SANTA CLARA LAFCO

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
Linda J. LeZotte
Mike Wasserman
Susan Vicklund Wilson

Alternate Commissioners
Helen Chapman
Cindy Chavez
Matt Mahan
Russ Melton
Terry Trumbull

Executive Officer
Neelima Palacherla

June 6, 2022

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 2022-2023

At its public hearing on June 1, 2022, the Local Agency Formation Commission (LAFCO) adopted its Final Budget for Fiscal Year 2022-2023. The adopted Final Budget and the staff reports 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 2022-2023 Budget approved by LAFCO on June 1, 2022
June 1, 2022 Staff Report: Final LAFCO Budget for FY 2022-2023
April 6, 2022 Staff Report: Proposed Work Plan and Budget for FY 2022-2023

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 2022- 2023

ITEM #	TITLE	APPROVED BUDGET FY 2022	ACTUALS Year to Date 2/28/2022	PROJECTIONS Year End FY 2022	FINAL BUDGET FY 2023
EXPENDITURES					
Object 1:	Salary and Benefits	$844,239	$412,232	$691,414	$810,419
Object 2:	Services and Supplies				
5255100	Intra-County Professional	$10,000	$0	$10,000	$10,000
5255800	Legal Counsel	$75,896	$48,562	$75,000	$78,326
5255500	Consultant Services	$150,000	$25,239	$100,000	$150,000
5285700	Meal Claims	$750	$56	$100	$750
5220100	Insurance	$8,500	$8,590	$8,590	$9,237
5250100	Office Expenses	$5,000	$1,098	$2,000	$5,000
5270100	Rent & Lease	$47,784	$35,838	$47,784	$53,182
5255650	Data Processing Services	$22,048	$10,665	$22,048	$28,038
5225500	Commissioners' Fee	$10,000	$1,300	$7,000	$10,000
5260100	Publications and Legal Notices	$1,000	$551	$1,000	$1,000
5245100	Membership Dues	$12,500	$12,316	$12,316	$12,887
5250750	Printing and Reproduction	$1,500	$0	$500	$1,500
5285800	Business Travel	$10,000	$0	$0	$10,000
5285300	Private Automobile Mileage	$1,000	$7	$150	$1,000
5285200	Transportation&Travel (County Car Usage)	$600	$0	$100	$600
5281600	Overhead	$49,173	$24,587	$49,173	$30,041
5275200	Computer Hardware	$3,000	$0	$1,000	$3,000
5250800	Computer Software	$5,000	$853	$4,000	$5,000
5250250	Postage	$1,000	$3	$500	$1,000
5252100	Staff/Commissioner Training Programs	$2,000	$0	$1,000	$2,000
5701000	Reserves	-$50,000	$0	$0	$0
TOTAL EXPENDITURES		**$1,210,990**	**$581,897**	**$1,033,675**	**$1,222,980**
REVENUES					
4103400	Application Fees	$30,000	$24,077	$30,000	$30,000
4301100	Interest: Deposits and Investments	$6,000	$4,283	$6,000	$6,000
TOTAL REVENUE		**$36,000**	**$28,360**	**$36,000**	**$36,000**
3400150	**FUND BALANCE FROM PREVIOUS FY**	**$288,660**	**$312,351**	**$312,351**	**$201,006**
NET LAFCO OPERATING EXPENSES		**$886,330**	**$241,186**	**$685,324**	**$985,974**
3400800	**RESERVES Available**	**$200,000**	**$200,000**	**$200,000**	**$200,000**
COSTS TO AGENCIES					
5440200	County	$295,443	$295,443	$295,443	$328,658
4600100	Cities (San Jose 50% + Other Cities 50%)	$295,443	$295,443	$295,443	$328,658
4600100	Special Districts	$295,443	$295,443	$295,443	$328,658

ITEM # 6

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Executive Officer
Neelima Palacherla

LAFCO MEETING: **June 1, 2022**

TO: **LAFCO**

FROM: **Neelima Palacherla, Executive Officer**

SUBJECT: **FINAL BUDGET FOR FY 2023**

FINANCE COMMITTEE / STAFF RECOMMENDATIONS

1. Adopt the Final Budget for Fiscal Year 2022-2023.
2. Find that the Final Budget for Fiscal Year 2023 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 6, 2022, the Commission adopted its preliminary budget for Fiscal Year 2022-2023. 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 2019/2020 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 2023 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 2023
Attachment B:	Costs to Agencies Based on the Final Budget

