

ACCT. #	ACCOUNT NAME	ACTUAL YEAR-END FY 08-09	FINAL BUDGET FY 09-10	ESTIMATED YEAR-END TOTAL	ESTIMATED YEAR-END PERCENT	PRELIMINARY BUDGET FY 10-11	PROJECTED BUDGET FY 11-12
<b>SALARIES AND BENEFITS</b>							
1010	Regular Salary, Cell Phone, and Bilingual	\$ 470,302.29	\$ 506,166.00	\$ 498,347.34	98%	\$ 451,626.00	\$ 408,437.00
1030	Merit Incentive (Auto)	\$ 14,200.04	\$ 19,041.00	\$ 15,161.58	80%	\$ 14,600.00	\$ 14,881.00
1045	Termination Payment	\$ -	\$ 18,860.00	\$ 18,825.37	100%	\$ 35,469.00	\$ -
1110	General Member Retirement	\$ 109,890.51	\$ 109,192.00	\$ 110,711.27	101%	\$ 79,607.00	\$ 94,177.00
1130	Survivors Benefits	\$ 383.94	\$ 327.00	\$ 223.51	68%	\$ 114.00	\$ 133.00
1135	Indemnification - General	\$ 62,052.67	\$ 59,677.00	\$ 61,151.73	102%	\$ 43,407.00	\$ 53,315.00
1200	Employee Group Insurance (Health Ins. Subsidy)	\$ 10,145.44	\$ 10,775.00	\$ 12,012.60	111%	\$ 8,716.00	\$ 13,390.00
1205	Long-Term Disability	\$ 1,051.74	\$ 899.00	\$ 1,315.12	146%	\$ 1,005.00	\$ 1,282.00
1207	Vision Care Insurance	\$ 882.96	\$ 756.00	\$ 786.74	104%	\$ 645.00	\$ 750.00
1215	Dental Insurance	\$ 491.92	\$ 511.00	\$ 510.84	100%	\$ 326.00	\$ 501.00
1220	Psychological Services	\$ 491.40	\$ 421.00	\$ 409.85	97%	\$ 314.00	\$ 375.00
1222	Short-Term Disability	\$ 1,566.24	\$ 1,340.00	\$ 1,395.56	104%	\$ 1,145.00	\$ 1,330.00
1225	Social Security Medicare	\$ 3,684.15	\$ 2,728.00	\$ 3,775.10	138%	\$ 4,106.00	\$ 6,908.00
1235	Workers' Compensation	\$ 1,984.00	\$ 4,456.00	\$ 4,188.89	94%	\$ 4,250.00	\$ 4,084.00
1240	Life Insurance	\$ 8,311.72	\$ 7,498.00	\$ 7,641.38	102%	\$ 4,794.00	\$ 7,454.00
1305	Other (Medical Reimbursement Plan)	\$ 4,896.98	\$ 5,340.00	\$ 4,870.04	91%	\$ 4,560.00	\$ 5,300.00
1310	Indemnification	\$ 35,880.00	\$ 32,325.00	\$ 32,270.00	100%	\$ 27,816.00	\$ 32,071.00
1314	401a Defined (LAFCO Contribution)			\$ 1,421.81		\$ 1,773.00	\$ 2,579.00
1315	401k Contribution	\$ 35,158.14	\$ 32,626.00	\$ 33,324.50	102%	\$ 23,399.00	\$ 30,068.00
1317	Deferred Compensation (inactive)	\$ 1,878.45	\$ 2,952.00	\$ 1,553.11	53%	\$ -	\$ -
1000	Salary Reserve	\$ -	\$ -	\$ -		\$ -	\$ 15,000.00
<b>TOTAL SALARIES &amp; BENEFITS</b>		<b>\$ 763,252.59</b>	<b>\$ 815,890.00</b>	<b>\$ 809,896.35</b>	<b>99%</b>	<b>\$ 707,672.00</b>	<b>\$ 692,035.00</b>
Staffing (Full time equivalent units)		6.0	5.0	5.0		5.0	5.0

**SERVICES AND SUPPLIES**

**Services:**

2037	COMNET Charge (ISF)	\$ 2,596.80	\$ 2,597.00	\$ 2,488.81	96%	\$ 2,784.00	\$ 2,854.00
2038	Long Distance Charges	\$ 431.32	\$ 624.00	\$ 284.69	46%	\$ 336.00	\$ 344.00
2040	Relocation Charges - Phone Service		\$ -	\$ -		\$ -	\$ -
2041	Phone Service/Outside Company	\$ 432.76	\$ 420.00	\$ 541.60	129%	\$ 528.00	\$ 541.00
2043	Electronic Equipment Maintenance	\$ 270.48	\$ -	\$ -		\$ -	\$ -
2075	Membership Dues	\$ 7,836.00	\$ 8,014.00	\$ 7,776.00	97%	\$ 7,825.00	\$ 8,021.00
2076	Tuition Reimbursement	\$ -	\$ 160.00	\$ -	0%	\$ 2,000.00	\$ 2,050.00
2080	Publications	\$ 2,435.96	\$ 1,502.00	\$ 1,859.95	124%	\$ 1,621.00	\$ 1,661.00
2085	Legal Notices	\$ 30,327.48	\$ 22,400.00	\$ 21,399.60	96%	\$ 16,400.00	\$ 16,810.00
2115	Computer Software	\$ 1,397.40	\$ 1,607.00	\$ 2,151.04	134%	\$ 6,200.00	\$ 1,410.00
2125	Inventoriable Equipment	\$ -	\$ -	\$ -		\$ 15,800.00	\$ -
2195	Reimbursement Services and Supplies	\$ (19.95)	\$ -	\$ (16.88)		\$ -	\$ -
2245	Other Insurance	\$ 9,148.16	\$ 9,150.00	\$ 8,097.68	88%	\$ 8,365.00	\$ 8,815.00

**Supplies:**

2305	General Office Expense	\$ 11,393.95	\$ 5,625.00	\$ 5,864.83	104%	\$ 5,738.00	\$ 5,881.00
2308	Credit Card Clearing Account	\$ 4.57	\$ -	\$ 454.36		\$ -	\$ -
2310	Postage - Direct Charge	\$ 15,564.11	\$ 18,662.00	\$ 18,647.99	100%	\$ 9,172.00	\$ 9,401.00
2315	Records Storage	\$ 771.97	\$ 820.00	\$ 792.80	97%	\$ 900.00	\$ 900.00
2323	Reproduction Services	\$ 2,102.97	\$ 1,080.00	\$ 550.72	51%	\$ 600.00	\$ 615.00
2335	Temporary Services					\$ -	\$ -

