

AGENDA

FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCo)

May 8, 2024 – 1:30 P.M.

Hall of Records, Room 301, 2281 Tulare Street, Fresno, California

COMMISSION MEMBERS

Gary Yep, Chair
Buddy Mendes, Chair Pro Tem
Nathan Magsig
Daniel Parra
Mario Santoyo

ALTERNATE MEMBERS

Michael Lopez
Scott Robertson
Vacant

LAFCO STAFF

Brian Spaunhurst, Executive Officer
Amanda Olivas, Clerk to the Commission
Jessica Gibson, LAFCo Analyst
Joel Matias, LAFCo Intern
Jessica Johnson, LAFCo Counsel

LAFCo Office: 1401 Fulton Street, Suite 900, Fresno, CA - 93721 - (559) 600-0604
Staff reports prepared for each item listed in this agenda may be viewed at www.fresnolafco.org.

1. **Call to Order and Roll Call**
2. **Pledge of Allegiance**
3. **Transition of Chair Pro Tempore to Chair Pursuant to LAFCo Policy 500. 4-5.**
4. **Consider Appointment of new Chair Pro Tempore from City or Public Commission Members.**

Recommendation: Appoint a Commissioner Member as Chair Pro Tempore to serve until May 2025, in accordance with Policies 500. 4-5.

5. **Comments from the Public:** Any person wishing to address the Commission on a subject not listed on the agenda may do so at this time. (State your name and address and please keep your comments to three (3) minutes.)
6. **Potential Conflict of Interest:** Any Commission member who has a potential conflict of interest shall now identify the item and recuse themselves from discussing and voting on the matter pursuant to Govt. Code sec 84308.

CONSENT AGENDA

All consent agenda items are considered routine in nature and will be enacted by one motion; there will be no individual discussion of these items unless requested by a member of the Commission or the public. Any item pulled from the consent agenda for discussion will be set aside until after approval of the consent agenda. Prior to taking any action the public will be given the opportunity to comment on any consent item. The consent agenda will be considered on or about 1:30 p.m.

- 7. **Recommendation:** Approve 7A-7B by taking the following actions:
 - A. **Consider Approval:** Minutes from the LAFCo meeting of April 10, 2024.
 - B. **Consider Approval:** City of Fresno “Bullard-Maroa No. 3 Reorganization.” A proposed reorganization to annex approximately 1.53 acres to City of Fresno and detach from the North Central Fire Protection District and the Kings River Conservation District, said territories generally located south of West Bullard Avenue and west of North Maroa Avenue. (LAFCo File No. RO-24-03)

REGULAR AGENDA ITEMS

- 8. **Consider Appointment:** Appointment of the Alternate Public Commission Member.
Recommendation: Appoint.
- 9. **Consider Approval:** Final Budget and Work Plan for Fiscal Year 24-25.
Recommendation: Approve.
- 10. **Consider Approval:** Authorize the Executive Officer to Sign New Lease Agreement with Tutelian for Office Space Located in The Grand Tower and Authorize Partial Expenditure of the Commission’s Contingency Fund for FY 23-24. Continued from April 10, 2024.
Recommendation: Approve.
- 11. **Executive Officer Comments**
- 12. **Commission Comments/ Reports**
- 13. **Adjournment**

THE NEXT LAFCO MEETING will be held on June 12, 2024, at 1:30 p.m. in the Board of Supervisors’ Chamber – Hall of Records, Room 301, Fresno, California.

PLEASE NOTE:

(1) If you are an applicant for, or a participant in, any proceeding on the agenda for a **land use entitlement** and have made **campaign contributions** totaling more than \$250.00 to any member or alternative member of the Commission **within twelve (12) months prior to the Commission considering your application**, please immediately inform the Commission of your contribution. State law **disqualifies** each Commissioner and alternative Commissioner from participating in and voting on land use entitlement decisions (which include changes of organization and reorganizations) if the Commissioner or alternative Commissioner has received campaign contributions from (i) an applicant for a land use entitlement, (ii) someone who lobbies the Commission or LAFCo staff regarding an application for land use entitlement, (iii) someone who testifies in person before the Commission regarding an application for land use entitlement, or (iv) someone who otherwise acts to influence the outcome of an application for land use entitlement. State law also prohibits applicants and participants from making campaign contributions totaling more than \$250.00 to a Commissioner or alternate Commissioner during the time of the proceeding is pending before the Commission and for twelve (12) months **after** the Commission’s final action. If you have any questions regarding these requirements (which are contained in the **California Political Reform Act** Government Code Section 84308 *et seq.*), please feel free to contact LAFCo staff at (559) 600-0604.

(2) In compliance with the Americans with Disabilities Act (**ADA**), if you need special assistance to participate at this meeting, please contact Ms. Amanda Olivas, Clerk to the Commission at 559-600-0604. Notification provided a minimum of 48 hours prior to the meeting will enable the Clerk to make reasonable arrangements to ensure accessibility to this meeting. Pursuant to the ADA, the meeting room is accessible to the physically disabled.

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

AGENDA ITEM No. 4

DATE: May 8, 2024

TO: Fresno Local Agency Formation Commission

FROM: Brian Spaunhurst, Executive Officer 

BY: Amanda Olivas, Clerk to the Commission

SUBJECT: Consider appointment of new chair pro tempore from city or public commission members.

RECOMMENDATION: Appoint a city or public commission member as chair pro tempore to serve until May 2025, in accordance with LAFCo Policy Section 500.

Background

On February 14, 2015, the commission amended Fresno LAFCo Policy sections 502 and 503 establishing a rotation of one-year terms between the City and County commission members for chair and chair pro tempore. The commission intended that the member serving as chair pro tempore would automatically succeed to the chair position at the end of the chair's one-year term.

