

Modoc Local Agency Formation Commission

DATE: April 9, 2013

TO: Local Agency Formation Commission

FROM: John Benoit, Executive Officer

RE: Proposed Budget for FY 2013-2014

Attachment: Draft Proposed Budget Spreadsheet
Proposed Budget Resolution #2013-0002

Activities

LAFCO’s detailed proposed activity report is described below. While LAFCO is mindful of the budget constraints of the City, and the County the following proposed activity report suggests maintaining the budget at the Previous Year’s amount for FY 2013-2014 in all budget categories. Funding for the MSR’s and SOI’s will continue be through LAFCO’s prior year’s carryover. The apportionment to the City and the County is proposed to remain the same as this year. The contribution amount has generally been reduced in the past 5 years with incremental reductions.

Since the passage of AB-2838, based on the recommendations of the Commission for Local Governance for the 21st Century, LAFCO has had to complete many of the activities, such as the mandated Revised Policies and Bylaws, establishment of a Website, Municipal Service Reviews and Sphere of Influence updates.

A level of service has been established for ongoing LAFCO activities through the budget, LAFCO has a unique role as a neutral agency among all agencies countywide. Funds for the provision of training for Commissioners on the requirements of AB-2838 and subsequent legislation is highly recommended.

Direct Projects – Projected

1. Small and medium reorganizations - For the 2013-2014 fiscal year, based on recent inquiries, LAFCO anticipates a small or medium reorganization from the City of Alturas and is anticipating completing an annexation for the Hot Springs Valley Water District this year.. As growth occurs in Modoc County the number of projects will increase from years past.

Cost include legal counsel, staff time, public inquiries, public hearing requirements including noticing (300 ft from site –voters and landowners), preparation of notices, staff reports and resolutions, LAFCO protest requirements (public noticing), incidental travel, office supplies (copying), webpage posting, seeking comment from county and city departments (assessor, clerk and auditor) and independent special districts, and general accounting.

2. District Consolidations – Staff has not heard of any district consolidations. The Commission may see activity in this category as we progress through the Municipal Service Reviews and Sphere of Influence Updates.
3. Collaborate with the City of Alturas and the County of Modoc on development reviews- ongoing

LAFCO is charged with reviewing environmental documents and preparing responses to both the City and the County who act as a lead agency for land use matters.

This activity includes providing comments. Meeting with the county, city, districts and developers. Being involved in the development of the work including assisting the EIR preparer with technical data related to LAFCO's requirements, legal costs related to LAFCO's role in CEQA and assuring LAFCO's issues are addressed in the document. Commission review will be needed. If the Commission's issues are not fully addressed, the Commission will need to require a supplemental document.

Environmental Reviews: CEQA is required for most LAFCO discretionary projects. Applicants pay direct project costs, Spheres of Influence are LAFCO's responsibility. LAFCO is also required and should want to comment on Environmental Reviews from various agencies. These activities include legal, communication, advertising, staff time. This item is necessary to promote better customer service and comply with the CEQA law and CKH act with regard to the role of a responsible agency. Development requiring reorganization will take much longer if LAFCO is not involved in this process as well as cost project applicants significantly more amounts of money.

Ongoing administrative activities include:

Budget Development and Control

Budget development and control is currently handled by County Staff and the Executive Officer. During the year, day-to-day administrative tasks (e.g., invoicing, and bill paying) are provided. Coordination with City, District and County offices may be required with respect to these issues. As of July 1, 2011, the City of Alturas commenced banking functions for LAFCo.

Activities include preparation of the budget and budget justification documents and resolutions are included in these activities. Legal advice when needed is required regarding expenditure requests. The preparation of claim forms for both the Commission and the County Auditor's (City Treasurer's) office is included to ensure proper control. Public inquires regarding expenditures and expenditure priorities are handled by the Executive Officer. Incidental office supplies and communication resources are needed to perform this function.

Special administrative projects include responding to Commission directives or minute orders.