**Consultant & Special Services:**

2400	Prof & Special Service (Legal Counsel)	\$ 32,217.23	\$ 59,761.00	\$ 58,215.23	97%	\$ 35,368.00	\$ 36,252.00
2405	Auditing	\$ 6,494.00	\$ 6,744.00	\$ 6,754.00	100%	\$ 7,014.00	\$ 7,189.00
2410	Data Processing	\$ 6,434.26	\$ 8,400.00	\$ 6,699.04	80%	\$ 7,200.00	\$ 7,380.00
2415	COWCAP	\$ 22,065.65	\$ 53,325.00	\$ 53,324.82	100%	\$ 39,320.00	\$ 39,000.00
2420	ISD Other IT Services	\$ 206.40	\$ 206.00	\$ 206.40	100%	\$ 206.00	\$ 212.00
2421	ISD Direct	\$ 1,019.25	\$ 1,969.00	\$ 1,320.00	67%	\$ 5,700.00	\$ 1,230.00
2424	Mgmt & Tech (Environmental Consultant)	\$ 30,998.00	\$ 24,230.00	\$ 22,891.00	94%	\$ 19,982.00	\$ 20,482.00
2444	Security Services	\$ 384.00	\$ 600.00	\$ 384.00	64%	\$ 480.00	\$ 492.00
2445	Other Prof (Commission, Surveyor, ROV)	\$ 59,573.59	\$ 52,237.00	\$ 51,080.72	98%	\$ 44,920.00	\$ 46,043.00
2449	Outside Legal (Litigation & Special Counsel)	\$ 81,197.78	\$ 72,000.00	\$ 60,840.84	85%	\$ 66,000.00	\$ 70,000.00
2450	System Development	\$ -	\$ 500.00	\$ -	0%	\$ -	\$ -
2460	GIMS Charges	\$ 13,200.00	\$ 14,100.00	\$ 14,079.00	100%	\$ 13,800.00	\$ 14,145.00

**Lease/Purchases:**

2895	Rent/Lease Equipment (copier)	\$ 8,298.50	\$ 8,364.00	\$ 10,119.10	121%	\$ 8,910.00	\$ 9,133.00
2905	Office/Hearing Chamber Rental	\$ 50,338.50	\$ 52,313.00	\$ 52,312.56	100%	\$ 53,768.00	\$ 55,113.00

ACCT. #	ACCOUNT NAME	ACTUAL YEAR-END FY 08-09	FINAL BUDGET FY 09-10	ESTIMATED YEAR-END TOTAL	ESTIMATED YEAR-END PERCENT	PRELIMINARY BUDGET FY 10-11	PROJECTED BUDGET FY 11-12
<b>Travel Related Expenses:</b>							
2920	Employee Mileage (inactive)						
2935	Other Travel (inactive)						
2940	Private Mileage	\$ 4,563.96	\$ 4,756.00	\$ 6,089.34	128%	\$ 3,102.00	\$ 3,180.00
2941	Conference/Training	\$ 6,158.00	\$ 3,690.00	\$ 4,773.95	129%	\$ 3,300.00	\$ 3,383.00
2942	Hotel	\$ 5,397.72	\$ 3,454.00	\$ 3,557.00	103%	\$ 2,850.00	\$ 2,921.00
2943	Meals	\$ 587.75	\$ 500.00	\$ 647.76	130%	\$ 760.00	\$ 779.00
2944	Car Rental	\$ -	\$ 200.00	\$ -	0%	\$ -	\$ -
2945	Air Travel	\$ 398.20	\$ 1,400.00	\$ 233.20	17%	\$ -	\$ -
2946	Other Travel	\$ 486.60	\$ 742.00	\$ 304.50	41%	\$ 280.00	\$ 287.00
<b>Other Charges:</b>							
5012	Services Out (Office Depot)	\$ 3,856.02	\$ 4,800.00	\$ 3,665.01	76%	\$ 4,800.00	\$ 4,800.00
<b>TOTAL SERVICES &amp; SUPPLIES</b>		\$ 418,569.39	\$ 446,952.00	\$ 428,390.66	96%	\$ 396,029.00	\$ 381,324.00
<b>TOTAL EXPENDITURES</b>		\$ 1,181,821.98	\$ 1,262,842.00	\$ 1,238,287.01	98%	\$ 1,103,701.00	\$ 1,073,359.00
6000	Contingency	\$ -	\$ -	\$ -		\$ 25,000.00	\$ 25,000.00
6025	Reserves	\$ -	\$ 122,658.00	\$ -		\$ 124,108.00	\$ 164,435.00
<b>TOTAL APPROPRIATION</b>		\$ 1,181,821.98	\$ 1,385,500.00	\$ 1,238,287.01	89%	\$ 1,252,809.00	\$ 1,262,794.00

ACCT #	ACCOUNT NAME	ACTUAL YEAR-END FY 08-09	FINAL BUDGET FY 09-10	ESTIMATED YEAR-END TOTAL	ESTIMATED YEAR-END PERCENT	PRELIMINARY BUDGET FY 10-11	PROJECTED BUDGET FY 11-12
<b>USE OF MONEY</b>							
8500	Interest	\$ 21,863.43	\$ 15,000.00	\$ 9,055.33	60%	\$ 10,000.00	\$ 12,500.00
<b>MANDATORY CONTRIBUTION FROM GOVERNMENTS</b>							
8842	Local Government -- For Fiscal Year 2010-11 apportionment to County, Cities, and Independent Special Districts of approximately \$344,637 each	\$ 1,049,960.52	\$ 1,001,415.00	\$ 1,001,414.61	100%	\$ 1,033,911.00	\$ 1,033,911.00
<b>CURRENT SERVICES (FEES)</b>							
9145	Fed Only	\$ 782.60					
9545	Individual Notice	\$ 6,426.79	\$ 5,600.00	\$ 6,292.17	112%	\$ 5,600.00	\$ 5,600.00
9555	Legal Services	\$ 86,001.49	\$ 78,048.00	\$ 35,176.28	45%	\$ 8,625.00	\$ 8,625.00
9655	GIMS Fees	\$ 10,000.00	\$ 9,400.00	\$ 10,860.00	116%	\$ 3,400.00	\$ 3,400.00
9660	Environmental Deposits	\$ 22,858.26	\$ 5,700.00	\$ 12,577.96	221%	\$ 5,700.00	\$ 5,700.00
9660	EIR for LAFCO 3076 - Applicant Payments to LAFCO	\$ 83,892.00					
9800	LAFCO Fees	\$ 107,344.20	\$ 41,550.00	\$ 59,747.47	144%	\$ 57,250.00	\$ 57,250.00
<b>TOTAL FEE REVENUE</b>		\$ 317,305.34	\$ 140,298.00	\$ 124,653.88	89%	\$ 80,575.00	\$ 80,575.00
<b>Total Contribution Revenues (Use of Money, Mandatory Contributions, Current Services)</b>		\$ 1,389,129.29	\$ 1,156,713.00	\$ 1,135,123.82	98%	\$ 1,124,486.00	\$ 1,126,986.00
<b>OTHER TYPES OF REVENUES</b>							
9910	Refunds from Prior Year Revenue	\$ (18,137.54)	\$ (15,400.00)	\$ (5,385.08)	35%	\$ (7,000.00)	\$ (12,200.00)
9930	Miscellaneous Revenues	\$ 558.95	\$ 100.00	\$ 658.05	658%	\$ 500.00	\$ 500.00
9970	Other/Carryover from Prior Year	\$ 86,550.32	\$ 117,348.00	\$ 117,574.61	100%	\$ 12,165.00	\$ 25,000.00
9970	Carryover of Reserves	\$ 52,198.00	\$ 126,739.00	\$ 126,739.00	100%	\$ 122,658.00	\$ 122,658.00
9990	Trust Transfer						
9990	EIR for LAFCO 3076 - LAFCO Committed Payments	\$ (83,892.00)		\$ (1,599.98)			
<b>Total Other</b>		\$ 37,277.73	\$ 228,787.00	\$ 237,986.60	104%	\$ 128,323.00	\$ 135,958.00
<b>TOTAL REVENUES</b>		\$ 1,426,407.02	\$ 1,385,500.00	\$ 1,373,110.42	99%	\$ 1,252,809.00	\$ 1,262,944.00