ITEM # 6
Attachment A

FINAL LAFCO BUDGET
FISCAL YEAR 2022- 2023

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ITEM #6
Attachment B

LAFCO COST APPORTIONMENT: COUNTY, CITIES, SPECIAL DISTRICTS

Estimated Costs to Agencies Based on the Final FY 2023 LAFCO Budget

			Net Operating Expenses for FY 2023	**$985,974**
JURISDICTION	**REVENUE PER 2019/2020 REPORT**	**PERCENTAGE OF TOTAL REVENUE**	**ALLOCATION PERCENTAGES**	**ALLOCATED COSTS**
County	**N/A**	**N/A**	**33.3333333%**	**$328,658.00**
Cities Total Share			**33.3333333%**	**$328,658.00**
San Jose	N/A	N/A	50.0000000%	$164,329.00
Other cities share			50.0000000%	$164,329.00
Campbell	$64,253,019	1.7539391%		$2,882.23
Cupertino	$123,486,910	3.3708692%		$5,539.32
Gilroy	$124,499,405	3.3985077%		$5,584.73
Los Altos	$58,920,260	1.6083688%		$2,643.02
Los Altos Hills	$18,781,680	0.5126907%		$842.50
Los Gatos	$51,842,412	1.4151621%		$2,325.52
Milpitas	$200,526,874	5.4738585%		$8,995.14
Monte Sereno	$4,295,543	0.1172571%		$192.69
Morgan Hill	$108,189,286	2.9532842%		$4,853.10
Mountain View	$423,194,503	11.5521016%		$18,983.45
Palo Alto	$703,037,932	19.1910943%		$31,536.53
Santa Clara	$1,109,294,952	30.2808470%		$49,760.21
Saratoga	$33,333,495	0.9099171%		$1,495.26
Sunnyvale	$639,698,827	17.4621026%		$28,695.30
Total Cities (excluding San Jose)	**$3,663,355,098**	**100.0000000%**		**$164,329.00**
Total Cities (including San Jose)				**$328,658.00**
Special Districts Total Share		**(Fixed %)**	**33.3333333%**	**$328,658.00**
Aldercroft Heights County Water District		0.06233%		$204.85
Burbank Sanitary District		0.15593%		$512.48
Cupertino Sanitary District		2.64110%		$8,680.19
El Camino Healthcare District		4.90738%		$16,128.50
Guadalupe Coyote Resource Conservation District		0.04860%		$159.73
Lake Canyon Community Services District		0.02206%		$72.50
Lion's Gate Community Services District		0.22053%		$724.79
Loma Prieta Resource Conservation District		0.02020%		$66.39
Midpeninsula Regional Open Space District		5.76378%		$18,943.12
Purissima Hills Water District		1.35427%		$4,450.92
Rancho Rinconada Recreation and Park District		0.15988%		$525.46
San Martin County Water District		0.04431%		$145.63
Santa Clara Valley Open Space Authority		1.27051%		$4,175.63
Santa Clara Valley Water District		81.44126%		$267,663.21
Saratoga Cemetery District		0.32078%		$1,054.27
Saratoga Fire Protection District		1.52956%		$5,027.02
South Santa Clara Valley Memorial District		0.03752%		$123.31
Total Special Districts		100.00000%		**$328,658.00**
Total Allocated Costs				**$985,974.00**

* Based on the FY 2019-2020 Annual Cities Report:
https://www.sco.ca.gov/Files-ARD-Local/LocRep/2019-20_Cities_Revenues_LAFCO_Fee_CalculationsADA.pdf

ITEM # 9

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Executive Officer
Neelima Palacherla

LAFCO MEETING: **April 6, 2022**

TO: **LAFCO**

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

SUBJECT: **PROPOSED WORK PLAN AND BUDGET FOR FY 2023**

FINANCE COMMITTEE / STAFF RECOMMENDATIONS

1. Adopt the Proposed Work Plan for Fiscal Year 2022-2023.
2. Adopt the Proposed Budget for Fiscal Year 2022-2023.
3. Find that the Proposed Budget for Fiscal Year 2023 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 2023 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 2022-2023 BUDGET DEVELOPMENT TIMELINE

Dates	Staff Tasks / LAFCO Action
March 14 - April 6	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 6	LAFCO public hearing on adoption of Proposed Workplan and Budget
April 7	Proposed Work Plan and Budget, preliminary apportionments and LAFCO public hearing notice for Final Budget Hearing transmitted to agencies
June 1	LAFCO public hearing and adoption of Final Budget
June 1 - July 1	Final Budget transmitted to agencies; Auditor requests payment from agencies

LAFCO FINANCE COMMITTEE

At its February 2, 2022 LAFCO meeting, the Commission reappointed Commissioner Jimenez, Commissioner Kremen and Alternate Commissioner Melton to serve on the Finance Committee for FY 2023.

At its special meeting held on March 14, 2022, 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 2023 work plan and budget for consideration and adoption by the full commission.

