942	\$381,904

PROPOSED WORK PLAN FOR FISCAL YEAR 2022

ITEM # 7
Attachment C

PRIORITY* H - High Priority (essential activities: state mandate, Commission directive, requirements)
M - Medium Priority (important, provided resources allow or time permits)
L - Low Priority (desirable provided resources allow or time permits, not urgent)

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*
LAFCO APPLICATIONS	Process applicant initiated LAFCO proposals	Encourage pre-application meetings prior to application submittal Conduct pre-agenda meetings with County Depts to obtain Assessor & Surveyor reports, as needed Process applications per CKH Act requirements: issue Notice of Application, Certificate of Filing / Sufficiency, Public Hearing Notice, staff report, conduct protest proceedings, as needed	Staff	H
	Comment on potential LAFCO applications, relevant projects & development proposals, city General Plan updates and/ or related environmental documents	Ongoing, as needed	Staff	H
	Review and update LAFCO policies for context, clarity and consistency with State law	In progress	Staff / Consultant	H
	Dissolution of inactive special districts	Work with State Controller's Office to identify County Library Services Area as inactive	Staff	M
	Prepare flowcharts for LAFCO processes and update application packets for current requirements and ease of public use	Upon completion of policies update	Staff	L
ISLAND ANNEXATIONS	Conduct outreach to cities with islands, follow up on responses including review/research of city limits/ USA boundaries, provide assistance with annexations or necessary USA amendments	Prepare and distribute island maps to cities	Staff	L
	Facilitate interagency discussions to support remaining island annexations	Ongoing discussion with San Jose, Los Altos Hills	Staff	H
	Review and finalize city-conducted island annexations	Ongoing, as needed	Staff	H

PROPOSED WORK PLAN FOR FISCAL YEAR 2022

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*
OUTREACH, GOVERNMENT / COMMUNITY RELATIONS & CUSTOMER SERVICE	Conduct outreach to increase awareness of LAFCO's role	Presentations to cities, other agencies on LAFCO, as relevant	Staff	L
		Distribute LAFCO communications material to elected officials and staff of cities, special districts and the County		M
		Seek exhibit opportunities at public spaces / events		L
		Maintain website as the primary information resource on LAFCO		H
		Increase social media presence (Twitter)		L
	Engage and establish relationships with local (cities, districts, county), regional (ABAG/MTC), state (SGC, OPR, DoC, SWRCB) agencies, organizations such as SDA, SCCAPO, CALAFCO, other stakeholder groups	Attend regular meetings of SDA (quarterly), SCCAPO (monthly), County Planning Dept.(quarterly)	Staff	M
		Small water systems issues / legislation		M
		Collaborate with agencies and entities with goals common to LAFCO		M
	Track LAFCO related legislation	EO is voting member of the CALAFCO Legislative Committee and attends regular meetings	Staff	M
		Commission takes positions and submit letters on proposed legislation		M
	Respond to public enquiries re. LAFCO policies, procedures and application filing requirements	Timely response to public inquiries	Staff	H
		Update the PRA form for the website		L
		Document research on complex inquiries		L
Report to Commission on complex inquiries		H		

PROPOSED WORK PLAN FOR FISCAL YEAR 2022

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*
SERVICE REVIEWS, SPECIAL STUDIES & SPHERE OF INFLUENCE UPDATES	Countywide Fire Service Review	Participate in consultant selection, negotiate contract Manage consultant's work and contract Coordinate TAC meetings Prepare and distribute stakeholder/public outreach material Coordinate stakeholder / public engagement process Prepare current maps of service provider agencies Attend stakeholder interviews with consultant Work with consultant on any data collection issues Review and comment on administrative draft reports Distribute Public hearing notices and coordinate community workshops and public hearings Prepare staff reports with implementation recommendations Follow up with agencies and report back to the commission	Staff / Consultant	H
	Continue to monitor implementation of recommendations from previous service reviews and conduct special studies, as necessary	RRRPD study – city took action to delay decision on consolidation	Staff	L
	Map Mutual Water companies	Initial maps complete, further through service review	Staff	L
	Engage in or support grant / partnership opportunities on issues related to enhancing viability of agriculture, and climate smart growth	As needed, and as opportunities arise	Staff	L
	Compile and post JPA filings on the LAFCO website	Notice provided, gather JPA information through service review process	Staff	L