Communication: LAFCO needs to communicate with the Special Districts, City Council and Board of Supervisors. LAFCO should be involved in Special District, City and County activities when asked or as it relates to the MSR and SOI process.

Conduct project-oriented workshops, as appropriate. This activity may occur this year for various Communities within Modoc County where projects will be occurring. Other workshops regarding the role of LAFCO may be required.

Work with potential applicants seeking reorganization. This activity requires research and meeting with project proponents to determine approaches to solving service issues. This activity is time consuming. These costs include legal, staff time, incidental travel, office supplies and communication resources.

Responding to public inquires. Public inquires regarding service issues are common involving a member of the public who is in need of a service or has a question about a service. This activity includes legal, staff time and communication resources. The LAFCO webpage provides an outlet for LAFCO information. Responding to the public is necessary for informing individuals of LAFCO requirements to facilitate the process. There is no one else who will provide the public with correct information about LAFCO. This may cause substantial cost savings for the public by having correct information to make business decisions.

Brown Act, Public Records Act and Political Reform Act compliance. Staff and legal time is required to comply with these laws. Including noticing, Form 700's, public records disclosure, citizen's inquires, general compliance and written responses to records request. These are state laws and must be followed.

Clerk and Recorder fees. Since it costs money to record documents and file notices of determination. The budget includes these activities. These are required filings. Project applicants will pay these fees. However, for Sphere of Influence updates, LAFCO may be required to file.

Public Education Utilize media and speaking opportunities and submit articles about LAFCO to journals and newspapers this activity is fairly minimal. However, there is a cost of staff time and office supplies to perform this function.

Submit press releases on substantive actions, encourage agencies to request regular LAFCO meeting agendas and update agencies on LAFCO Commission membership.

These activities are important to inform the public and agencies about LAFCO. Numerous inquires come from citizens needing one service or another. These activities promote better customer service for all agencies by informing the public about what is going on with regards to LAFCO.

Resource Development Monitor new and proposed relevant legislation. Although LAFCO relies on CALAFCO for this activity, it is important that new legislation reflects the needs of Modoc LAFCO including the Districts, County and City. This activity involves communication, staff time, and legal time. Legislation of importance to Modoc LAFCO impacts budget process and permit processes.

Special Reports and Projects for the Commission The CKH act allows the Commission to undertake special projects. Special projects may include being involved in a General Plan update, assisting in the development agriculture conservation policies, being involved in water planning throughout the County, serving as a neutral party with regards to service issues, assisting the public and agencies with LAFCO applications and processes, developing annexation strategies for the City or districts and (or) any other proactive activity of benefit to the citizens and agencies as deemed necessary by the Commission.

Commissioner Development – CALAFCO Conference The Commission’s budget includes funding for representatives from Modoc LAFCO to attend the Annual CALAFCO Conference. Education afforded by the Conference is necessary to assure Commissioners have the tools needed to carry out their responsibilities.

Municipal Service Reviews and Sphere of Influence Updates Cortese-Knox-Hertzberg (§ 56430) LAFCO must update all spheres of influence every 5 years, as necessary and must prepare a review of each municipal service before or in conjunction with sphere of influence updates.

The purpose of a MSR is to support preparation and update of Spheres of Influence, in accordance with the provisions of the Cortese-Knox-Hertzberg Act. The objective of a Municipal Service Review (MSR) is to develop recommendations that will promote more efficient and higher quality service patterns; identify areas for service improvement; and assess the adequacy of service provision as it relates to determination of appropriate sphere boundaries based on a specific growth period and a realistic growth rate adopted for that period.

For a MSR to be of value, the Commission needs to review services comprehensively, on a service-by-service basis within logical sub-regions, given consistent and specific target growth periods and a realistic estimate of growth adopted for that period. Some studies will review multiple services, if the Commission deems such grouping appropriate (For example, the wastewater MSR). When appropriate, the Commission will follow the methodology developed by the Governor’s Office of Planning and Research as provided in the State’s Service Review Guidelines.