CURRENT YEAR IN REVIEW

PROGRESS REPORT ON FY 2021-2022 WORK PLAN

LAFCO's current fiscal year workplan was adopted at a noticed public hearing held on April 7, 2021. **Attachment A** depicts the current status (through the third quarter of the year) of the 2021-2022 Work Program.

A major work focus during the past year has centered on the Countywide Fire Service Review including project kick-off and management, and stakeholder and public outreach. Staff prepared outreach material and coordinated with the Technical Advisory Committee and partner agencies to conduct three community meetings and a community survey to gather feedback on fire issues. The project has been on hold since January 2022 when LAFCO's consultant contract was terminated.

Staff is working on a process to retain a new consultant and proceed with the service review.

LAFCO has seen a relatively higher application workload during this period – staff is currently processing three major applications and an inactive district dissolution; and has held several other pre-application meetings with local agencies and entities. Staff has also received and responded to many requests for assistance and expertise from local and regional agencies on a variety of matters in support of local or shared goals such as island annexations, environmental review activities, regional plans, housing needs allocations, city general plan updates and other topics that affect local agency boundaries and services. Similarly, responding to public inquiries is another significant and growing area of the workplan and staff has seen an increase in the volume and complexity of such inquiries particularly requests for information under the Public Records Act.

In accordance with the Commission's directive, as opportunities arise and time permits, staff has conducted 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.

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 office space lease negotiation and extension.

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 application workload, increased demand for LAFCO services and staff's efforts to prioritize and meet the needs of the local agencies and the public; and staffing issues including a vacant analyst position since January 2021. 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 2023 workplan.

The Finance Committee discussed this situation and its impact on the accomplishment of the work plan items and recommended that staff consider the option of recruiting temporary staff or an intern to assist with certain work plan items such as the scanning of LAFCO records.

The LAFCO Annual Report for FY 2022 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 2022; and will summarize the various accomplishments, activities/projects that LAFCO has engaged in or completed during the period.

STATUS OF FY 2021-2022 ADOPTED BUDGET

Attachment D includes the FY 2022 final budget adopted by the Commission at a noticed public hearing on June 2, 2021, the status of LAFCO's expenditures and revenues as of February 28, 2022 and expenditure and revenue projections for FY

2022 year end. The adopted LAFCO budget for FY 2022 is $886,330 and reflects a 10% reduction compared to the previous fiscal year's (FY 2021) budgeted operating expenses. It is estimated that the total year-end projected expenditures for FY 2022 would be approximately 22% lower than the adopted budget primarily due to salary savings from the vacant analyst position and unspent Business Travel (due to the pandemic) and Consultant Services line items (due to the fire service review consultant termination, although it is expected that a portion of the Consultant Services line item amount will be encumbered for the new consultant). Staff anticipates that year end revenue for FY 2022 will tally with the amount budgeted. LAFCO has received the respective FY 2022 cost shares from the County, the cities and the independent special districts. The actual fund balance rolled over at the end of FY 2021 was higher at $312,351, compared to the amount estimated ($288,660) in the FY 2022 budget. The excess fund balance and the unspent FY 2022 expenditure amounts will carry over into FY 2023 and will be used to reduce net operating expenses that would in turn translate to reduced FY 2023 costs for contributing agencies.

PROPOSED WORK PLAN FOR FISCAL YEAR 2023

Attachment C includes the proposed work plan for FY 2023, 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 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 fulfil 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 levels due to a vacant analyst position since January 2021 will continue to affect work plan priorities and the accomplishment of the work plan.

Recruitment for the vacant position is pending completion of the County's classification study for LAFCO which is expected to be completed in the next few months at which time LAFCO can begin recruitment. However, actual professional staffing capabilities will be below 4.0 FTE for at least half of the upcoming fiscal year, 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.