On March 14, 2018, the commission further amended these policy sections to permit the public member to serve as chair or chair pro tempore and to clarify the commission's intention that the chair pro tempore will automatically succeed to the chair position with the expiration of the current chair's term.

In accordance with LAFCo Policy Chair Pro Tempore Mendes will assume the position of chair from outgoing Chair Yep at the beginning of the commission's May meeting. Chair Mendes will then preside over the meeting, announce the vacancy of the chair pro tempore position, and accept nominations of a city member or the public member for that position.

Nominations may be from any member and the chair pro tempore of the commission shall be elected by a majority vote of all members in conformance with LAFCo policy.



Fresno Local Agency Formation Commission
1401 Fulton Street, Suite 900, Fresno, CA 93721, (559) 600-0604

CONSENT AGENDA ITEM NO. 7A

FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCo)

MEETING MINUTES

April 10, 2024

Members Present: Commissioners Magsig, Mendes, Yep
Members Absent: Commissioners Parra, Santoyo
Staff Present: Brian Spaunhurst, LAFCo Executive Officer
Amanda Olivas, Clerk to the Commission
Jessica Gibson, LAFCo Analyst
Joel Matias, LAFCo Intern
Jessica S. Johnson, LAFCo Counsel

1. Call to Order and Roll Call

Chair Yep called the meeting to order at 1:30 p.m.

2. Pledge of Allegiance

Chair Yep led the Pledge of Allegiance.

3. Comments from the Public

There was a representative from the California Special Districts Association (CSDA) in attendance to introduce himself to the Commission.

There were no other comments from the public.

4. Potential Conflicts of Interest

There were no conflicts of interest.

CONSENT AGENDA

**5. A. Minutes from the LAFCo Meeting of March 13, 2024.
B. City of Kingsburg “Matoian Reorganization.”**

Motion: Approve Item 5A-5B
Moved: Commissioner Mendes
Second: Commissioner Magsig
Ayes: Commissioners Mendes, Magsig, Yep
Absent: Commissioner Parra, Santoyo
Passed: 3-0-2-0

REGULAR AGENDA ITEMS

6. SB 938 For the Zalda Reclamation District No. 801 (LAFCo File No DOD-24-01)

Motion: Approve Item 6, Action 1
Moved: Commissioner Mendes
Second: Commissioner Magsig
Ayes: Commissioners Mendes, Magsig, Yep
Noes: 0
Absent: Commissioner Parra, Santoyo
Passed: 3-0-2-0

Motion: Approve Item 6, Action 2
Moved: Commissioner Mendes
Second: Commissioner Magsig
Ayes: Commissioners Mendes, Magsig, Yep
Noes: 0
Absent: Commissioner Parra, Santoyo
Passed: 3-0-2-0

Motion: Approve Item 6, Action 3
Moved: Commissioner Mendes
Second: Commissioner Magsig
Ayes: Commissioners Mendes, Magsig, Yep
Noes: 0
Absent: Commissioner Parra, Santoyo
Passed: 3-0-2-0

7. City of Fresno “Ashlan-Hayes No. 2,3, and 4 Reorganizations.”

Motion: Approve Item 7, Action 1
Moved: Commissioner Magsig
Second: Commissioner Mendes
Ayes: Commissioners Magsig, Mendes, Yep
Noes: 0
Absent: Commissioner Parra, Santoyo
Passed: 3-0-2-0

Motion: Approve Item 7, Action 2
Moved: Commissioner Magsig
Second: Commissioner Mendes
Ayes: Commissioners Magsig, Mendes, Yep
Noes: 0
Absent: Commissioner Parra, Santoyo
Passed: 3-0-2-0

8. Proposed Budget and Work Plan for FY 24-25.

This is a receive and file item, no action is needed.

9. Authorize the EO to Sign new Lease Agreement with Tutelian for Office Space Located in the Grand Tower and Authorize Partial Expenditure of the Commission's Contingency Fund for FY 23-24.

The Commission would like this item continued to the next hearing when the whole Commission is present.

10. Executive Officer Comments.

LAFCo Executive Officer Brian Spaunhurst provided comments.

11. Commission Comments/Reports.

No Commission Comments.

12. Adjournment

Moved: Commissioner Mendes
Second: Commissioner Magsig
The meeting adjourned at 2:08 p.m.


Amanda Olivas
Clerk to the Commission

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

CONSENT AGENDA ITEM NO. 7-B

DATE: May 8, 2024

TO: Fresno Local Agency Formation Commission

FROM: Brian Spaunhurst, Executive Officer 

BY: Jessica Gibson, LAFCo Analyst II

SUBJECT: **Consider Approval – City of Fresno “Bullard-Maroa No. 3 Reorganization.”**
A proposed reorganization to annex approximately 1.53 acres to the City of Fresno and detach from the North Central Fire Protection District and the Kings River Conservation District, said territories generally located south of West Bullard Avenue and west of North Maroa Avenue. (LAFCo File No. RO-24-03)

Applicant: City of Fresno

Landowners/Parties of Real Interest (100% Consent): City of Fresno,
Luciano & Joanne Telesmanic

(This proposed reorganization has been placed on the consent agenda without notice pursuant to Government Code Section 56662(a) because the territory is uninhabited, no affected local agency has submitted a written demand for notice and hearing, and all property owners have consented in writing to the annexation.)

RECOMMENDATION: Approve by Taking the Following Actions:

Action 1:

- A. Acting as Responsible Agency pursuant to California Environmental Quality Act (“CEQA”) Guidelines, find that prior to approving the proposed reorganization, the environmental effects of the Proposal as shown in the CEQA documents prepared, adopted, and submitted by the Lead Agency, were reviewed, and considered, and determine these documents to be adequate pursuant to CEQA Guidelines Section 15096.