## **NARRATIVE FOR FY 2010-11 PROPOSED BUDGET**

### **SALARIES AND BENEFITS – 1000 SERIES**

#### **FY 2009-10**

Salaries and Benefits (1000 series) for FY 2009-10 was budgeted at \$825,890 for five positions: one Executive Officer, one LAFCO Senior Analyst, one LAFCO Analyst, and two Deputy Clerks to the Commission. This included payments totaling \$73,546 of mandatory leave cashouts and mandatory sick-leave conversion to the Retirement Medical Trust Fund for the elimination of the Clerk to the Commission position. Year-end expenditures for the 1000 series are estimated to be \$809,896, \$15,994 under budget. This fiscal year included the payment of 27 pay periods, a once every ten year occurrence.

#### **FY 2010-11**

Due to the reduced workload anticipated for the Commission, the total proposed budget for salaries and benefits of \$707,672 funds a staff of five positions for the standard 26 pay periods: one Executive Officer, one LAFCO Senior Analyst, one LAFCO Analyst, and two Deputy Clerks to the Commission. Overall, the FY 2010-11 Preliminary Budget is \$102,225 less than the FY 2009-10 Year-end Estimate.

As a regular employee the LAFCO Executive Officer will retire effective September 24, 2010 (through eight pay periods). This action will require payment of mandatory leave cashouts and mandatory sick-leave conversion to the Retirement Medical Trust Fund. For the remainder of the fiscal year, the Executive Officer position is proposed to be filled through contract not to exceed 960 hours. The budget anticipates the hiring of a new Executive Officer during the end of FY 2010-11 or beginning of FY 2011-12.

As detailed in the preliminary budget staff report, the Commission has adopted the same benefit package and cost-of-living increases as provided by the County's Exempt Compensation Plan. It is the staff recommendation that the cost-of-living increases that the Commission approved in May 2009 to take effect June 20, 2010 (3.25%) and June 5, 2011 (2.75%) be eliminated. Elimination of this increase provides an overall cost savings of \$17,439 during FY 2010-11 since salaries paid impact benefits for earnable compensation. Staff will provide the Commission with a resolution for adoption at the Final Budget Review in May. When the economy recovers, staff will bring this item back to the Commission.

#### **FY 2011-12**

The forecast for FY 2011-12 includes the payment of the standard 26 pay periods and the elimination of the deferred 2.75% cost-of-living increase for a projected budget of \$692,035. The budget projection includes \$15,000 as a salary reserve to allow some flexibility for the future. The FY 2011-12 Projected Budget for salaries and benefits

(including salary reserve) is roughly \$118,000 less than the FY 2009-10 Year-end Estimate and \$16,500 less than the FY 2010-11 Proposed Budget.

### **SALARIES AND BENEFITS FOR FISCAL YEAR 2010-11**

#### **Regular Salary – Account 1010: \$451,626**

Salaries are calculated at 26.5 pay periods for four positions, eight and 1/2 pay periods for the current Executive Officer, the contract for the Executive Officer position to the end of the fiscal year and includes additional salary-related payments totaling \$451,626 (a reduction of roughly \$46,700 from FY 2009-10 year-end estimate). Regular salary costs only are estimated at \$405,800. Additional payments in Regular Salaries are:

- The payment of the anticipated mandatory leave cashouts for the retiring Executive Officer totaling \$34,344.
- Optional conversion of leave to cash and payment of administrative leave totals \$11,482. Additional leave conversions include the conversion of vacation time to cash payment as set out by employees in December 2009 (pursuant to IRS rulings) for the 2010 calendar year and the payment of administrative leave balances as of December 2010.

### **BENEFITS**

For employee benefits, LAFCO mirrors the County's Exempt Compensation Plan as identified in the LAFCO Benefits Plan and contracts with the County to administer the benefits for LAFCO employees. Benefit allocations are calculated at eight pay periods for the executive officer position and 26.5 pay periods for the remaining positions, except where identified otherwise.

#### **Merit Incentive (Car) – Account 1030: \$14,600**

The LAFCO Benefit Plan allocates to the Executive Officer \$561.54 per pay period for car allowance. This benefit is proposed to be provided for the entire fiscal year (excluding the month of October).

#### **Termination Payment – Account 1045: \$35,469**

The LAFCO Benefit Plan provides that at separation from LAFCO service, employees are required to contribute the cash value of their unused sick-leave to the Retirement Medical Trust Fund at the rate of 75% of the cash value of the employee's unused sick leave hours. For the retiring Executive Officer this amount is calculated to be \$35,469.

#### **General Member Retirement – Account 1110: \$79,607**

Calculation for the payment of the LAFCO Retirement contribution is based upon the rate of 20.39% of salaries paid plus those benefits identified as "earnable compensation" by the San Bernardino County Employee Retirement Association determinations. The retirement rate increases from the FY 2009-10 contribution rate of 19.42% to 20.39%, an overall increase of 4.99%. Even with the 4.99% rate increase,

the \$79,607 budgeted amount is roughly \$31,100 less than the FY 2009-10 year-end estimate.

Survivor's Benefits – Account 1130: \$114

The cost is calculated at \$1.00 per employee per pay period; a reduction of \$1.45 per employee per pay period.

Indemnification General – Account 1135: \$43,407

This account allocates the funding necessary to cover additional employee retirement payments pursuant to the provisions of the LAFCO Benefits Plan. This amount includes a seven percent match of earnable compensation as defined by San Bernardino County Employee Retirement Association bylaws and a supplemental retirement benefit of \$229.52 for LAFCO Benefit Group A (Executive Officer), \$147.73 for Benefit Group B (LAFCO Analysts), and \$94.20 for Benefit Group C (Deputy Clerk to the Commission). Of the \$43,407 budgeted amount, \$1,935 is related to the mandatory cash-out of accrued vacation, holiday, and administrative leave of the retiring Executive Officer. The \$43,407 budgeted amount is roughly \$17,700 less than the FY 2009-10 year-end estimate.

