



Local Agency Formation Commission
LAFCO of Napa County

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June 4, 2007
Agenda Item No. 6a

May 28, 2007

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Final Budget for Fiscal Year 2007-2008 (Public Hearing)

The Commission will consider a final budget for the 2007-2008 fiscal year. The final budget projects a total increase in operating expenses of 2.2% from the current fiscal year and is being presented to the Commission for adoption as part of a draft resolution.

California Government Code §56381 directs the Commission to annually prepare and adopt a proposed budget by May 1st and a final budget by June 15th. In preparing for its own provisions, it is the policy of the Commission to establish a budget committee that includes two appointed Commissioners and the Executive Officer. The budget committee is responsible for preparing a draft proposed budget for review by the Commission and those agencies that are statutorily responsible for funding LAFCO no less than 30 days prior to its adoption. It has been the practice of the Commission to adopt proposed and final budgets at its April and June meetings, respectively.

Background

At its December 4, 2006 meeting, the Commission appointed Commissioners Kelly and Wagenknecht to serve on the 2007-2008 Budget Committee ("Committee"). The Committee met in January 2007 to review LAFCO's operating expenses for the upcoming fiscal year. (It is the practice of LAFCO to budget only for expenses.) A spending baseline was constructed to estimate how much it would cost to continue LAFCO's current level of services and activities at next fiscal year's price for labor and supplies. In reviewing these estimates, the Committee considered actual expenses from past fiscal years and whether increases or decreases in spending was appropriate to reflect anticipated changes in demand or need. Based on this initial review, the Committee presented a draft proposed budget identifying an overall increase in operating costs of 1.9% to the Commission at its February 5, 2007 for discussion.

At the April 2, 2007 meeting, the Committee presented the Commission with a proposed budget for consideration. The proposed budget, which reflected recalculations involving salaries, group insurance, and legal expenses, was adopted by the Commission and raised the overall increase in operating costs to 2.2%.

Jack Gingles, Chair
Mayor, City of Calistoga

Brad Wagenknecht, Vice-Chair
County of Napa Supervisor, 1st District

Brian J. Kelly, Commissioner
Representative of the General Public

Juliana Inman, Commissioner
Councilmember, City of Napa

Bill Dodd, Commissioner
County of Napa Supervisor, 4th District

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Cindy Coffey, Alternate Commissioner
Councilmember, City of American Canyon

Mark Luce, Alternate Commissioner
County of Napa Supervisor, 2nd District

Keene Simonds
Executive Officer

Following the April meeting, the adopted proposed budget was circulated for review and comment to each of the six local agencies that fund LAFCO. No written comments were received.

Discussion: Final Budget for 2007-2008

The final budget that is being presented to the Commission for consideration is identical to the proposed budget adopted by the Commission at the April meeting and projects a total increase in LAFCO operating costs over the current fiscal year of 2.2% (\$9,914). The largest increase to the final budget over the current fiscal year is attributed to LAFCO's group insurance, which is projected to rise by \$7,138. This cost is contractually determined by the County of Napa and reflects the Commission's contribution to employee healthcare costs. The final budget also reflects a recommendation by the Committee to increase the Commission per diem from \$50 to \$100. This change, which is designed to reflect the medium per diem rate of the eight other Bay Area LAFCOs, is producing an overall increase in the final budget of \$6,000.

The final budget is being presented to the Commission for adoption as part of an attached draft resolution. Also attached to the staff report is a draft spreadsheet projecting the allocation of the final budget for 2007-2008 among LAFCO's six local funding agencies. This spreadsheet has been updated since the April meeting with new information from the Department of Finance (population estimates) and State Controller's Office (general tax revenues) and is being presented for information only. Actual allocations will not be determined until unexpended funds are totaled at the end of the fiscal year.

Recommendation

It is recommended for the Commission to take the following action:

- 1) Adopt the form of the attached resolution approving the final budget for 2007-2008 along with any desired changes.