Action 2:

- B. Find that the proposed annexation is consistent with LAFCo Policies and the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”).
- C. Find pursuant to CKH and information in the record that:
 - a. The territory is uninhabited; and

- b. All landowners and affected agencies have consented to the reorganization.
- D. Assign the distinctive short form designation “Bullard-Maroa No. 3 Reorganization” and approve the reorganization subject to the following conditions of approval:
- a. Pursuant to Fresno LAFCo Policy 108-07, the Executive Officer shall record the approved application if all conditions have been satisfied and once he or she has determined that the facts pertaining to the application during the time of recording are materially similar to those facts considered by the Commission when the application was approved. Facts, as used in the proceeding sentence, is defined to include, but is not limited to, whether or not the proposed project is materially similar to the project described in any application before the Commission.
 - b. Submittal of corrected map and legal description.
- E. Waive further Conducting Authority Proceedings and order the reorganization subject to the requirements of CKH.

Executive Summary

On March 30, 2023, the City of Fresno adopted Resolution No. 2023-085 requesting the Commission to begin proceedings for the “Bullard-Maroa No. 3 Reorganization” to detach approximately 1.53 acres from the North Central Fire Protection District and the Kings River Conservation District and annex it to the City of Fresno.

Proposal/Land Use

- The proposal consists of the detachment of 1.53 acres from the North Central Fire Protection District and the Kings River Conservation District and annexation to the City of Fresno.
- Information related to the proposals affected territory, land use, proposed development, special districts, surrounding areas, and existing/proposed services can be found on **Attachment A**.
- The affected territory is within the City of Fresno’s sphere of influence (**Attachment B**) and is contiguous to the Fresno city limits (**Attachment C**).
- The proposal is currently zoned R-1-C/NB (Single Family Residential/Neighborhood Beautification) and has been rezoned to the City of Fresno RS-4 (Single-Family Residential, Medium Low Density) by Pre-zone Bill No. B-8, City Ordinance No. 2023-007.
- The territory is uninhabited.
- The proposal is consistent with the Fresno General Plan.

Consistency with LAFCo Policies, Standards, and Procedures

- The City of Fresno and the North Central Fire Protection District have a transition agreement in place to provide fire protection services to the affected territory.

- The proposal is consistent with the CKH and LAFCo Policies, Standards, and Procedures, including, but not limited to, sections 100 and 200.
- The property within the proposal has been rezoned to the Fresno RS-4 (Single Family Residential/Medium Low Density) zone district by Resolution No. 2023-085.

Revenue & Tax Code

The County of Fresno and the Fresno City Council approved a standalone tax-sharing agreement between the City of Fresno and the County of Fresno regarding the Bullard-Maroa No. 3 Reorganization.

Sustainable Groundwater Management Act

California's Sustainable Groundwater Management Act ("SGMA") was signed into law on September 16, 2014. This three-part legislation requires local agencies to develop groundwater sustainability plans that are compatible with their regional economic and environmental needs. SGMA creates a framework for sustainable local groundwater management for the first time in California's history.

SGMA requires local agencies to form Groundwater Sustainability Agencies ("GSAs") in local groundwater basins by June 2017 and requires the adoption of Groundwater Sustainability Plans ("GSPs") for groundwater basins deemed high priority by year 2020. The North Kings GSA will represent the City of Fresno.

Environmental Determination

The City of Fresno, acting as "Lead Agency" under CEQA, adopted a Categorical Exemption for Environmental Assessment No. TPM 2022-03/P21-03755/P21-03756, Annexation Application No. P21-03755, and Pre-zone Application No. P21-03756, filed with the Fresno County Clerk Office on April 4, 2023, consistent with the requirements of CEQA. The project is determined to be Categorically Exempt according to the following CEQA Guidelines:

Section 15315/Class 15 – (Minor Land Divisions) exempts projects with the division of property in urbanized areas zoned for residential use into four or fewer parcels when in conformance with the General Plan and zoning, no variances or exceptions are required, all services and access to the proposed parcels to local standards are available, the parcel was not involved in a division of a larger parcel within the previous two years, and the parcel does not have an average slope greater than 20 percent;

Section 15319/Class 19(b) – (Annexations of Existing Facilities and Lots for Exempt Facilities) consists of annexations of individual small parcels of the minimum size for facilities exempted by Section 15303, New Construction or Conversion of Small Structures; and

Section 15061(b)(3) – (Review for Exemption) exempts the project if the activity is covered by the common sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is

no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

As “Responsible Agency”, the Commission is required to review and consider the City’s environmental documents prior to taking its action. If the Commission determines that these documents are adequate, pursuant to CEQA, it may make the required findings provided under “Recommendations” above.

Pursuant to CEQA Guidelines section 15096(i), if the Commission determines that these documents are adequate, a Notice of Exemption will be prepared and filed with the County of Fresno Clerk's office in compliance with Section 21152 of the Public Resources Code.

Costs and Other Changes Affecting Residents or Landowners

None reported by the City of Fresno staff.

Agencies and Individuals Submitting Comments

- Elections IT, Fresno County Elections Department
- Bryant Vandervelde, Supervising Cadastral Tech, Fresno County Assessor’s Office
- Karen Coletti, Secretary of Historical Landmarks & Records, Fresno County Public Library
- Kevin Tsuda, Environmental Health Specialist II, Environmental Health Division

Territory Boundaries

The boundaries of the proposed annexation **are not** definite and certain, and the County Assessor has determined that the map and legal description **are not adequate** to file with the State Board of Equalization.

Registered Voter Data

The County of Fresno Elections Office reported that there were **zero** registered voters in the affected territory.