Employee Group Insurance (Health Insurance Subsidy) – Account 1200: \$8,716

This account allocates a Medical Premium Subsidy in an amount that, when combined with the Benefit Plan contributions, would offset the cost of health plan premiums charged to eligible employees. Calculations for FY 2010-11 utilize the rates as outlined in the LAFCO Benefits Plan, which is \$252.64 per pay period. Staff estimates one employee will receive this benefit for the full year and the retiring Executive Officer for eight pay periods. The \$8,716 budgeted amount is roughly \$3,300 less than the FY 2009-10 year-end estimate.

Long Term Disability – Account 1205: \$1,005

This cost is calculated at 33 cents per \$100 of base pay.

Vision Care Insurance – Account 1207: \$645

This cost is calculated at \$5.66 per employee per pay period.

Dental Subsidy – Account 1215: \$326

This account allocates a Dental Premium Subsidy in an amount that, when combined with the Benefit Plan contributions, would offset the cost of out-of-pocket dental expenses charged to eligible employees. Calculations for FY 2010-11 utilize the rates as outlined in the LAFCO Benefits Plan, which is up to \$9.46 per pay period. Staff estimates one employee will receive this benefit for the full year and the retiring Executive Officer for eight pay periods.

Psychological Services – Account 1220: \$314

This account is for benefits associated with the availability of psychological services and is calculated at \$2.75 per pay period per employee, a reduction from \$3.15 per pay period per employee.

Short Term Disability – Account 1222: \$1,145

LAFCO employees are provided with short-term disability by contract with the County to provide the same level of service as provided to County Exempt Employees. The cost is calculated at \$10.04 per pay period per employee.

Social Security Medicare – Account 1225: \$4,106

For employees entering LAFCO service after 1985, contribution to the federal Social Security Medicare system is mandatory. The cost is calculated for three positions at the rate of 1.35% of earnable compensation.

Worker's Compensation – Account 1235: \$4,250

This account is for worker's compensation insurance. LAFCO purchases this insurance through the Special District Risk Management Authority (SDRMA), a joint powers authority. The charge is estimated to be \$0.97 per \$100 of salaries and Commissioner stipends paid.

Life Insurance – Account 1240: \$4,794

This account contains costs associated with term life insurance, variable life insurance, and contributions to the Retirement Medical Trust Fund. The \$4,794 budgeted amount is roughly \$2,800 less than the FY 2009-10 year-end estimate. A breakdown is as follows:

- Payment of the cost associated with term life insurance calculates at \$2.00 per employee per pay period (\$228).
- Payment toward employee purchase of variable life insurance is included, estimated to be \$243.
- Contribution to the Retirement Medical Trust Fund for four positions (those with five or more years of participation in the San Bernardino County Employees Retirement Association) totaling \$4,323. Contributions are calculated at 1% of base salary per pay period for those with between five and ten years (two employees), 1.75% of base salary per pay period for those between ten and sixteen years of service (zero employee), and 2.75% of base salary per pay period for those with sixteen or more years of service (two employees).

Other (Medical Reimbursement Plan) – Account 1305: \$4,560

This account is for the Commission's matching payment toward an Exempt Medical Reimbursement Plan for employees of up to \$40 per employee per pay period. Staff estimates full utilization of this benefit.

Indemnification – Account 1310: \$27,816

LAFCO provides a flexible benefit plan to offset the costs of medical and dental insurance. The cost is currently budgeted at \$230 per employee per pay period. Additionally, the LAFCO Benefits plan provides a healthy lifestyle program and

employees are eligible for annual prepaid memberships with health clubs up to \$324 per year. The budget anticipates full participation by all employees in this plan. The \$27,816 budgeted amount is roughly \$4,500 less than the FY 2009-10 year-end estimate.

Deferred Compensation – Account 1314: \$1,773

LAFCO matches employee contributions to the 457 savings plan of the County up to 1% of the employee's base salary for LAFCO Benefit Group A and up to ½% of the employee's base salary for LAFCO Benefit Groups B and C. The appropriation anticipates full participation by all employees in this plan. For FY 2009-10, the County planned for accounting for this benefit in Account 1317. Since November 2009, this benefit is accounted for in Account 1314.

401(k) Contribution – Account 1315: \$23,399

LAFCO matches employee contributions to the 401(k) savings plan of the County up to 8% of the employee's base salary for LAFCO Benefit Groups A and B and 6% of base salary for LAFCO Group C. The appropriation anticipates full participation by the four full-time employees and the Executive Officer during the regular employment portion of the year. The \$23,399 budgeted amount is roughly \$9,900 less than the FY 2009-10 year-end estimate.

**SERVICES AND SUPPLIES – 2000 and 5000 SERIES**

**FY 2009-10**

For FY 2009-10, Services and Supplies are budgeted at \$376,952 and are estimated to exceed appropriation authority by roughly \$51,439 by year's end. The activities which have resulted in the increased expenditures within this overall category include:

- Excess processing costs (legal advertisement, postage, environmental review, and other professional services) totaling \$34,990. Of this cost, payment has been received or costs recovered totaling \$23,804 through March 2010. Three specific activities have contributed to the processing increases:
  - The reconsideration proceedings of LAFCO 3067 A-F (San Bernardino Islands) were an unbudgeted activity which affected the above-mentioned processing categories. The required reconsideration fee of \$6,600 (\$1,100 per resolution) was received by the reconsideration requestor as required by the Commission's fee schedule.
  - The Commission originally approved a nine hearing schedule for the fiscal year as a cost savings measure. However, eleven hearings have been scheduled which include processing costs. The two additional hearings were for the following reasons:

- December 2009 – This hearing was held for the Commission to discuss personnel transition and recruitment issues and the future of San Bernardino LAFCO in CALAFCO.
- March 2010 – This hearing was held to confer with legal counsel regarding litigation related to the San Bernardino Islands.
- \$4,000 anticipated for special counsel related to LAFCO 3084 (Clarification of Sewer Powers for Hi-Desert Water District). This cost is anticipated to be recovered by the applicant as required by the Commission's fee schedule.

Through the April 12, 2010, receivables outstanding total \$4,770 for four service reviews and two proposals reviewed by the Commission.

- Activities not anticipated at the time of budget formulation include:
  - \$3,000 for the Commission approved contract for the minutes of Commission hearings with an outside source.
  - The costs associated with the litigation related to LAFCO 3067A-F, for which cost recovery is not anticipated in the budget.