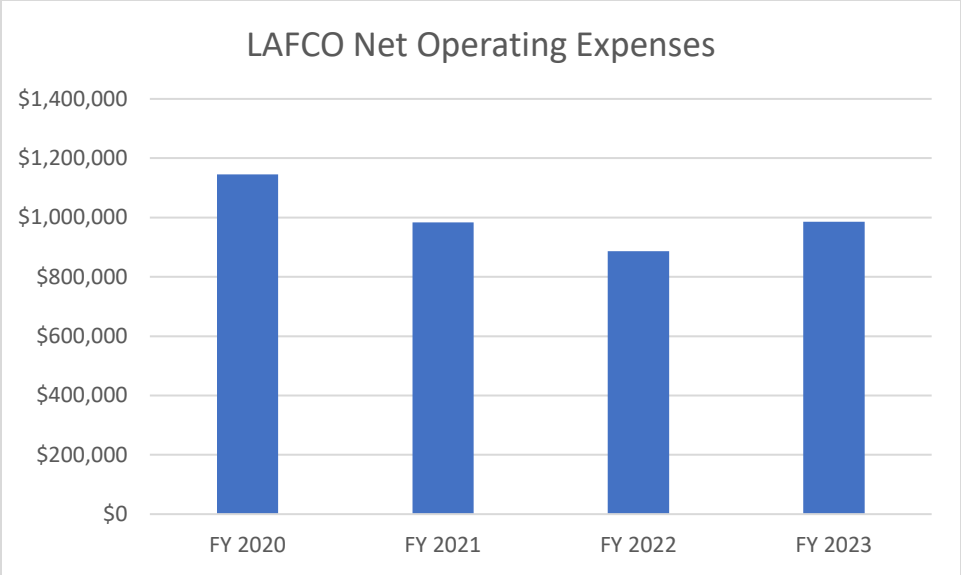
To address this reduced staffing situation, staff must actively manage the workload in order to focus on accomplishing essential activities such as processing applications, completing projects currently underway such as the Countywide Fire Service Review, maintaining core administrative functions, tracking on-going projects and studies, 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 2023

Attachment D includes the proposed Budget for FY 2022-2023 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 As a result, the proposed budget maintains the overall expenditure for FY 2023 ($1,222,980) at a substantially similar level to the current year budget ($1,210,990).

In addition to managing expenses to limit net operating expenses, projected current year cost savings (from salary savings, unspent travel, and other reduced operational costs), and a larger than estimated fund balance from FY 2021 are expected to result in a $312,351 fund balance at the end of the current year – and will be used to further reduce net operating expenses in FY 2023.

LAFCO's proposed net operating expense for FY 2023 is 11% higher than the current year budgeted amount which was 10% lower than FY 2021 which in turn was 14% lower than the FY 2020 operating expenses. Thus, the proposed 11% increase follows two years of reduced local agencies' apportionments and is needed to meet state mandates and LAFCO work plan objectives.



DESCRIPTION OF FY 2022-2023 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 66% of the total expenditures, and Services and Supplies (Object 2).

OBJECT 1. SALARIES AND BENEFITS $810,419

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 maintained at the same level as the current year.

5255800 Legal Counsel $78,326

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 2023 increases to $6,278, based on a 3.2% increase in the Consumer Price Index for the prior calendar year (2021). 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 $299.

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 $9,237

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 2023 contribution amounts for use in the budgeting process: Property Liability ($8,137) 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 $53,132

This item includes monthly rent for LAFCO office space during the FY 2023. The current lease term expires on May 5, 2022. At its February 2, 2022 Meeting, the Commission authorized the extension of the lease for a five year period through April 30, 2027.

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.

5255650 Data Processing Services $28,038

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 ($3,300), Wireless Carrier Service ($550), MS Adobe special order, Acrobat Pro and MS Visio monthly subscription ($2,535), and other services ($21,653) comprising Enterprise Content Management services and solutions, Kronos support, Architecture and Innovation Services, Claranet services, Data Analytics and Visualizations, digital print and sccLearn. Any further 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. This budgeted amount has been maintained at the same level as the current year.

5245100 Membership Dues $12,887

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 2023 membership dues for Santa Clara LAFCO is $11,287.

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 (April 2023) and an Annual Conference (October 2022) that is attended by commissioners as well as staff.

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 budgeted amount has been maintained at the same level as the current year.

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 $30,041

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 2023 Cost Allocation Plan which is based on actual overhead costs from FY 2021 – the most recent year for which actual costs are available.

The overhead amount includes the following charges from:

County Executive's Office:	$11,036
Controller-Treasurer:	$10,131
Employee Services Agency:	$6,550
OBA:	$330
BHS-MH - Employee:	$211
TSS Intragovernmental Service:	$912
Technology Services & Solutions:	$3,496
Procurement:	$137

Further, a "roll forward" is applied which is calculated by comparing FY 2021 Cost Plan estimates with FY 2021 actuals. The FY 2021 cost estimates were lower than the actuals by $2,736; this amount is added to the FY 2023 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 budgeted amount has been maintained at the same level as the current year.

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 2022) $201,006

It is projected that there will be a savings or fund balance of approximately $201,006 at the end of the current year, which will be carried over to reduce the proposed Fiscal Year 2023 costs for LAFCO's funding agencies (cities, independent special districts and the County).

Projected Year-End [FY 2022] Fund Balance = (Projected Year-End [FY 22] Revenue + Actual Fund Balance from Previous Fiscal Year [FY 21] + Funds Received from Local Agencies in FY 22) - (Projected Year-End [FY 22] Expenses)

= ($36,000+ $312,352 + $886,330) - $1,033,675

= $201,006

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 was 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 pending the completion of the Classification Study by the County, which is expected soon.