Compliance with the Requirements of CEQA

Lead Agency: City of Fresno

Level of Analysis: Categorical Exemption

Finding: Categorical Exemption (See Environmental Documents at www.fresnolafco.org under the LAFCo Commission Hearing quicklink in the May 8, 2024, file).

Individuals and Agencies Receiving this Report

- LAFCo Counsel
- Bernard Jimenez, Planning and Resources Management Officer
- Kings River Conservation District

- North Central Fire Protection District
- Robert Holt, Supervising Planner, City of Fresno

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Attachment A

PROPOSAL INFORMATION

1. Affected Territory

Acreage:	1.53
Current Land Use:	R-1-C/NB (Single Family Residential/Neighborhood Beautification)
Number of Residences/ Population:	Residents: 0/ Population: 0 estimated
Registered Voters:	Voters: 0
Assessor Parcel Number(s):	416-341-22

2. Proposed Development – The affected territory proposes to subdivide the subject property into four single-family residential parcels.

3. Surrounding Territory – Single Family Residential to the north, south, east, and west.

4. Existing Service Agencies and Proposed Service Changes

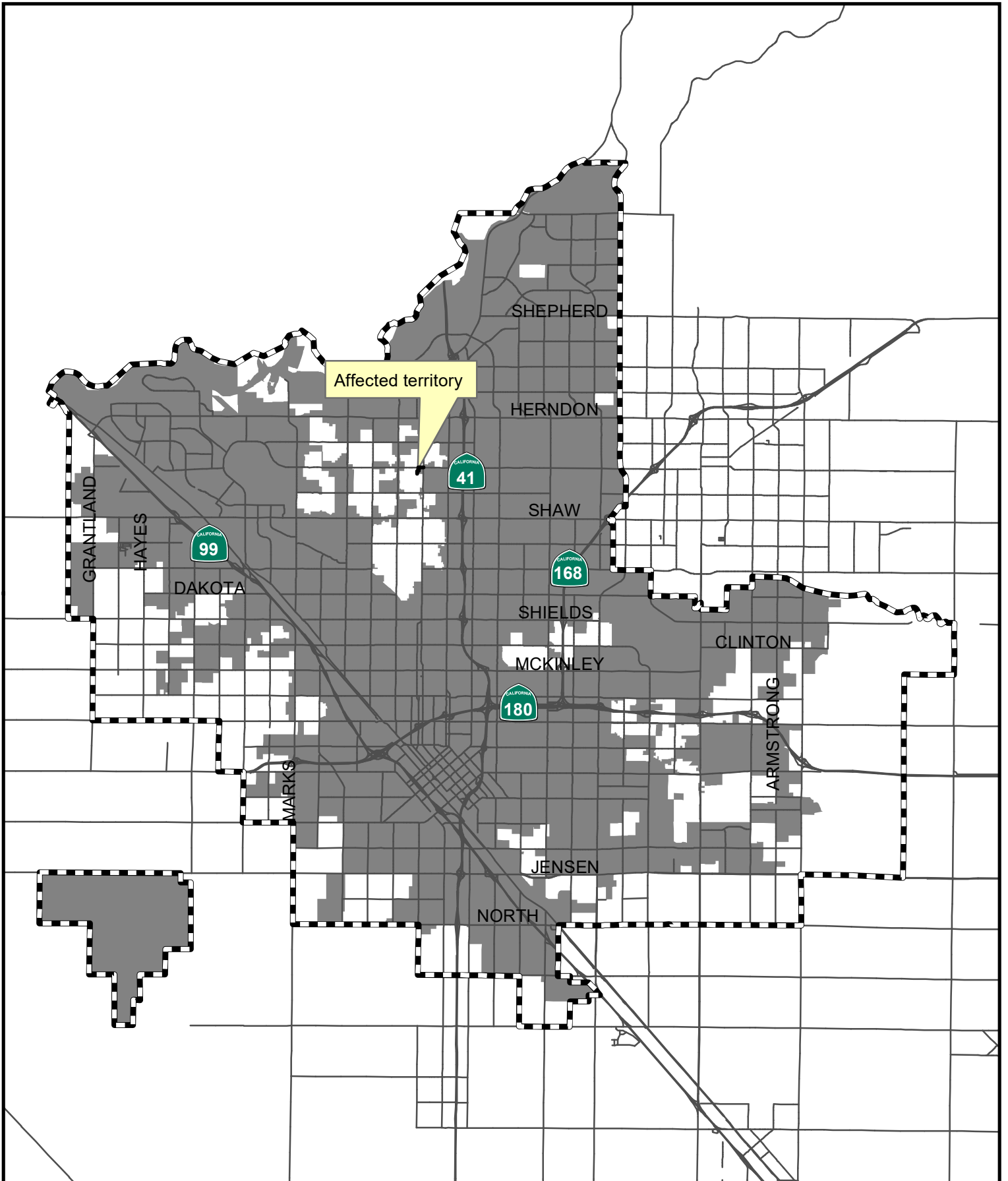
Service	Existing Service	Change
Water	Wells/ Groundwater	City of Fresno
Sewer	Private Septic	City of Fresno
Fire Protection	North Central Fire Protection District	Fresno Fire Department

(See Service Plan on our website at www.fresnolaftco.org)

5. Cities and Districts Included Wholly or Partially Within the Affected Territory

Fresno County	Fresno County Library
State Center Community College District	North Central Fire Protection District
Kings River Conservation District	Fresno Metropolitan Flood Control District
West Fresno Red Scale Pest Control District	Fresno Vector and Mosquito Control District
Fresno Unified School District	Fresno County School Service
	Fresno Irrigation District