To accommodate the estimated unanticipated costs, staff is recommending that the Commission increase the overall budget of Services and Supplies by \$70,000 through a combination of \$35,000 in transfers from other account categories and \$35,000 in increases due to unanticipated revenues received. Overall, the Service and Supplies budget would increase by \$70,000 to \$446,952 and Total Appropriations would increase by \$35,000 to \$1,385,500. Staff's recommended transfers and increases are as follows:

- A total of \$35,000 in transfers to the Services and Supplies series of accounts is recommended as follows:
  - Transfer \$10,000 from Account 1010 (Regular Salary) to Account 2310 (Postage)
  - Transfer \$25,000 from Account 6000 (Contingency) to Account 2449 (Outside Legal)
- A total of \$35,000 in increases to the Services and Supplies series of accounts is recommended as follows:
  - Account 2085 (Legal Notices) – increase by \$8,000
  - Account 2424 (Environmental Consultant) – increase by \$8,000
  - Account 2445 (Other Professional Services) – increase by \$12,000
  - Account 2449 (Outside Legal) – increase an additional \$7,000

In order to balance the budget, staff is recommending an increase in Total Revenues by \$35,000 to \$1,385,500. Specifically, the following accounts are recommended to be increased in sum by \$35,000:

- Account 9655 (GIMS Fees) – increase by \$6,000
- Account 9970 (Carryover) – increase by \$29,000 to recognize increased carryover from FY 2008-09 into FY 2009-10

**FY 2010-11**

In order to address the reduced workload and funding stream, LAFCO staff is proposing the following reductions in the service and supplies category of accounts:

- Reduction in hearing schedule for the Commission. In the past, staff has budgeted for 11 hearings during the year, anticipating the month of December being dark since the hearing schedule is so close to the Christmas holidays. For FY 2009-10, the Commission approved a nine month hearing schedule, but 11 hearings have been scheduled. Due to the reduced applications anticipated for FY 2010-11, staff is proposing to establish a seven hearing date schedule for the year, as shown below. This reduction is estimated to save \$25,200 during the year.

Hearing	No Hearing
July 21	
	August (Commission retreat)
September 15	
	October
November 17	
	December
January 19	
	February
March 16	
	April
May 18	
	June

As shown in the chart above, there would be no April hearing. Therefore, the Preliminary Budget would be considered in March with adoption of the Final Budget in May.

- Should the issue of regional representation be adopted by CALAFCO, staff is proposing that attendance at the Annual CALAFCO Conference, scheduled for Palm Springs, be limited to four Commissioners and the Executive Officer. In addition, participation at the CALAFCO Staff Workshop would be limited to two staff members. The budget includes the annual dues to CALAFCO for \$7,000.

Should the issue of regional representation not be adopted by CALAFCO, then the budgeted \$7,000 dues for CALAFCO and the CALAFCO conference costs would be applied to California Coalition of LAFCOs (CCL) participation costs. While the potential CCL costs are unknown at this time, they are anticipated to be lower than the CALAFCO costs. Additionally, only the Executive Officer would attend the CALAFCO Annual Conference in this case.

The staff is presenting a policy item for Commission consideration for authorization to purchase a new server, computers, related software, and project management software for the LAFCO staff office. The technology project totals \$26,690 and a summary breakdown of the costs are identified below:

- The server is over 10 years old and has exceeded its life expectancy. Staff recommends its replacement as a priority need. The cost of the server, related software, and installation support from the County Information Services Department totals \$12,800.
- The computers of the two deputy clerks and laptops of the two analysts have exceeded their life expectancy and are recommended for replacement. The cost of the hardware, related software upgrades, and installation support for the office totals \$12,000.
- The purchase of proposal tracking software in order to manage proposals more efficiently and effectively is recommended by staff. The software would assist staff by developing and managing tasks, developing schedule forecasts, tracking of projects and development of reports, and tracking of costs related to specific proposals or projects. The cost of the software is estimated to be \$1,490.
- The purchase of a multi-tray CD burner is recommended for reproduction of the attachments to the staff reports and other distributed items. Utilization of a stand alone CD burner will eliminate CD burning on individual computers and laptops and increase staff efficiency. This cost of the CD burner is \$400.

The balance of the expense categories, where appropriate, is not subject to an inflationary increase because the Consumer Price Index for the previous calendar year for urban consumers in the Los Angeles-Riverside-Orange County metropolitan statistical area is -0.8%. The total budgeted amount for Services and Supplies for FY 2010-11 is \$397,479.

The FY 2010-11 budget includes the costs associated with the defense of a lawsuit filed against LAFCO regarding six island annexations to the City of San Bernardino. The City of San Bernardino has notified LAFCO that it will not accept its obligation as the applicant to pay the costs of the litigation. Staff is estimating the litigation to cost \$186,000 through FY 2011-12. This estimate is modeled from the costs incurred from

the CEQA litigation for LAFCO 3076 (Consolidation of the San Bernardino Valley Municipal Water District and San Bernardino Valley Water Conservation District). Of the \$117,000 estimated cost, \$50,000 is included as an unbudgeted amount for FY 2009-10, \$66,000 is included in the budget for FY 2010-11 and \$70,000 is forecast for FY 2011-12.

Based upon the reduced workload outlined in the staff report and this narrative, the costs anticipated within the Service and Supplies series of accounts is intended to provide for the Commission's processing and consideration of seven applications. Additionally, the year will include the completion of the Commission's mandated Service Reviews and Sphere of Influence Updates for the Mountain and South Desert regions as required by Government Code 56425 and 56430. Fiscal Year 2010-11 will also see the Commission commence its mandatory five year update of the Service Reviews and Sphere of Influence Updates for the West Valley Region (or possibly the East and West Valley Regions).

### **FY 2011-12**

Services and Supplies for FY 2011-12 are projected at \$381,324. Staff anticipates litigation to continue into FY 2011-12 and the FY 2011-12 Projected Budget includes \$70,000 for this activity.

The budgeted amount of \$381,324 is roughly \$65,000 less than the FY 2009-10 Year-end Estimate and \$16,000 less than the FY 2010-11 Preliminary Budget.

### **SERVICES AND SUPPLIES FOR FY 2010-11**

#### **SERVICES**

##### Comnet Charge – Account 2037: \$2,784

Comnet is the County's telephone system. Charges for use of this system are \$29.00 per line per month. LAFCO utilizes eight phone lines: seven telephones and one fax/answering machine.

##### Long Distance Charges – Account 2038: \$336

Long distance activity is estimated to be reduced to \$28 per month based on long-distance charges from the past two years.

##### Relocation Charges – Phone Service – Account 2040: \$0

This account is for new installations of phone lines. No activity in this account is anticipated.

##### Phone Service/Outside Company – Account 2041: \$528

The use of phone service outside the County system (Verizon) is required by the security alarm company to ensure proper monitoring for the LAFCO office. The monthly phone charge is \$44.00 per month, \$528 for the year.

Electronic Equipment Maintenance – Account 2043: \$0

This account is for new installations of data lines. No activity in this account is anticipated.

Membership Dues – Account 2075: \$7,825

This account is for membership in professional associations. Dues for CALAFCO are anticipated to remain at \$7,000 and dues for California Special Districts Association for associate members are anticipated to increase from \$776 to \$825.

Tuition Reimbursement – Account 2076: \$2,000

Pursuant to the LAFCO Benefits Plan, employees can be reimbursed for up to \$1,000 for approved tuition, course/seminar or degree related expenses, and membership dues in professional organizations. This appropriation provides for full participation by two employees.