Priorities for this fiscal year MSR and SOI completion have been completed as follows:

1. Fire Districts SOI
2. Healthcare District’s SOI and MSR
3. Daphnedale CSD SOI
4. Adin CSD SOI and MSR
5. Hot Springs Valley Water District

Priorities for the 2013-2014 Fiscal Year initiation are as follows:

1. Remaining County Water and Irrigation Districts

2. Pest Abatement Districts
3. County Service Areas
4. Resource Conservation Districts

A service review is required prior to preparing a Sphere of Influence Update. The Sphere of Influence is LAFCO's planning document for the ultimate service boundary for a service provider. Prior to adopting a Sphere of Influence Map and Sphere Policies, the Commission must make determinations based on supporting evidence with regard to the following:

- "The present and planned land uses in the area.
- Disadvantaged Unincorporated Communities
- The present and probable need for public facilities and services in the area.
- The present capacity of public facilities and adequacy of public services, which the agency provides or is, authorized to provide.
- The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency."

Budget Justification

Since the passage of AB-2838 in 2000, LAFCO has been subject to many new requirements. Costs for the operation of LAFCO were entirely paid by the County including costs for staff time, legal services, miscellaneous office expenses, and insurance. Now the City and the County pay LAFCO costs. In the future, the legislature may require special districts to pay and participate.

In the attached budget worksheet, I have provided a "Proposed" budget based on the costs to provide LAFCO, expenses to date and anticipated expenses and carryover.

The overall goal of this budget is to conduct LAFCO business in a proactive manner involving the Community and to meet the overall requirements of the Cortese-Knox-Hertzberg Act at a reasonable cost.

The deadline for completion of Sphere of Influence Updates set fourth in the law was January 1, 2008. Modoc LAFCo has not completed MSR's on time for many reasons. LAFCO is using its carryover funds to pay for these activities without substantially increasing the costs of LAFCO to the City and the County.

Summary of the Proposed Budget:

Commissioner Stipends LAFCO Commissioners receive \$100.00 per meeting. A budget of \$4,800.00 assumes all commissioners will attend the 6 meetings per year.

Liability Insurance Since the County is covering LAFCO, the amount to be budgeted is \$1,000.00.

Memberships Dues for Calafco for rural LAFCO's will be increased 2.3% from \$741 to \$758 this year. It is important LAFCO remain in its statewide professional organization and participate in LAFCO issues of common concern for the benefit of Modoc LAFCO and its agencies.

Office Expense This covers copy costs, postage, communication and publications. This item is broken into 4 categories for accounting purposes. Printing at \$1,500.00 Postage at \$500.00, Communications at \$1,000.00 and General Office Expenses at \$400.00. These costs reflect the need for daily operations and copying and mailing MSR's and SOI's during next fiscal year.

Executive Officer/Staff Services This item includes professional services to perform various LAFCO duties, process applications, oversee the MSR and SOI update process, establish a LAFCO presence in Modoc County and perform duties in the scope of work for the Executive Officer and the CKH Act.

Clerk Services has been budgeted at \$900.00 for taking minutes at meetings. This budget was formerly the "Special Studies" Budget which is no longer being used.

Legal Services I am proposing a budget of \$3,200.00, which will provide incidental legal services. In the event of anticipated litigation, this amount will have to be significantly increased.

Legal Notices/Publications Legal notices are required by state law and must be prepared for Municipal Service Reviews and Sphere of Influence Updates, all public hearings before the Commission and protest hearings. Public hearing notices are required for most LAFCO actions. \$600 is budgeted for this amount since MSR's and SOI's require public notices.

Special Department Expense Staff no longer uses this line item

Training/Mileage and Travel

Estimated costs for a Commissioner to attend the Calafco Annual Conference August 28-30th in Squaw Valley is approximately \$1,200.00 per person including transportation, meals and lodging, and conference registration. This item also includes funding for LAFCO-related miscellaneous training and mileage reimbursements. This budget includes enough to send one Commissioner to the Conference and to pay for a portion of

Staff's expenses. A further budget increase will be needed to send additional Commissioners.