PROPOSED WORK PLAN FOR FISCAL YEAR 2022

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*
COMMISSION SUPPORT	Provide ongoing support to the 12 commissioners for regularly-scheduled Commission meetings, special meetings and Committee meetings (Finance Committee, Ad Hoc Committee on Organizational Assessment and the Fire Service Review TAC)	Prepare and distribute public hearing notices and agenda packets, provide staff support during the meetings, record minutes, broadcast meetings Hold pre-agenda review meeting with Chair Hold pre-meeting calls with individual commissioners to address agenda item questions Process commissioner per diems for attendance at LAFCO meetings	Staff	H
	Keep the Commission informed	EO report off-agenda emails, as needed	Staff	H
	Onboarding new Commissioners	Facilitate filing / completion of Form 700, commissioner pledge, ethics training. Update LAFCO letterhead, directory, and website Set up vendor accounts, provide parking permits Conduct new Commissioner orientation Recognize outgoing commissioners for service on LAFCO	Staff	H
	Commissioners Selection Process	Inform appointing bodies of any upcoming vacancies and provide information on appointment criteria Convene ISDSC committee meeting, as necessary Coordinate public member selection process, as necessary	Staff	H
	Conduct a Strategic Planning Workshop	2018 Workshop re. LAFCO Communications and Outreach Plan	Staff / Consultant	L
	Commissioner participation in CALAFCO	Support commissioner participation in CALAFCO activities / or election to the CALAFCO Board	Staff	L

PROPOSED WORK PLAN FOR FISCAL YEAR 2022

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*
ADMINISTRATIVE PROJECTS	Prepare LAFCO annual work plan	March -June	Staff	H
	Prepare LAFCO annual budget	March -June	Staff	H
	Prepare LAFCO Annual Report	August 2021	Staff	H
	Prepare LAFCO Annual Financial Audit	October 2021 (Contract with Chavan Associates ends after FY 2021 Audit)	Consultant / Staff	H
	Office / facility management	Coordinate with Building Manager on facilities issues Coordinate with County re. computers/network, phone, printers, office security, procurement , installation & maintenance Order and manage office supplies Make travel arrangements and process expense reimbursements. Process mileage reimbursements Negotiate office space lease (current lease ends May 5, 2022)	Staff	H
	Records management	Organize scan of LAFCO records to Electronic Document Management System (LaserFische)	Staff/ Consultant	H
		Maintain LAFCO's hard copy records	Staff	H
		Maintain and enhance the LAFCO Website		H
Contracts and payments & receivables	Maintain LAFCO database Track consultant contracts and approve invoices Approve vendor invoices / process annual payments for various services/ memberships Coordinate with County Controller's Office and track annual collection of payments from member agencies	Staff	H	

PROPOSED WORK PLAN FOR FISCAL YEAR 2022

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*
ADMINISTRATIVE PROJECTS	Review and update LAFCO bylaws / administrative policies and procedures	Ongoing, as needed	Staff	H
	Staff training and development	CALAFCO workshops, conferences, relevant courses	Staff	M
	Coordinate with County on administrative issues	Attend monthly meetings with the Deputy County Executive	Staff	H
	Staff performance evaluation	April - October 2021	Staff/Commission	H
	Comprehensive Organizational Assessment Study – implementation	As needed	Staff/Commission	H
	Recruitment and training of LAFCO staff	One LAFCO Analyst position currently vacant – recruitment pending County Classification study results	Staff	H
	Other administrative functions mandated of a public agency (Form 806, maintaining liability/workers comp insurance, etc.)	Ongoing	Staff	H

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

**ITEM # 7
Attachment D**

ITEM # TITLE	APPROVED BUDGET FY 2021	ACTUALS Year to Date 2/19/2021	PROJECTIONS Fiscal Year End 2021	PROPOSED 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

ITEM # 7
Attachment E

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

Preliminary 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