ATTACHMENT B



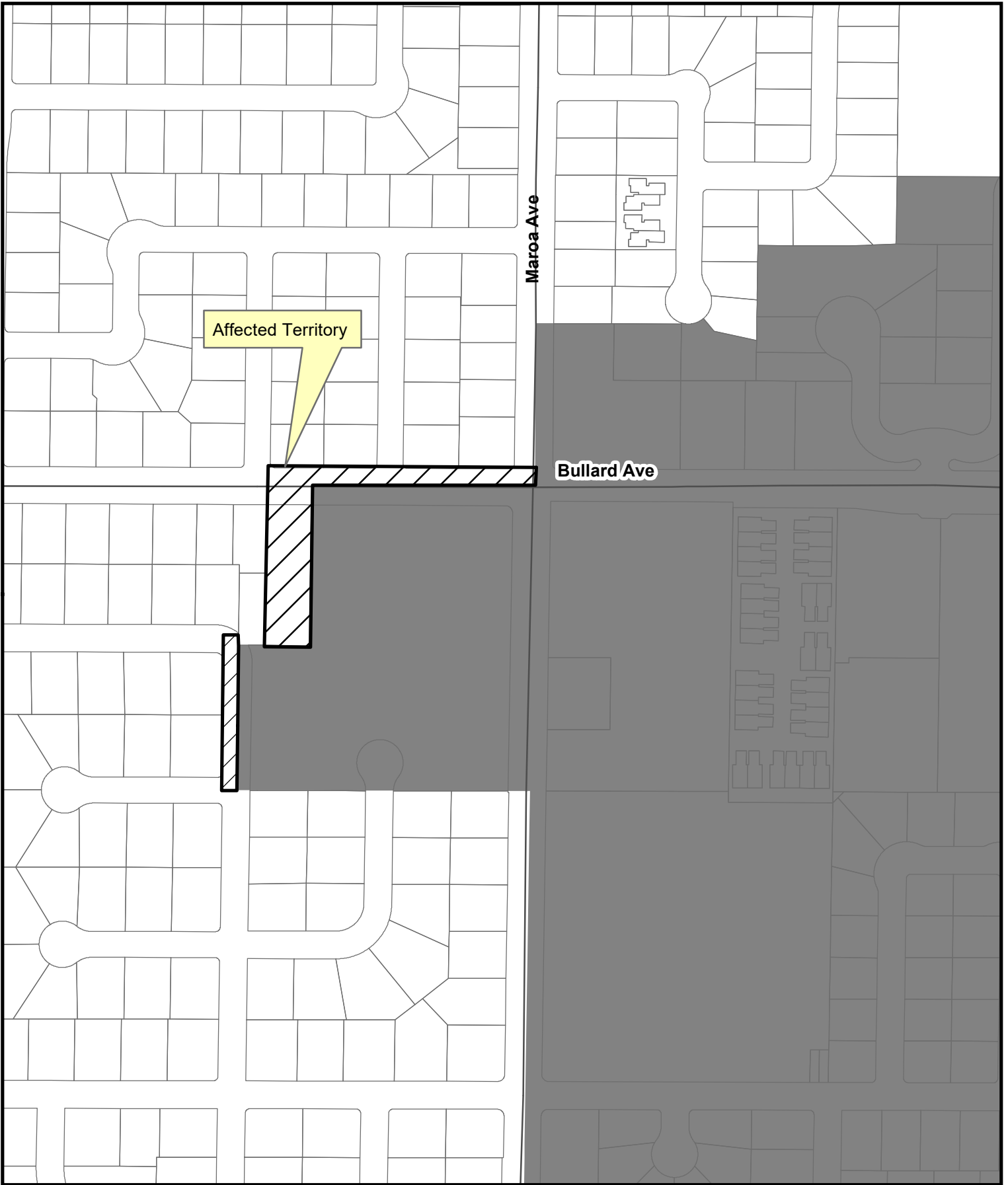
Fresno Local Agency Formation Commission

-  Fresno city limits
-  Fresno SOI
-  Affected territory




Map date: 4/5/2024

ATTACHMENT C



Fresno Local Agency Formation Commission


-  Fresno city limits
-  Affected territory
-  Fresno SOI



Map date: 4/5/2024

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

AGENDA ITEM NO. 8

DATE: May 8, 2024
TO: Fresno Local Agency Formation Commission
FROM: Brian Spaunhurst, Executive Officer 
BY: Amanda Olivas, Clerk to the Commission
SUBJECT: Consider Appointment of the Alternate Public Member.
RECOMMENDATION: Appoint an Alternate Public Member.

Summary

The term of the public member and alternate public member is set by law to be four years and until a replacement is selected by the Commission. The statute states that the public member and alternate public members' term expires on the first Monday of the month of May.

The recommended action is consistent with the Commission's adopted procedure.

Discussion

Section 56334 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH") states that "the term of office for each member shall be four years and until the appointment and qualification of his or her successor." The terms for the current alternate public member expired on Monday, May 6, 2024.

The process for selecting a new member is guided by Section 520 of the Commission's Policies, Standards, and Procedures (see Attachment "A"). Among the provisions of Section 520 is a requirement that the public member and alternate public member shall be selected at the regularly scheduled hearing date. Also attached (see Attachment "B") is section 56334 of the CKH regarding commissioner terms.

A notice of the opportunity to submit applications for the alternate public member was published in the Fresno Business Journal on March 20, 2024, and was posted in the LAFCo office and outside the Commission hearing room. Staff received two new applications, considering the number of applicants, a subcommittee may be formed to review the applications and recommend a candidate selection to the Commission. Attached as Attachment "C" is a copy of the new candidate's applications for your review.

Section 56331 of the Cortese-Knox-Hertzberg Act states that no person appointed as a public member or alternate shall be an officer or employee of the County or any city or special district within the County.