In FY 2022, LAFCO reduced the Reserves to $200,000, in order to further reduce costs to local agencies given the COVID -19 related economic hardships. The Finance Committee recommends maintaining the current level of reserves for FY 2023. This places the proposed Reserve amount at approximately 16% of the total FY 2023 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.

FY 2023 NET OPERATING EXPENSES

FY 2023 Net Operating Expenses = (Proposed FY 2023 Expenditures) - (Proposed FY 2023 Fee & Interest Revenues + Projected Fund Balance from FY 2022)

= ($1,222,980) – ($36,000 + $201,006)

= $985,974

The projected operating expense for FY 2023 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 2023 which could in turn impact the costs for each of LAFCO's funding agencies.

COST APPORTIONMENT TO CITIES, INDEPENDENT SPECIAL DISTRICTS AND COUNTY

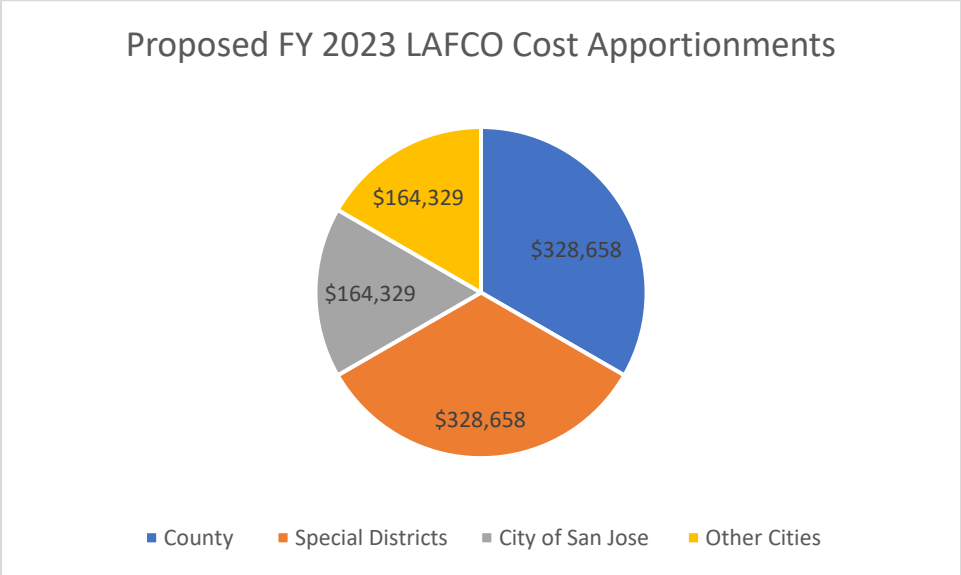
In January 2013, independent special districts were seated on LAFCO. Government Code §56381(b)(1)(A) provides that when independent special districts are represented on LAFCO, the county, cities and independent special districts must each provide a one-third share of LAFCO's operational budget.

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 2023.



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, based on the proposed FY 2023 net operating expenses and the 2018/2019 Cities Annual Report. The final apportionments will be prepared by the County Controller's Office based on the latest available Cities Annual Report.

ATTACHMENTS

Attachment A:	Status of FY 2022 Work Plan
Attachment B:	LAFCO Financials 2008-2021
Attachment C:	Proposed Work Plan for Fiscal Year 2023
Attachment D:	Proposed LAFCO Budget for Fiscal Year 2023
Attachment E:	Estimated FY 2023 Costs to Agencies Based on the Proposed Budget

ITEM # 9
Attachment A

STATUS OF CURRENT YEAR WORK PLAN (FISCAL YEAR 2022)

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*	STATUS
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	Several pre-application meetings held (San Jose / Cupertino, San Jose / Milpitas, NASA Moffett Field / Mountain View, etc.) 3 applications in progress
	Comment on potential LAFCO applications, relevant projects & development proposals, city General Plan updates and/ or related environmental documents	Ongoing, as needed	Staff	H	Ongoing (RHNA, Coyote Valley)
	Review and update LAFCO policies for context, clarity and consistency with State law	In progress	Staff / Consultant	H	In progress
	Dissolution of inactive special districts	Work with State Controller's Office to identify County Library Services Area as inactive	Staff	M	Identification completed. Processing dissolution.
	Prepare flowcharts for LAFCO processes and update application packets for current requirements and ease of public use	Upon completion of policies update	Staff	L	Internal application processing checklists' updates completed.