Publications – Account 2080: \$1,621

This account anticipates costs for *The Sun, Business Press*, updates to the California Legislative Codes, California Environmental Law pamphlets, and other publications and/or updates utilized by either staff or the Commission. As a cost savings measure, staff is in the second year of a three year contract with West's Publishing Customer Loyalty program to receive updated pocket parts to the California Annotated Code.

Legal Notices – Account 2085: \$16,400

Last year, the Commission approved a change in policy to require the advertising of legal notices of Commission hearings in a newspaper of general circulation as required by State law only. This eliminates advertising in local newspapers within the areas of consideration. The processing of the sphere of influence updates and service reviews will require an eighth-page ad in general papers when a sphere amendment is proposed and when advertisement is authorized in lieu of individual landowner or registered voter notice. In addition, costs will be reduced through the decrease to a seven hearing schedule to include one retreat for the year.

Computer Software – Account 2115: \$6,200

Software to accompany the purchase of the new server and computers for staff totals \$6,200. Of this amount, roughly \$1,500 is for the purchase of project tracking software that is anticipated to streamline proposal tracking.

Government Code Section 56382 mandates LAFCO to maintain its records in perpetuity. To comply with this mandate, LAFCO has chosen to digitally archive its records, and the yearly maintenance of the digital archiving software is \$1,410.

Inventoriable Equipment – Account 2125: \$15,800

The server at the LAFCO staff office has exceeded its life expectancy and is in need of replacement. The cost of this purchase is \$10,000. Replacement of the computers and laptops are scheduled for this year with a cost of \$5,800.

Other Insurance – Account 2245: \$8,365

This account is for property liability insurance (liability and damage), general liability, public officials and employee errors and omissions, personal liability for board members, employment practices liability, employee benefits liability, employee dishonesty coverage, and auto liability. LAFCO purchases this insurance through the Special District Risk Management Authority, a joint powers authority. SDRMA has provided notification that it intends not to raise rates due to the economic conditions.

## **SUPPLIES**

General Office Expense – Account 2305: \$5,738

This account is utilized for expenses to run the office such as office supplies and non-inventoriable items. General expenses include ink for the color printer, paper, petty cash reimbursement, annual fire inspection fee, and office supplies. LAFCO utilizes the County's contract with Office Depot and these expenses are budgeted in Account 5012 (Office Depot).

Credit Card Clearing Account - Account 2308: \$0

This is a clearing account for use of the credit card issued to the Executive Officer. All charges on the card will be posted to this account temporarily and charges will be transferred to the appropriate accounts (2941 through 2946). At year's end, this account will have no expenditures.

Postage – Direct Charge – Account 2310: \$9,172

The shift to have attachments to the staff reports (except for requesting Commissioners) and notices on CD have reduced overall postage costs. In addition, FY 2010-11 will have a reduced activity level through reduction to a six hearing schedule providing for additional cost savings. The estimated postage cost for the year is \$7,200. Calculations for receipt and delivery of interoffice mail including special pick-ups are \$1,972 as outlined in the County's Internal Service Rates.

Records Storage – Account 2315: \$900

Government Code Section 56382 mandates LAFCO to maintain its records in perpetuity. The monthly cost for storage is estimated to be \$900 pursuant to the rates outlined in the contract with Iron Mountain.

Reproduction Services – Account 2323: \$600

This account is for reproduction activity outside of the LAFCO office (County Printing Services, Kinkos, etc.). The shift made to have attachments to the staff reports (except for Commissioners requesting paper) and notices on CD have reduced printing costs.

Temporary Services – Account 2335: \$0

No activity is anticipated for this account.

## **CONSULTANT AND SPECIAL SERVICES**

Professional and Special Service (Legal Counsel) – Account 2400: \$35,368

The existing contract for LAFCO legal counsel allows an annual rate based on the local consumer price index for the previous year for urban consumers not to exceed five percent and rounded up to nearest dollar. Staff has confirmed with legal counsel that there will be no rate increase for this year.

All legal counsel costs, with the exceptions of administrative charges and the staff workshop are billable under the Commission's existing fee policy. Legal counsel costs not billable are estimated at roughly \$11,500 for the year. Billable costs for the year include review of proposals and service reviews. Payments made for costs recoverable are deposited into Revenue Account 9555. (Litigation and outside legal counsel costs are charged under Account 2449 below.)

Auditing – Account 2405: \$7,014

Auditing is through contract with a private and independent accounting firm. FY 2010-11 will be the final year of a three-year contract with Lance Soll & Lunghard LLP for a contracted amount of \$6,830 for FY 2010-11. Additionally, the County Auditor-Controller/Recorder charges \$184 for its confirmation letter to LAFCO's independent auditor, and LAFCO staff anticipates this charge to remain for FY 2010-11.

Data Processing – Account 2410: \$7,200

LAFCO contracts with the County Information Services Department for technology related services. This account is for technology infrastructure (internet, email, security, etc.) and reporting from the County payroll system. The budget utilizes a monthly average of \$600 per person, a 14% decrease from FY 2009-10.

COWCAP – Account 2415: \$39,320

The estimated costs identified in the County Wide Cost Allocation Plan (COWCAP) to be charged in FY 2010-11 are for services performed in FY 2008-09. The identified costs are for County services such as technology charges-emerging technologies, use of County Purchasing, and processing of payments and payroll through the County Auditor-Controller/Recorder which are charged to LAFCO pursuant to existing agreements. The total cost is \$39,320; of this amount \$31,642 is related to technology charges (GIS mapping, application development and maintenance, etc.). The identified cost is \$14,005 less than FY 2009-10.

Pursuant to the memorandum of understanding with County Information Services Department (ISD), the majority of ISD services are to be billed through the County's annual COWCAP allocation process. To ensure the accuracy of the ISD billings in

COWCAP, LAFCO staff has implemented a procedure to review and verify the actual monthly activity in relation to the reportable activity from ISD.

ISD Other IT Services – Account 2420: \$206

This account is for installations to the wide area network (routers, internet, etc) and charges by the County Information Services Department for the Executive Officer's portable communication device (Blackberry) connection to County e-mail servers and computers. No activity is anticipated for this account by LAFCO or the County Information Services Department for wide area network installations. Portable communication device cost is \$17.20 per month.

ISD Direct – Account 2421: \$5,700

LAFCO contracts with the County Information Services Department for technology related services. This account is for maintenance of the local area network of computers, printers, and servers. This year will include the support for the technology upgrade of the server, computers, and related software. Staff estimates support for the technology project to cost \$4,500 and \$1,200 for routine maintenance.

Environmental Consultant – Account 2424: \$19,982

The Commission contracts with an independent consultant, Tom Dodson and Associates, for the environmental assessment associated with its proposals. Anticipated costs are for environmental analysis of out-of-agency service contracts, proposals, sphere of influence updates and service reviews, and for other environmental determinations. Based on the reduced activity schedule, overall costs are estimated to be \$19,982. All environmental consultant costs are billable under the Commission's existing fee schedule. Payments made for costs recoverable are deposited into Revenue Account 9660.