Respectfully submitted,

Keene Simonds
Executive Officer

Attachments:

1. 2007-2008 Final Budget (Line Item Format)
2. Draft Resolution
3. Draft Allocation of 2007-2008 Final Budget

**Local Agency Formation Commission of Napa County
Final Budget for 2007-2008**

		FINAL FY04-05	FINAL FY05-06	FINAL FY06-07	FINAL FY07-08 (5/28/07)	Difference From FY06-07	
Salaries and Wages							
<u>Account No.</u>	<u>Account</u>						
51100000	Regular Salaries	\$ 167,505.00	\$ 187,206.00	\$ 190,230.92	\$ 185,526.79 ^{1,2}	\$ (4,704.13)	
51200100	Extra Help	\$ 6,188.00	\$ 2,206.26	\$ -	\$ -	\$ -	
51200200	Overtime	\$ -	\$ -	\$ -	\$ -	\$ -	
51200500	Per Diems	\$ 4,050.00	\$ 4,050.00	\$ 3,600.00	\$ 9,600.00 ³	\$ 6,000.00	
51300100	Retirement	\$ 23,450.70	\$ 32,235.20	\$ 32,953.28	\$ 31,583.44	\$ (1,369.84)	
51300300	Medicare	\$ 2,428.82	\$ 2,674.13	\$ 2,849.46	\$ 2,649.92	\$ (199.54)	
51300500	Group Insurance	\$ 22,255.20	\$ 26,875.92	\$ 36,030.00	\$ 43,168.32	\$ 7,138.32	
51301200	Workers Compensation	\$ 533.00	\$ 749.00	\$ 685.00	\$ 185.00	\$ (500.00)	
51301700	401A Employer Contributions	-	\$ 1,500.00	\$ 1,500.00	\$ - ⁴	\$ (1,500.00)	
51301800	Cell Phone Allowance	-	\$ 840.00	\$ 840.00	\$ 840.00	\$ -	
		<u>\$ 226,410.72</u>	<u>\$ 258,336.51</u>	<u>\$ 268,688.66</u>	<u>\$ 273,553.47</u>	<u>\$ 4,864.81</u>	1.8%
Services and Supplies							
<u>Account No.</u>	<u>Account</u>						
TBD	Special Departmental Expenses	-	-	-	\$ 850.00 ⁵	\$ 850.00	
52070000	Communications	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ -	
52100300	Insurance: Liability	-	\$ 335.00	\$ 534.00	\$ 352.00	\$ (182.00)	
52150000	Memberships	\$ 1,368.00	\$ 1,400.00	\$ 2,200.00	\$ 2,000.00	\$ (200.00)	
52170000	Office Expenses	\$ 12,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ -	
52180200	Management Information Services	\$ 13,000.00	\$ 13,378.27	\$ 17,799.91	\$ 16,387.00	\$ (1,412.91)	
52180500	Legal	\$ 18,750.00	\$ 18,750.00	\$ 18,750.00	\$ 21,500.00 ⁶	\$ 2,750.00	
52190000	Publications and Notices	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,500.00 ⁷	\$ 500.00	
52185000	PSS: Other (Accounting/Auditing)	\$ 4,000.00	\$ 5,000.00	\$ 6,500.00	\$ 7,150.00 ⁸	\$ 650.00	
52235000	SDE: Other (Office Improvements)	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ -	
52240500	Property Lease	\$ 24,038.40	\$ 25,540.80	\$ 26,307.02	\$ 27,000.00 ⁹	\$ 692.98	
52250000	Transportation and Travel	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ -	
52250800	Training	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 4,000.00 ¹⁰	\$ 1,000.00	
52251200	Private Mileage	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,000.00 ¹¹	\$ (500.00)	
		<u>\$ 87,156.40</u>	<u>\$ 93,404.07</u>	<u>\$ 101,090.93</u>	<u>\$ 105,239.00</u>	<u>\$ 4,148.07</u>	4.1%
	Sub Total Expenses	\$ 313,567.12	\$ 351,740.58	\$ 369,779.59	\$ 378,792.47	\$ 9,012.88	
Contingencies and Reserves							
<u>Account No.</u>	<u>Account</u>						
54000900	Operating Reserve (10% of Expenses)	\$ 31,356.71	\$ 35,174.06	\$ 36,977.96	\$ 37,879.25	\$ 901.29	
54001000	Professional Services Dedication	\$ 100,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ -	
		<u>\$ 131,356.71</u>	<u>\$ 85,174.06</u>	<u>\$ 86,977.96</u>	<u>\$ 87,879.25</u>	<u>\$ 901.29</u>	1.0%
	TOTAL	\$ 444,923.83	\$ 436,914.64	\$ 456,757.55	\$ 466,671.72	\$ 9,914.17	2.2%