STATUS OF CURRENT YEAR WORK PLAN (FISCAL YEAR 2022)

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*	STATUS
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	Working with cities upon request (Los Gatos, Monte Sereno)3
	Facilitate interagency discussions to support remaining island annexations	Ongoing discussion with San Jose, Los Altos Hills	Staff	H	In progress
	Review and finalize city-conducted island annexations	Ongoing, as needed	Staff	H	3 finalized.
OUTREACH, GOVERNMENT / COMMUNITY RELATIONS & CUSTOMER SERVICE	Conduct outreach to increase awareness of LAFCO's role	Presentations to cities, other agencies on LAFCO, as relevant Distribute LAFCO communications material to elected officials and staff of cities, special districts and the County Seek exhibit opportunities at public spaces / events Maintain website as the primary information resource on LAFCO Increase social media presence (Twitter)	Staff	L M L H L	Presentations provided upon request (Grand Jury, Leadership Sunnyvale,) Website updated
	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) Small water systems issues / legislation Collaborate with agencies and entities with goals common to LAFCO	Staff	M M M	Ongoing
	Track LAFCO related legislation	EO is voting member of the CALAFCO Legislative Committee and attends regular meetings	Staff	M M	EO served on the Legislative Committee until October 2021.

STATUS OF CURRENT YEAR WORK PLAN (FISCAL YEAR 2022)

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*	STATUS
		Commission takes positions and submit letters on proposed legislation			
	Respond to public enquiries re. LAFCO policies, procedures and application filing requirements	Timely response to public inquiries Update the PRA form for the website Document research on complex inquiries Report to Commission on complex inquiries	Staff	H L L H	Ongoing. High volume of enquiries and PRA requests.
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	Staff / Consultant	H	Retained consultant. Prepared stake holder and public outreach material and conducted community meetings. Consultant contract terminated in January 2022. Working on next steps and retaining a new consultant.

STATUS OF CURRENT YEAR WORK PLAN (FISCAL YEAR 2022)

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*	STATUS
		Prepare staff reports with implementation recommendations Follow up with agencies and report back to the commission			
	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	Pending city action Follow up on new issues for other districts, upon request (LGCSD)
	Map Mutual Water companies	Initial maps complete, further work 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	Ongoing
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	Ongoing
	Keep the Commission informed	EO report	Staff	H	Ongoing

STATUS OF CURRENT YEAR WORK PLAN (FISCAL YEAR 2022)

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*	STATUS
		off-agenda emails, as needed			
	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	New commissioner: Linda LeZotte
	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	As needed
	Conduct a Strategic Planning Workshop	2018 Workshop re. LAFCO Communications and Outreach Plan	Staff / Consultant	L	On hold
	Commissioner participation in CALAFCO	Support commissioner participation in CALAFCO activities / or election to the CALAFCO Board	Staff	L	On hold
ADMINISTRATIVE PROJECTS	Prepare LAFCO annual work plan	March –June	Staff	H	In progress
	Prepare LAFCO annual budget	March –June	Staff	H	In progress
	Prepare LAFCO Annual Report	August 2021	Staff	H	Completed
	Prepare LAFCO Annual Financial Audit	October 2021 (Contract with Chavan Associates ends after FY 2021 Audit)	Consultant / Staff	H	Completed.

STATUS OF CURRENT YEAR WORK PLAN (FISCAL YEAR 2022)

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*	STATUS
					Contract extended for FY 2023 and FY 2024
	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	Ongoing Lease extended through April 2027
	Records management	Organize scan of LAFCO records to Electronic Document Management System (LaserFische) Maintain LAFCO's hard copy records Maintain and enhance the LAFCO Website Maintain LAFCO database	Staff/ Consultant Staff	H H H H	On hold Ongoing
	Contracts and payments & receivables	Track consultant contracts and approve invoices Approve vendor invoices / process annual payments for various services/ memberships	Staff	H	Ongoing

STATUS OF CURRENT YEAR WORK PLAN (FISCAL YEAR 2022)