Security Services – Account 2444: \$480

Costs for maintaining the security alarm system and monitoring are \$40 per month (\$480 total).

Other Professional Services – Account 2445: \$44,920

This account is for professional services to process proposals and items on the hearing agendas and include anticipated costs for the County Surveyor (increase from \$115 to \$127 per hour), Registrar of Voters (increase from 267 to \$268.17 per hour), and translation services for required notices. Commissioner stipend payments for attendance at hearings and the retreat are provided in this account estimated at a total expense of \$17,600. As noted in the opening paragraphs for the Service and Supplies categories, the budget anticipates that the Commission will have a reduced hearing schedule for the year, seven hearings and one retreat.

This account includes the costs anticipated for the recruitment of the Executive Officer position, estimated at \$6,000, through Alcock and McFadden, Human Resource consultants for the Commission. It is anticipated that the new Executive Officer will be on board at the end of FY 2010-11 or the beginning of FY 2011-12.

Outside Legal – Account 2449: \$66,000

This account is for legal services conducted through special contract for either litigation or when a conflict of interest waiver is not granted. The FY 2010-11 budget includes the costs for the defense of the lawsuit against LAFCO regarding six island annexations to the City of San Bernardino. As noted earlier in this narrative, the City of San Bernardino has notified LAFCO that it will not accept its obligation as the applicant to pay the costs of the litigation. Staff is estimating the litigation to cost \$186,000. This estimate is modeled from the costs incurred from the CEQA litigation for LAFCO 3076 (Consolidation of the San Bernardino Valley Municipal Water District and San Bernardino Valley Water Conservation District). Of the \$117,000 estimated cost, \$66,000 is included in the budget for FY 2010-11.

System Development – Account 2450: \$0

LAFCO contracts with the County Information Services Department for technology related services. This account is for support of the LAFCO website (includes monthly posting of the hearing agendas and staff reports) and support of a customized program to generate property owner listings and mailing labels as necessary. As described in the COWCAP explanation above, actual time of the County's Information Services Department's services are to be billed through the County's annual COWCAP allocation process two years in arrears of receipt of service. To ensure the accuracy of the ISD billings in COWCAP, LAFCO staff has implemented a process to verify the actual monthly activity in relation to the reportable activity from ISD at month's end and year's end.

GIMS Charges – Account 2460: \$13,800

LAFCO contracts with the County Information Services Department for technology related services. This account is for generation and maintenance of digitized maps. Costs for this account include paper maps generated (\$600), Aerial Imagery through Google Earth subscription (\$2,700) and Street Network Subscription (\$10,500).

As described in the COWCAP explanation above, actual time of the County's Information Services Department's services for GIS related services are to be billed through the County's annual COWCAP allocation process two years in arrears of receipt of service. To ensure the accuracy of the ISD billings in COWCAP, LAFCO staff has implemented a process to verify the actual monthly activity in relation to the reportable activity from ISD at month's end and year's end.

**LEASE/PURCHASES**

Rent/Lease Copier – Account 2895: \$8,910

The contract for the copier includes a monthly rate of \$571 and a per copy charge of \$.0049. With the move to placing more attachment content on CDs instead of printed medium, LAFCO staff estimates a reduction of 15,000 copies per month. The monthly activity is estimated to be 35,000 copies for a monthly total of \$742, or \$8,910 for the year.

Office/Hearing Chamber Rental – Account 2905: \$53,768

For FY 2010-11, the contract for the office lease will increase by three percent to \$4,451.54 per month (\$53,418 for the year when rounded up). This account also includes the rental charge for the Commission's hearings at \$50 per hearing for six hearings (\$300).

**TRAVEL RELATED EXPENSES**

In the accounts outlined below, should the issue of regional representation not be adopted by CALAFCO, then the CALAFCO conference costs would be applied to California Coalition of LAFCOs (CCL) participation costs.

Private Mileage – Account 2940: \$3,102

This account is currently dedicated for Commissioner and staff private auto mileage, excluding the Executive Officer. Hearing activity will be less, as there are seven hearings and one retreat anticipated for the year. The estimated cost is \$426 for staff and \$2,676 for Commissioners.

Conference/Training – Account 2941: \$3,330

This account is for attendance charges related to conferences and training courses for staff as directed by the Executive Officer. The costs include CALAFCO or CCL training, clerk and analyst training, reduced attendance at CALAFCO annual conference by Commissioners and staff, and staff workshop.

Hotel – Account 2942: \$2,850

This account is for hotel charges for Commissioners and staff at the CALAFCO annual conference, CCL meeting attendance, staff at the staff workshop, and any other overnight stays on LAFCO business.

Meals – Account 2943: \$760

This account is for Commissioner and staff meal charges related to the CALAFCO annual conference, CCL meeting attendance, staff workshop, and other travels.

Car Travel – Account 2944: \$0

This account is for car rental by Commissioners or staff. No activity is anticipated for this account.

Air Travel – Account 2945: \$0

This account is for air travel for Commissioners and staff. No activity is anticipated for this account.

Other Travel – Account 2946: \$280

This account is for miscellaneous travel charges such as parking and taxi charges. The estimated cost for parking and taxi services for the CALAFCO annual conference, staff workshop, and other travels.

**OTHER CHARGES**

Office Depot – Account 5012: \$4,800

LAFCO utilizes the County’s contract with Office Depot and these expenses are budgeted in Account 5012 (Office Depot). The monthly average activity for the past year has been roughly \$400 per month, and the same monthly activity is used for the calculations for FY 2010-11.

**CONTINGENCIES AND RESERVES**

Contingency – Account 6000: \$25,000

The amount for this account has been set at \$25,000. Although the funds in this account are not anticipated for use, it could be used for unexpected activity but requires Commission action to use these funds.

Reserves – Account 6025: \$124,108

For FY 2010-11, the entirety of the Commission’s reserves is estimated to be carried over into FY 2010-11. This amount represents 12% of anticipated expenditures which meets the goal of establishing a minimum 10% reserve as directed by the Commission.

For FY 2011-12, staff recommends an increase in the Commission’s reserves to \$164,585, which represents an approximate 15% of projected expenditures. When including the \$15,000 set aside as a Salary Reserve, as identified in the FY 2011-12 salaries and benefits discussion earlier in this narrative, the sum of the reserves represents 17% of total expenditures.