The voting procedure adopted by the Commission consists of the following steps:

1. Each of the four City and County Commissioners may nominate an applicant.
2. In the event of a tie among two or more of the candidates another vote will be taken to select from the tied applicants. Each Commissioner has one vote. If no candidate receives three or more votes during that round, the alternate public member position would remain vacant until such time as three of the four voting Commissioners have reached a decision on the Public Member.

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Attachment A

15. Selection of public member

The term of the public member is set by law to be four years, to expire the first Monday of the month of May. However, the public member's term shall continue until the appointment and qualification of a successor.

Prior to the expiration date, no later than March 20, the Executive Officer shall:

- a. Publish a notice in a newspaper of general circulation in the County, stating the coming vacancy of the public member position. The notice shall conform to that notice approved by the Commission.
- b. Post a notice outside the Commission hearing room, being the same notice as published.
- c. Make available to all applicants an approved application form and a description of the duties and responsibilities of the public member, as described on the application.
No application shall be accepted if received after April 20, preceding the term expiration. A roster of all applicants and their application shall be mailed to the Commissioners making the selection at least ten days prior to the date of the selection.
- d. A public hearing shall be held on the regularly scheduled hearing date in May, for the purpose of making the selection.

Each applicant shall be invited to an interview at the hearing by the Commissioners making the selection. The interview shall be for an approximate duration of five minutes. Each Commissioner may question the applicant directly.

As an alternative, the Commission may, at its sole discretion, form a subcommittee to review all applications received, select the top candidates to be interviewed by the Commission, and make recommendations to the Commission.

The public member and alternate public member shall be selected by the Commission as follows:

- a. Each Commissioner, other than the public member and alternate public member, shall have the right to nominate one candidate from among the applicants.
- b. Selection shall be by majority affirmative vote of the Commission (excluding the public member and alternate public member), which shall include an affirmative vote by at least one of the members selected by each of the appointing authorities.
- c. If no candidate should receive the required votes, one or more additional sets of nominations and votes may be conducted from among the candidates, with nominations and voting being conducted in the same manner as provided above, if such is supported by a majority of the Commissioners authorized to vote. If no candidate should receive the required votes, then a new recruitment shall be conducted.
- d. The new public member and alternate public member shall begin their terms immediately.

Reference: February 24, 1988; December 20, 2000; July 17, 2013

Attachment B

CKH

Terms of commissioners

56334. The term of office of each member shall be four years and until the appointment and qualification of his or her successor. Upon enlargement of the commission by two members, as provided in Section 56332, the new members first appointed to represent independent special districts shall classify themselves by lot so that the expiration date of the term of office of one new member coincides with the existing member who holds the office represented by the original two-year term on the commission and the term of office of the other new member coincides with the existing member who holds the office represented by the original four-year term on the commission. The body which originally appointed a member whose term has expired shall appoint his or her successor for a full term of four years.

https://calafco.starchapter.com/images/downloads/Cortese_Knox_Hertzberg_Act/ckh_guide_2023_linked.pdf


Attachment C

Applications for the Alternate Public Member are on file with Fresno LAFCo Staff.

Review of these documents are available upon request.

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

AGENDA ITEM NO. 9

DATE: May 8, 2024
TO: Fresno Local Agency Formation Commission
FROM: Brian Spaunhurst, Executive Officer 
SUBJECT: Final Budget and Work Plan for Fiscal Year 2024-25.

RECOMMENDATION: Approve

Executive Summary

The fiscal year (“FY”) 2024-25 LAFCo final budget estimate is summarized in Attachment “A” and the final 2024-25 work plan is presented in Attachment “B” for the Commission’s consideration and approval.

The FY 2023-24 budget is \$665,158. Staff anticipates that fee revenue will close \$28,938 above projections and expenses are projected to close \$51,721 under budget at \$613,437.

Staff presents a final FY 2024-25 budget of \$782,044, an increase of \$116,886 from FY 2023-24. The final budget increases the Commission’s practice of maintaining an operational reserve of \$150,000 up to \$200,000 by utilizing left over funds from FY 2023-24.

Based on Commission comments and direction from its consideration of the proposed budget and work plan in April, the final budget and work plan is now presented to the Commission. In accordance with Government Code (GC) sec. 56381, the proposed and final budgets were 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 2023-24 Budget to Close

Revenue

FY 2023-24 anticipated \$665,158 in revenue, comprised of a net allocation of \$645,158 (\$322,579 from both the County and the 15 cities, respectively), and \$20,000 anticipated in application fees. Staff anticipates that FY 2023-24 fee revenue will close \$28,938 higher than projected.

Expense - Office Operations

FY 2023-24 budgeted office operations for \$122,064 and are estimated at this point to close at \$101,342. Contributing factors include reducing Commission Hearing Expenses by only meeting when Agendas are full or as needed as well as Commissioners and one staff member limiting their attendance to the CALAFCO Conference and Staff Workshop.

Expense - Personnel

FY 2023-24 personnel expenses were budgeted for \$467,384 and are estimated to close at \$457,635. Contributing factors include reduced expenditures for part time intern and bookkeeper and one analyst position being vacated for the final two months of the FY.

Expense - Consulting Services

FY 2023-24 consulting services expenses were budgeted for \$75,710 and are estimated to close at \$54,460. Contributing factors include minimized utilization of LAFCo Counsel and reduced Data Service charges.

Final FY 2024-25 Budget and Work Plan

Final FY 2024-25 budget estimate is \$782,044, comprised of the following:

Revenue

The final FY 2024-25 revenue forecast is \$782,044, with the County and cities' contribution of \$353,522, respectively, \$25,000 in application fees and a \$50,000 fund balance contribution.

