

FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCo)
EXECUTIVE OFFICER'S REPORT

AGENDA ITEM NO. 8

DATE: April 14, 2021
TO: Fresno Local Agency Formation Commission
FROM: David E. Fey, Executive Officer 
SUBJECT: Proposed Budget and Work Plan for Fiscal Year 2021-22.

RECOMMENDATION: Receive Report and Provide Direction.

Executive Summary

The fiscal year ("FY") 2021-22 LAFCo proposed budget estimate is summarized in Attachment "A" and the proposed 2021-22 work plan is presented in Attachment "B" for the Commission's consideration and direction to staff.

The FY 2020-21 budget is \$602,358. Staff anticipates that fee revenue will close approximately \$58,000 above projections and expenses as a whole are projected to close approximately \$55,000 under budget at approximately \$547,000.

Staff estimates a proposed FY 2021-22 budget of approximately \$638,000, an increase of approximately \$36,000 from FY 2020-21. The proposed budget continues the Commission's practice of maintaining an operational reserve of \$100,000.

Based on Commission comments and direction from its consideration of the preliminary budget and work plan in March, the proposed budget and work plan is now presented to the Commission and a final budget and work plan will be presented to the Commission at its May hearing. In accordance with Government Code (GC) sec. 56381, the proposed and final budgets will be distributed to all local agencies and the County Administrative Officer.

Overview of Budget Process

GC section 56381(a) states, "The commission shall adopt annually, following noticed public hearings, a proposed budget by May 1 and final budget by June 15. At a minimum, the proposed and final budget shall be equal to the budget adopted for the previous fiscal year unless the commission finds that reduced staffing or program costs will nevertheless allow the commission to fulfill the purposes and programs of this chapter."

The Commission's *Financial and Accounting Procedures* stipulate that "In order to get an early start on the budget and allow for careful consideration of the budget options, the Executive

Officer will present a preliminary budget to the Commission in March of each year in order to obtain advance direction from the Commission.” The Commission’s budget is based on a July 1st to June 30th fiscal year.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”) authorizes the operational costs of LAFCo to be shared one-half by the County and one-half by cities where only the County and cities are represented on the Commission. In the event that special districts choose to be represented on the Commission, LAFCo funding would then be shared one-third by the County, cities, and the special districts or by an alternative method approved pursuant to GC sec. 56381(b)(4).

LAFCo’s operational expenses are augmented by fees established by the Commission in accordance with section 56383 of the GC for services rendered to process applications for annexations, reorganizations, and detachments, as well as other LAFCo actions.

Proposed Summary of FY 20-21 Budget to Close

Revenue

FY 20-21 anticipated \$602,358 in revenue, comprised of a net allocation of \$350,108 (\$175,054 from both the County and the 15 cities, respectively), \$70,000 anticipated in application fees, and a fund balance contribution of \$182,250. Staff anticipates that FY 20-21 fee revenue will close approximately \$58,000 higher than projected.

Expense - Office Operations

FY 20-21 budgeted office operations for \$100,651 and are estimated at this point to close at approximately \$84,000. Contributing factors include not expending budgeted funds for the CALAFCO staff workshop and the annual conference and a reduction in mileage reimbursement as in-person meetings and hearings were deferred in 2020.

Expense - Personnel

FY 20-21 personnel expenses were budgeted for \$436,056 and are estimated to close at approximately \$417,000. Contributing factors include reduced expenditures for part time intern.

Expense - Consulting Services

Consulting services expenses were budgeted for \$65,650 and are estimated to close at approximately \$47,000. Contributing factors include reduced expenditures for bookkeeping service as LAFCo’s contract bookkeeper became a part time employee and reduced billing for LAFCo counsel.

Proposed FY 21-22 Budget and Work Plan

Proposed FY 21-22 budget estimate is \$638,381 comprised of the following:

Revenue

The proposed FY 2021-22 revenue forecast is approximately \$638,381, with an estimate of County and cities' contribution of approximately \$206,000, respectively, \$85,000 in application fees and a fund balance contribution of approximately \$140,000.

Expenses – Personnel

The proposed personnel expense forecast is approximately \$455,000. This figure reflects merit-based step increases for permanent staff and continued funding of a part-time student intern and bookkeeper.

Expense - Office Operations

The proposed office operations expense forecast is \$108,000. This figure reflects the contracted increase to LAFCo's office lease, planned increase in CALAFCO dues, and includes expenses associated with new LAFCo office and moving expenses when LAFCo's lease expires in January 2022.

Expense - Consultant Services

The proposed consulting services expenses forecast is \$71,825. This figure the biennial financial audit (\$10,000).

Proposed FY 2021-22 Work Plan

The proposed budget supports the Commission's role as an independent planning and regulatory agency whose purposes are to encourage the orderly formation of local governmental agencies, preserve agricultural land resources, and discourage urban sprawl. The Commission's work plan represents projects and activities that fulfill its goals and objectives. The budget represents the funding to accomplish projects important to the Commission.

A proposed FY 2021-22 work plan is attached as Attachment "B," consistent with the analysis presented in this report. It contains ongoing assignments such as the MSR program, application processing and consultation and facilitation to local agencies and the public.

This report has been distributed to:

- Jean Rousseau, Fresno County Administrative Officer
- All city managers and special district general managers in Fresno County