**REVENUES**

**FY 2009-10**

The chart below shows the budgeted and the anticipated year-end balances for the accounts that comprise the Fee Category of accounts, accounts that are sensitive to activity levels. By year’s end, staff estimates Revenue receipts at 92% of budget. The chart below outlines the Revenue Categories:

<b>Fee/Deposit Category</b>	<b>Budget</b>	<b>Estimated Year-End</b>
Individual Notice	\$ 5,600	\$ 6,292
Legal Services	\$ 78,048	\$ 35,176
Planning Services (GIMS Fees)	\$ 3,400	\$ 10,860
Environmental Deposits	\$ 5,700	\$ 12,578
LAFCO Fees	\$ 41,550	\$ 59,747
<b>Total Fee Revenue</b>	<b>\$134,298</b>	<b>\$124,653</b>

However, the amounts above are not indicative of the proposal activity received during the year since roughly \$41,035 relates to the recovery of processing costs related to proposals and service reviews, reimbursement by the applicant for litigation at the beginning of the fiscal year, and higher than anticipated receipts for completion charges related to mapping. Specifically, Environmental Deposits are roughly double its anticipated amount; however, roughly \$5,200 is related to cost recovery for proposals completed during the year and the costs related to the processing of the service reviews and sphere of influence updates. Additionally, FY 2009-10 was budgeted to experience additional litigation activity related to LAFCO 3076 (Consolidation of the San Bernardino Valley Municipal Water District and San Bernardino Valley Water Conservation District) – where all costs would have been recoverable. The litigation case closed early in the fiscal year, but the high budget amount of \$78,048 remained.

As shown in the chart below, activity for which LAFCO receives fees and deposits is not projected to meet budget expectations for FY 2009-10. The chart identifies a projection of four standard proposals and one city island annexation received for the year. The anticipated activity for the year includes the following:

Activity	No. Anticipated	Year-end Projection
Proposals	6	5
City Island Annexation	2	1
Service Contracts - 5 or more units	0	0
Service Contracts - up to 4 units	1	0
Service Contracts - Non Develop.	1	3
Service Review Deposits	13	7

As of April 12, 2010, LAFCO staff has recovered \$42,281 of expenditures that have been classified as eligible for cost recovery. Receivables outstanding total \$4,770 for four service reviews conducted by the Commission and two proposals. As for FY 2010-11, staff anticipates fewer outstanding receivables due to staff's proposed cost savings measures as identified in the budget staff report and this narrative.

As detailed earlier in this narrative, staff is recommending an increase in appropriation authority in Total Expenditures in order to accommodate excess processing costs and activity not anticipated at the time of budget formulation. In order to balance the budget, staff is recommending the acknowledgement of an increase in Total Revenues by \$35,000. Specifically, the following accounts are recommended to be increased in sum by \$35,000:

- Account 9655 (GIMS Fees) – increase by \$6,000
- Account 9970 (Carryover) – increase by \$29,000 to recognize increased carryover from FY 2008-09 into FY 2009-10

## **FY 2010-11**

As noted above, FY 2009-10 has experienced substantially lower than normal activity. Locally, the current economic conditions have led to manufacturing and industrial activity challenges with a downturn in development activity. Further, there is a strong correlation between the planning process for development activity and proposal submissions to LAFCO. After careful consideration, staff is presenting a conservative approach in anticipating the following activity for the upcoming fiscal year:

- 4 annexations with protest hearings
- 1 city island annexation
- 1 proposal for district subsidiary status
- 1 district sphere expansion
- 1 service contract - development related (up to 4 units)
- 2 service contracts – administrative review of non-development related contract
- 13 service review deposits

Revenues consisting of interest, mandatory contributions, and fee revenue are estimated to be \$1,124,486. Refunds from Prior Years, Miscellaneous Charges, and Carryover (including reserves) increase revenues to \$1,256,809.

## **REVENUES FOR FISCAL YEAR 2010-11**

### Interest – Account 8500: \$10,000

LAFCO participates in the County's interest pool and is apportioned interest receipts quarterly. Interest earned will be similar to the prior year.

### Mandatory Contribution from Governments (Local Government) – Account 8842: \$1,033,911

Government Code Section 56381 requires that the net costs for LAFCO be apportioned equally to the County, the Cities, and the Independent Special Districts within the County. Staff projects the apportionment to be \$1,033,911, the same as the original apportionment for FY 2009-10. The apportionment to the County, Cities, and Independent Special Districts is \$344,637 each. Through a ballot process conducted between January and March 2010, the independent special districts have voted to provide for a new alternative apportionment formula for FY 2010-11 and thereafter. The County Auditor-Controller will be required to apportion these charges on July 1, 2010 pursuant to the requirements of law and proposed Commission policies.

Pursuant to Government Code Section 56381(a), the proposed and final budget at a minimum shall be equal to the budget adopted for the previous fiscal year unless the commission makes certain determinations. Therefore, for the FY 2011-12 Projected Budget staff has included a static apportionment of \$1,033,911 in order for the Commission to carryout its duties and allow for an increase in reserves.

## **CURRENT SERVICES/FEES**

The deposits and fees for calculating revenues in this category utilize the proposed Schedule of Fees, Deposits, and Charges (anticipated to be effective June 1, 2010) to be considered by the Commission at this hearing. Any changes to the Schedule will impact these revenues sources. Cost recovery for proposals and service contracts is not addressed in the budget due to its speculative nature.

### Individual Notice – Account 9545: \$5,600

This account is for landowner and registered voter notification requirements. This deposit is applied to seven proposals and one development-related service contract.

### Legal Services – Account 9555: \$8,625

This account is for deposits for legal services are calculated at \$1,150 for proposals and \$575 for service contracts requiring a hearing. Revenue receipts estimate seven proposals with a deposit of \$1,150 and one service contract with a deposit of \$575.

### GIMS Fees – Account 9655: \$3,400

This account is for receipt of revenue to recover the costs associated with the County's digital maps for sphere or boundary changes, maintenance and updates. The activity is estimated to include completion of seven proposals.

### Environmental Deposits – Account 9660: \$5,700

This account is for deposits for environmental review processing are calculated at \$750 for proposals and \$450 for service contracts requiring a hearing. Revenue receipts estimate seven proposals with a deposit of \$750 and one service contract with a deposit of \$575.

### Other (LAFCO Fees) – Account 9800: \$57,250

Revenues in this account are based on anticipated activity and include the LAFCO filing fee (\$46,750), Protest Hearing deposit (\$4,000), and the deposits related to 13 service reviews (\$6,500).

## **OTHER TYPES OF REVENUE**

### Refunds from Prior Year – Account 9910: -\$7,000

This account refunds deposits submitted by applicants less costs incurred for activity initiated in FY 2009-10 and completed in FY 2010-11.

### Miscellaneous Revenues – Account 9930: \$500

This account is for revenues received for duplication of CDs, DVDs, paper copies, and other miscellaneous receipts.

Other/Carryover from Prior Year – Account 9970: \$134,037

A total of \$134,037 is anticipated to carryover from FY 2009-10 to FY 2010-11. This amount includes the entirety of the Commission's reserves, \$122,658, carrying into FY 2010-11.

**REVENUES FOR FISCAL YEAR 2011-12**

The forecast included for Fiscal Year 2011-12 assumes the maintenance of activity levels and apportionment of net costs.