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

FY 2008 - FY 2021 LAFCO FINANCIALS

March 2022

ITEM # 9

Attachment B

ITEM NO.	TITLE	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	ACTUALS FY 2021
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	$730,716
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	$201
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	$65,791
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	$41,966
5285700	Meal Claims	$0	$368	$277	$288	$379	$91	$228	$209	$367	$50	$901	$257	$166	$0
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	$10,452
1151	Office Expenses	$1,056	$354	$716	$639	$1,212	$536	$850	$783	$6,266	$48,632	$15,412	$4,702	$2,544	$1,151
5270100	Rent and Lease											$41,120	$39,360	$44,478	$46,254
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	$21,223
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	$6,100
5260100	Publications and Legal Notices	$1,151	$563	$1,526	$363	$916	$222	$378	$2,484	$487	$191	$145	$192	$44	$90
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	$12,144
5250750	Printing and Reproduction	$5	$0	$0	$0	$0	$0	$9	$177	$703	$0	$0	$0	$799	$0
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	$0
5285300	Private Automobile Mileage	$1,016	$704	$832	$1,185	$615	$424	$409	$396	$1,009	$1,264	$590	$689	$696	$61
5285200	Transportation&Travel (County Car Us	$894	$948	$629	$0	$384	$250	$371	$293	$559	$605	$0	$328	$256	$0
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	$30,917
5275200	Computer Hardware	$0	$451	$0	$83	$2,934	$1,791	$2,492	$0	$106	$0	$0	$773	$0	$0
5250800	Computer Software	$0	$0	$626	$314	$579	$3,124	$933	$1,833	$2,079	$754	$4,505	$3,012	$1,200	$4,708
5250250	Postage	$1,160	$416	$219	$568	$309	$589	$246	$597	$411	$209	$183	$117	$73	$184
5252100	Staff Training Programs	$0	$665	$491	$250	$300	$0	$0	$1,431	$0	$0	$0	$350	$525	$70
5701000	Reserves	$0	$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**	**$972,028**
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	$34,622
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	$10,488
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	$312,351
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**	**$357,461**
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**	**$983,785**
3400800	**RESERVES AVAILABLE**				**$100,000**	**$100,000**	**$150,000**	**$150,000**	**$150,000**	**$150,000**	**$150,000**	**$150,000**	**$150,000**	**$250,000**	**$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	$327,928
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	$327,928
4600100	Special Distrcits							$296,892	$187,521	$220,668	$225,778	$266,298	$277,942	$381,904	$327,928

PROPOSED WORK PLAN FOR FISCAL YEAR 2023

ITEM # 9
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
	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	Monte Sereno	Staff	H
	Review and finalize city-conducted island annexations	Ongoing, as needed	Staff	H

PROPOSED WORK PLAN FOR FISCAL YEAR 2023

	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 attends CALAFCO Legislative Committee meetings	Staff	L
		Commission takes positions and submits 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 2023

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*
SERVICE REVIEWS, SPECIAL STUDIES & SPHERE OF INFLUENCE UPDATES	Countywide Fire Service Review	Manage new consultant's work and contract Coordinate TAC meetings 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 and distribute stakeholder/public outreach material Coordinate stakeholder / public engagement process 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 2023

	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 2023

	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 2022	Staff	H
	Prepare LAFCO Annual Financial Audit	October 2022 (Contract with Chavan Associates extended for FY 2023 and FY 2024)	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 Office space lease extended (lease extended through April 30, 2027)	Staff	H
	Records management	Organize scan of LAFCO records to Electronic Document Management System (LaserFische) Maintain LAFCO's hard copy records Maintain and enhance the LAFCO Website Maintain LAFCO database	Staff/ Consultant Staff	H H H H
	Contracts and payments & receivables	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
	Review and update LAFCO bylaws / administrative policies and procedures	Ongoing, as needed	Staff	H

PROPOSED WORK PLAN FOR FISCAL YEAR 2023

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*
ADMINISTRATIVE PROJECTS	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 2022	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

ITEM # 9
Attachment D

PROPOSED LAFCO BUDGET
FISCAL YEAR 2022- 2023

ITEM #	TITLE	APPROVED BUDGET FY 2022	ACTUALS Year to Date 2/28/2022	PROJECTIONS Year End FY 2022	PROPOSED BUDGET FY 2023
EXPENDITURES					
Object 1:	Salary and Benefits	$844,239	$412,232	$691,414	$810,419
Object 2:	Services and Supplies				
5255100	Intra-County Professional	$10,000	$0	$10,000	$10,000
5255800	Legal Counsel	$75,896	$48,562	$75,000	$78,326
5255500	Consultant Services	$150,000	$25,239	$100,000	$150,000
5285700	Meal Claims	$750	$56	$100	$750
5220100	Insurance	$8,500	$8,590	$8,590	$9,237
5250100	Office Expenses	$5,000	$1,098	$2,000	$5,000
5270100	Rent & Lease	$47,784	$35,838	$47,784	$53,182
5255650	Data Processing Services	$22,048	$10,665	$22,048	$28,038
5225500	Commissioners' Fee	$10,000	$1,300	$7,000	$10,000
5260100	Publications and Legal Notices	$1,000	$551	$1,000	$1,000
5245100	Membership Dues	$12,500	$12,316	$12,316	$12,887
5250750	Printing and Reproduction	$1,500	$0	$500	$1,500
5285800	Business Travel	$10,000	$0	$0	$10,000
5285300	Private Automobile Mileage	$1,000	$7	$150	$1,000
5285200	Transportation&Travel (County Car Usage)	$600	$0	$100	$600
5281600	Overhead	$49,173	$24,587	$49,173	$30,041
5275200	Computer Hardware	$3,000	$0	$1,000	$3,000
5250800	Computer Software	$5,000	$853	$4,000	$5,000
5250250	Postage	$1,000	$3	$500	$1,000
5252100	Staff/Commissioner Training Programs	$2,000	$0	$1,000	$2,000
5701000	Reserves	-$50,000	$0	$0	$0
TOTAL EXPENDITURES		**$1,210,990**	**$581,897**	**$1,033,675**	**$1,222,980**
REVENUES					
4103400	Application Fees	$30,000	$24,077	$30,000	$30,000
4301100	Interest: Deposits and Investments	$6,000	$4,283	$6,000	$6,000
TOTAL REVENUE		**$36,000**	**$28,360**	**$36,000**	**$36,000**
3400150	**FUND BALANCE FROM PREVIOUS FY**	**$288,660**	**$312,351**	**$312,351**	**$201,006**
NET LAFCO OPERATING EXPENSES		**$886,330**	**$241,186**	**$685,324**	**$985,974**
3400800	**RESERVES Available**	**$200,000**	**$200,000**	**$200,000**	**$200,000**
COSTS TO AGENCIES					
5440200	County	$295,443	$295,443	$295,443	$328,658
4600100	Cities (San Jose 50% + Other Cities 50%)	$295,443	$295,443	$295,443	$328,658
4600100	Special Districts	$295,443	$295,443	$295,443	$328,658