Expenses – Personnel

The final personnel expense forecast is \$547,407. This figure reflects the addition of one analyst, replacement of another analyst, merit-based step increases for permanent staff, funding three part time student interns and a bookkeeper.

Expense - Office Operations

The final office operations expense forecast is \$168,927. This figure reflects the relocation of LAFCo's office to support additional staff and its increased Lease expenses, planned increases in: CALAFCO dues, liability insurance, and full staff and Commission participation in the Annual CALAFCO Conference.

Expense - Consultant Services

The final consulting services expenses forecast is \$65,710. This figure includes minor increases to consulting services and anticipated legal expenses related to review of the County/LAFCo agreement expiring at the end of 2024.

Final FY 2024-25 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 final FY 2024-25 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:

- Paul Nerland, Fresno County Administrative Officer
- All city managers and special district general managers in Fresno County

ATTACHMENT A

- - Final FY 2024-25 BUDGET - -			
Updated 5-02-2024			
REVENUE SUMMARY	Adopted FY 2023-24 Budget	Estimate to Close FY 2023-24	Final FY 2024-25 Budget
ALLOCATION COUNTY	322,579	322,579	353,522
ALLOCATION CITIES	322,579	322,579	353,522
APPLICATION FEES	20,000	48,938	25,000
ACCOUNT INTEREST	0	10,821	0
AUTH. FUND BALANCE CONTRIBUTION	0	0	50,000
AUTH. CONTRIBUTION FROM RESERVES	0	0	0
Total	665,158	704,917	782,044
EXPENDITURE SUMMARY			
EXPENDITURE - OFFICE OPERATIONS	122,064	101,342	168,927
EXPENDITURE - PERSONNEL	467,384	457,635	547,407
EXPENDITURE - CONSULTING SERVICES	75,710	54,460	65,710
Total	665,158	613,437	782,044

**FINAL FY 2024-25 WORKPLAN
May 8, 2024**

1. PROCESS APPLICATIONS, REORGANIZATIONS AND CITIES' SOI AMENDMENTS

Preliminary budget implication: application fees will fund this activity.

Proposals under discussion but not submitted include a City of Clovis SOI Amendment and Annexation, City of Selma SOI Amendment and Annexation, City of Reedley SOI Amendment and Annexation, City of Kingsburg SOI Amendment and Annexation, City of Kerman Annexation, Raisin City Water District SOI Amendment and Annexation, and Panoche Drainage District SOI Amendment and Annexation.

2. FRESNO LAFCO'S MUNICIPAL SERVICE REVIEW PROGRAM

Preliminary budget implication: this activity can be funded from LAFCo's operating account.

On March 13, 2024, Staff was provided direction to determine how many years it takes for all MSR to be completed. Based off projections from previous years, Staff anticipates around 18 years to complete MSR for all 131 special districts and cities within Fresno County. In addition, Staff was directed to determine the costs associated with improving this to an estimated cycle of 10 years.

Existing staff, along with one extra Analyst and two extra interns should provide the staffing needed to initially improve the cycle to 13 years. As the years of training and development go on, Staff anticipates this to further improve to a 10 year cycle.

The proposed budget includes expenses related to the hiring and training of this additional staff along with increasing our lease square footage to provide adequate workspace.

3. Review and update of Fresno LAFCo Policy Manual

Preliminary budget implication: Can be funded by operational funds.

Fresno LAFCo's Policy Manual has undergone a complete and thorough examination to update policies consistent with CKH, and to reflect contemporary priorities and characteristics of the Commission's local agencies. Unless major changes to CKH occur, only minor annual amendments will be made as needed.

BACKGROUND ON FRESNO LAFCO'S WORK PLAN

Fresno LAFCo's Financial and Accounting Procedures specify that before July 1, the LAFCo Executive Officer shall prepare for the Commission's review and approval of an annual work plan. The work plan is prepared in conjunction with the annual budget. The work plan identifies the purposes and plans of state law and local policy, including requirements for service reviews, sphere of influence updates, and other mandated functions. The budget supports the work program.

This work plan reflects the Fresno LAFCo's Policies and Procedures and the current and the dynamic needs of the local agencies in Fresno County. The work plan is composed of projects to be undertaken directly by LAFCo staff during the year.

The work plan is developed to advance the goals and mission of Fresno LAFCo, consistent with state law.

I. SCOPE OF WORK PLAN

The scope of the work plan is consistent with the legislature's findings and declarations:

- It is the policy of the state to encourage orderly growth and development, which are essential to the social, fiscal, and economic well-being of the state.
- The logical formation and determination of local agency boundaries is an important factor in promoting orderly development and in balancing that development with sometimes competing state interests of discouraging urban sprawl, preserving open-space and prime agricultural lands, and efficiently extending government services.
- Providing housing for persons and families of all incomes is an important factor in promoting orderly development.
- This policy should be affected by the logical formation and modification of the boundaries of local agencies, with a preference granted to accommodating additional growth within, or through the expansion of, the boundaries of those local agencies which can best accommodate and provide necessary governmental services and housing for persons and families of all incomes in the most efficient manner feasible.
- The Legislature also finds that, whether governmental services are proposed to be provided by a single-purpose agency, several agencies, or a multipurpose agency, responsibility should be given to the agency or agencies that can best provide government services.

II. PROJECTS OF THE WORK PLAN

The projects are identified to address important issues identified by the Commission in its initial Policies, Standards, and Procedures Document, adopted in 1986 or as revised. Fresno LAFCo identified the following list of problems and needs locally, which pertain to the Commission's responsibilities, and developed policies, standards, and procedures in this document in order to help resolve the problems and meet needs within the Commission's jurisdiction:

1. Proliferation of overlapping and competing local agencies.
2. Need for more cooperation/coordination among local agencies.
3. Inadequate level or range of services in county/community.
4. Inadequate revenue base or adverse fiscal impacts for local agencies.
5. Illogical, gerrymandered agency boundaries, islands, surrounded areas.
6. Illogical agency service areas.