Sphere of Influence Updates and Municipal Service Reviews: This budget includes funding for all contracted services for SOI's and MSR's and related copying and office expenses. These costs are to be paid from the General Reserve. It is anticipated Executive Officer's services may be used for this purpose also.

Rollover, Contingency, and Reserve Funds:

This year LAFCO will not expend its entire budget. A rollover of approximately \$40,000 is anticipated at this time. A portion of these funds need to be used to pay for the MSR's and SOI's currently contracted and to fund a contingency budget for LAFCO (approximately 10%) of the General Fund Budget. A final figure regarding the reserve amount will not be available until after the conclusion of this fiscal year. I highly recommend any excess funds be placed into a general reserve.

CITY/COUNTY SHARE Last year the City/County share was lowered. The amount to be apportioned is recommended to remain slightly less this upcoming year.

Action Required

- a. *Review and consider adoption of the proposed 2013-2014 LAFCO budget approving LAFCO Resolution # 2013-0002*

Resolution 2013-0002

of the

Modoc Local Agency Formation Commission

*Resolution of Modoc Local Agency Formation Commission Adopting a
Proposed Budget for 2013-2014*

WHEREAS, Modoc LAFCO is required by Government Code Section 56381(a) to adopt annually, following a noticed public hearing, a proposed budget by May 1st and a final budget by June 15th; and,

WHEREAS, the Commission has prepared a proposed budget for public review; and,

WHEREAS, the Commission has considered a work program for Fiscal Year 2013-2014 at its April 9, 2013 regular meeting along with the proposed budget; and

WHEREAS, the Executive Officer has given notice of hearing in the form and manner specified by law for adoption of the proposed budget and upon the date, time and place specified in said notice of hearing, the Commission heard, discussed and considered all oral and written testimony submitted including, but not limited to, the approved budget priorities for Fiscal Year 2013-2014 and the Executive Officer's report and recommendations; and

WHEREAS, the Commission has considered the attached Budget in light of the requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000;

NOW THEREFORE, the Modoc Local Agency Formation Commission does hereby determine, resolve, and order the following:

1. That Modoc LAFCO hereby adopts the attached proposed 2013-2014 proposed budget shown in Attachment A.
2. Directs the Executive Officer to transmit the proposed budget to the Auditor and all parties specified in Government Code Section 56381 (a) as promptly as possible.

PASSED AND ADOPTED by the Modoc Local Agency Formation Commission at a regular meeting of said Commission held on the 9th day of April 2013 by the following roll call vote:

AYES: -

NOES: -

ABSTAINS: -

ABSENT: -

Signed and approved by me after its passage this 9th day of April, 2013.

John Dederick, Chair, Modoc LAFCO

Attest:

John Benoit, Executive Officer
Modoc LAFCO

B OBJECT LEVEL/ ACCOUNT	E FY 07-08		E FY 08-09		E FY 09-10		FY 2010-2011		FY 2011-2012		FY 2012-2013		Actual Expended as of Mar 1, 2013		FY 2013-2014 Proposed		
	FINAL BUDGET		FINAL BUDGET		FINAL BUDGET		Final BUDGET		FINAL BUDGET		Final BUDGET						
EXPENDITURES																	
Commissioner Stipends					\$ 4,800.00	\$	4,800.00	\$	4,800.00	\$	4,800.00	\$	4,800.00	\$	2,700.00	\$	4,800.00
Liability Insurance	\$ 1,000.00		\$ 1,000.00		\$ 1,000.00	\$	1,000.00	\$	1,000.00	\$	1,000.00	\$	1,000.00	\$		\$	1,000.00
Memberships	\$ 675.00		\$ 725.00		\$ 725.00	\$	725.00	\$	725.00	\$	741.00	\$	741.00	\$	741.00	\$	758.00
Office Expense - Printing	\$ 1,500.00		\$ 1,500.00		\$ 1,500.00	\$	1,500.00	\$	1,500.00	\$	1,500.00	\$	1,500.00	\$	391.58	\$	1,500.00
POSTAGE	\$ 600.00		\$ 600.00		\$ 600.00	\$	600.00	\$	600.00	\$	600.00	\$	600.00	\$	92.66	\$	500.00
COMMUNICATIONS	\$ 1,000.00		\$ 1,000.00		\$ 1,000.00	\$	1,000.00	\$	1,000.00	\$	1,000.00	\$	1,000.00	\$	527.83	\$	1,000.00
OFFICE EXPENSES	\$ 400.00		\$ 400.00		\$ 400.00	\$	400.00	\$	400.00	\$	400.00	\$	400.00	\$	10.00	\$	400.00
Professional Svcs. - Legal Counsel	\$ 2,500.00		\$ 3,200.00		\$ 3,200.00	\$	3,200.00	\$	3,200.00	\$	3,200.00	\$	3,200.00	\$	45.00	\$	3,200.00
Professional Svcs. - Executive Officer	\$ 36,000.00		\$ 36,000.00		\$ 36,000.00	\$	36,000.00	\$	36,000.00	\$	36,000.00	\$	36,000.00	\$	21,553.75	\$	36,000.00
Professional Svcs. - Clerk Costs	\$		\$		\$ 900.00	\$	900.00	\$	900.00	\$	900.00	\$	900.00	\$	525.00	\$	900.00
Publications/Legal Notices	\$ 600.00		\$ 600.00		\$ 600.00	\$	600.00	\$	600.00	\$	600.00	\$	600.00	\$	271.50	\$	600.00
Special Departmental Expense	\$		\$		\$	\$		\$		\$		\$		\$		\$	
Transportation & Travel	\$ 1,750.00		\$ 2,000.00		\$ 3,000.00	\$	2,000.00	\$	2,000.00	\$	2,000.00	\$	2,000.00	\$	2,053.78	\$	2,000.00
MSR/SOI UPDATES	\$ 30,000.00		\$ 30,000.00		\$ 25,200.00	\$	23,000.00	\$	23,000.00	\$	21,500.00	\$	21,500.00	\$	6,630.00	\$	21,500.00
Total Services & Supplies	\$ 76,025.00		\$ 77,025.00		\$ 78,925.00	\$	75,725.00	\$	75,725.00	\$	74,241.00	\$	74,241.00	\$	35,542.10	\$	74,158.00
CONTINGENCY	\$ 4,603.00		\$ 4,603.00		\$ 7,802.00	\$	7,572.50	\$	7,572.50	\$	7,424.10	\$	7,424.10	\$		\$	7,415.80
TOTAL LAFCO BUDGET	\$ 80,628.00		\$ 81,628.00		\$ 86,727.00	\$	83,297.50	\$	83,297.50	\$	81,665.10	\$	81,665.10	\$	35,542.10	\$	81,573.80
REVENUES																	
CARRYOVER	\$ (35,000.00)		\$ (40,000.00)		\$ 45,302.34	\$	42,000.00	\$	42,000.00	\$	40,000.00	\$	40,000.00	\$	40,803.14	\$	40,000.00
Application Fees	\$ (4,000.00)		\$		\$	\$		\$		\$		\$		\$	10,000.00	\$	
City Share - LAFCO Cost	\$ (20,814.00)		\$ (20,814.00)		\$ 20,712.33	\$	20,648.75	\$	20,648.75	\$	20,832.55	\$	20,832.55	\$	20,832.55	\$	20,786.90
County Share - LAFCO Cost	\$ (20,814.00)		\$ (20,814.00)		\$ 20,712.33	\$	20,648.75	\$	20,648.75	\$	20,832.55	\$	20,832.55	\$	20,832.55	\$	20,786.90
Total Due from Other Gov'ts.																	
TOTAL REVENUES	\$ (80,628.00)		\$ (81,628.00)		\$ 86,727.00	\$	83,297.50	\$	83,297.50	\$	81,665.10	\$	81,665.10	\$		\$	81,573.80