ITEM # 9
Attachment E

LAFCO COST APPORTIONMENT: COUNTY, CITIES, SPECIAL DISTRICTS
Estimated Costs to Agencies Based on the Preliminary FY 2023 LAFCO Budget

	Preliminary Net Operating Expenses for FY 2023			**$985,974**
JURISDICTION	**REVENUE PER 2018/2019 REPORT**	**PERCENTAGE OF TOTAL REVENUE**	**ALLOCATION PERCENTAGES**	**ALLOCATED COSTS**
County	**N/A**	**N/A**	**33.3333333%**	**$328,658.00**
Cities Total Share			**33.3333333%**	**$328,658.00**
San Jose	N/A	N/A	50.0000000%	$164,329.00
Other cities share			50.0000000%	$164,329.00
Campbell	$64,536,222	1.7980522%		$2,954.72
Cupertino	$108,060,680	3.0106928%		$4,947.44
Gilroy	$125,345,516	3.4922679%		$5,738.81
Los Altos	$57,463,937	1.6010103%		$2,630.92
Los Altos Hills	$16,800,340	0.4680765%		$769.19
Los Gatos	$51,214,203	1.4268856%		$2,344.79
Milpitas	$216,026,300	6.0187372%		$9,890.53
Monte Sereno	$3,758,600	0.1047188%		$172.08
Morgan Hill	$110,550,245	3.0800549%		$5,061.42
Mountain View	$407,506,157	11.3535827%		$18,657.23
Palo Alto	$701,560,301	19.5462638%		$32,120.18
Santa Clara	$1,078,173,133	30.0391235%		$49,362.98
Saratoga	$34,095,585	0.9499416%		$1,561.03
Sunnyvale	$614,138,449	17.1105921%		$28,117.66
Total Cities (excluding San Jose)	**$3,589,229,668**	**100.0000000%**		**$164,328.98**
Total Cities (including San Jose)				**$328,657.98**
Special Districts Total Share		**(Fixed %)**	**33.3333333%**	**$328,658.00**
Aldercroft Heights County Water District		0.06233%		$204.85
Burbank Sanitary District		0.15593%		$512.48
Cupertino Sanitary District		2.64110%		$8,680.19
El Camino Healthcare District		4.90738%		$16,128.50
Guadalupe Coyote Resource Conservation District		0.04860%		$159.73
Lake Canyon Community Services District		0.02206%		$72.50
Lion's Gate Community Services District		0.22053%		$724.79
Loma Prieta Resource Conservation District		0.02020%		$66.39
Midpeninsula Regional Open Space District		5.76378%		$18,943.12
Purissima Hills Water District		1.35427%		$4,450.92
Rancho Rinconada Recreation and Park District		0.15988%		$525.46
San Martin County Water District		0.04431%		$145.63
Santa Clara Valley Open Space Authority		1.27051%		$4,175.63
Santa Clara Valley Water District		81.44126%		$267,663.24
Saratoga Cemetery District		0.32078%		$1,054.27
Saratoga Fire Protection District		1.52956%		$5,027.02
South Santa Clara Valley Memorial District		0.03752%		$123.31
Total Special Districts		100.00000%		**$328,658.03**
Total Allocated Costs				**$985,974.01**