7. Conflicts between urban and rural/agricultural land uses.
8. Premature proposals and lack of development proposals.
9. Phasing of agency expansion/growth.
10. Determining environmental effects of proposals.
11. Determining consistency with city or county general plans.
12. Urban sprawl and leapfrog urban development.
13. Guiding urban growth away from prime agricultural lands.
14. Defining agricultural lands and open space lands.
15. Opposition of proposals by residents and popularity of proposals by landowners/developers.
16. Provision of adequate noticing of LAFCO hearing and conducting authority hearing.

On February 18, 2015, the following Special District issues were presented to the Commission:

1. No adopted annual budget, by-laws, or procedures.
2. No services.
3. District board nonfeasance.
4. Special district is the subject of a Grand Jury reports.
5. Lack of staff or staff lacks technological/managerial/financial (T/M/F) expertise.
6. Board members fulfill both policy and operational functions.
7. Lack of coordination of similar services between and among different special districts.
8. Lack of transparency and/or Brown Act compliance.
9. Changing demographics, antiquated mission.
10. The special district does not cooperate with LAFCo on the MSR.

Other special district issues have since emerged:

11. The district board frequently lacks a quorum.
12. Board members lack technical, managerial, and/or financial expertise.
13. Board members continue to serve after terms expire (though frequently permitted by the district's principal act).
14. District does not file annual financial statements with County Auditor Controller Treasurer Tax Collector.

III. WORK PLAN CONFORMITY WITH FRESNO LAFCO GOALS

The work plan is refined annually to conform to Commission's adopted goals:


1. Encouraging orderly formation and development of agencies;
2. Encouraging consistency with spheres of influence and recommended reorganization of agencies;
3. Encouraging orderly urban development and preservation of open space patterns;
4. Encouraging conservation of prime agricultural lands and open space areas;
5. Providing public access to the Commission via the internet; and
6. LAFCo disadvantaged communities' policy.

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

AGENDA ITEM NO. 10

DATE: May 8, 2024

TO: Local Agency Formation Commission

FROM: Brian Spaunhurst, Executive Officer 

SUBJECT: Consider Approval: Lease Agreement with Tutelian Update for Office Space Located in The Grand Tower and Authorize Partial Expenditure of the Commission's Contingency Fund for FY 23-24

RECOMMENDATION:

- 1- Authorize the Executive Officer to extend the current lease for an additional 5 years and authorize an expenditure from the Commission's contingency fund to support moving related expenses.**
- 2- Authorize the Executive Officer to sign a new 10-year lease agreement with Tutelian and authorize an expenditure from the Commission's contingency fund to support moving related expenses.**

Background

Originally approved in 2022, the lease for LAFCo's current office space is set to expire at the beginning of January 2028. During the March Hearing, the Executive Officer was directed to conduct an analysis on what it would take to increase staffing to improve the rate at which Municipal Service Reviews are completed. This increase in staffing would require additional office space as the current office space is already at maximum capacity. The existing lease allows for relocation within the same building.

The building management team has assisted in identifying another suite that would accommodate the proposed staff expansion as well as offer additional amenities. The relocation to this suite currently has two options for consideration:

Option 1: Add 5 years to the current lease expiration with no other changes to the current lease except for the total square footage leased.

Option 2: Form a new lease for 10 years with no other changes to the current lease except for the total square footage leased.

Historically, the LAFCO office has not been at any one location longer than 10 years.

At the April Hearing, staff was asked to table this item until the May Hearing so that additional Commissioners could be present to vote on the Commission's direction.

Budget

Any cost savings are speculative as the future market of downtown office space is unknown. While the historical inflation rate has been around 3%, recent and localized inflation rates have been much greater and trending upwards. The proposed move would keep both the price per square foot and annual escalations locked in.

Our current budget accommodates \$2,765 per month or \$33,182 per year for 1,202 square feet of office space. The cost to expand our office space to 2,753 square feet would require \$5,870 or \$70,443.

There are typically a handful of costs associated with signing a new lease that include new stationary, business cards and moving expenses. During the most recent move less than two years ago, staff implemented several cost saving measures including an update to our letterhead that allowed it to be printable and utilized on an as needed basis and switching from disposable business cards to identification cards that include a scannable QR code. Continued implementation of these measures would leave only moving costs to be considered.

During our last relocation, moving expenses were kept under \$1,500. As the proposed move is only one floor below our existing space, building management has offered to assist by providing desks, chairs, and conference tables in the new office space (estimated value of \$50,000) as well assist in moving our file cabinets and other small furniture. The printer is required to be moved by California Business Machines per the terms of the lease. A recent quote received from the County calls for approximately \$3,000 to run fiber internet into the new suite. Staff is currently exploring options to reduce this cost.

Findings

The addition of LAFCo staff members required to improve Municipal Service Review output also requires additional office space. Our current building manager has identified space that would support:

- 1 Executive Officer
- 1 Clerk to the Commission
- 3 Analysts
- 3 unpaid interns

In addition, the proposed space also includes a kitchen/break room and a larger conference room. Should there be an increase in projects, the three intern positions can be converted into analyst positions.

While the addition of staff and lease of a larger office space is contingent on approval of the FY 24/25 Budget, the Executive Officer requests authorization from the Commission to negotiate and approve the relocation of the existing lease.

Both options presented include the request of authorization to utilize no more than \$3,000 to address any moving related expenses.