NOTES

- Assumes a 3.0% cost-of-living adjustment for all employees. The County MOU with represented employees requires a cost-living-adjustment to be determined by an agreed formula. The adjustment could be as low as 2.5% and as high as 4.0%. The County advises using a 3.0% factor at this time.
- Anticipates scheduled salary increases for Keene Simonds, Executive Officer, and Tracy Geraghty, Analyst II. Kathy Mabry, Commission Secretary, is at the top of her classification range and is not eligible for a salary increase.
- An increase in the Commission's meeting per diem from \$50 to \$100 is budgeted to reflect the medium per diem rate of the eight other Bay Area LAFCOs. This increase also takes into account that the Commission is now meeting on a monthly basis.
- The Executive Officer has elected not to participate in a 401A plan. No other employees are eligible to receive a matching contribution from the Commission.
- This account has been established to reflect the new requirement of the County Recorder to charge agencies a \$50 fee to file a Notice of Exemption.
- An increase in the amount of \$2,750 is budgeted to reflect a projected 10% increase in the hourly rate charged to LAFCO by County Counsel for legal services provided by Commission Counsel Gong. The increase also takes into account that the Commission is now meeting on a monthly basis.
- An increase in the amount of \$500 is budgeted to reflect the average cost to LAFCO for notices and publications over the last five fiscal years.
- An increase in the amount of \$650 is budgeted to reflect an anticipated 10% increase in hourly staff rates for the County Auditor-Controller's Office.
- An amended lease agreement for office space at 1700 Second Street in Napa was approved by the Commission in June 2006. The amended lease agreement establishes a fixed monthly rent rate of \$2,250 through June 2009.
- An increase in the amount of \$1,000 is budgeted to help ensure that sufficient training funds are available for current and new Commissioners to attend the 2007 CALAFCO Annual Conference, which is scheduled for August 28-31 in Sacramento.
- A decrease in the amount of \$500 is budgeted to account for the car allowance that was established for the Executive Officer position in 2006.

RESOLUTION NO. _____

**RESOLUTION OF
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
ADOPTING A FISCAL YEAR 2007-2008 FINAL BUDGET**

WHEREAS, the Local Agency Formation Commission of Napa County (hereinafter referred to as “the Commission”) is required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq., hereinafter referred to as “Act”) to adopt a final budget for the next fiscal year; and

WHEREAS, Government Code Section 56381 requires that the Commission adopt a final budget no later than June 15; and

WHEREAS, at the direction of the Commission, the Executive Officer circulated for review and comment an adopted proposed budget to the administrative officer and the financial officer of each of the six local agencies that contribute to the LAFCO budget, those agencies being the County of Napa and the Cities of American Canyon, Calistoga, Napa, St. Helena, and Town of Yountville; and

WHEREAS, the Commission reviewed all substantive comments concerning the adopted proposed budget; and

WHEREAS, the Executive Officer prepared a report concerning the final budget, including his recommendations thereon; and

WHEREAS, the Executive Officer’s report was presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at its hearing on the final budget held on June 4th, 2007; and

WHEREAS, the Commission determined the final budget projects the staffing and program costs of the Commission as accurately and appropriately as is possible;

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

1. The final budget represented in Exhibit A is approved.

The foregoing resolution was duly and regularly adopted by the Local Agency Formation Commission of Napa County, State of California, at a regular meeting held on the 4th day of June 2007, by the following vote:

AYES: Commissioners _____

NOES: Commissioners _____

ABSTAIN: Commissioners _____

ATTEST: Keene Simonds
Executive Officer

RECORDED: _____
Kathy Mabry
Commission Secretary

FY2007-2008 Draft Allocation for Annual LAFCO Costs to County and Cities (5/28/07)
(Alternative Allocation Formula)

Step 1	LAFCO Budget		Final FY06-07	Proposed FY07-08	Difference Dollar	Difference Percentage			
	Total	\$	456,757.55	\$ 466,671.72	\$ 9,914.17	2.2%			
Step 2	Annual Allocation								
	50% to County	\$	228,378.78	\$ 233,335.86	\$ 4,957.08	2.2%			
	50% to Cities	\$	228,378.78	\$ 233,335.86	\$ 4,957.08	2.2%			
Step 3a	Cities' Share Based on Total General Taxes*								
	<u>General Tax Revenues</u>		<u>American Canyon</u>	<u>Calistoga</u>	<u>Napa</u>	<u>St. Helena</u>	<u>Yountville</u>	<u>All Cities</u>	
	Secured & Unsecured Property Tax	\$	4,545,186	\$ 701,215	\$ 6,145,405	\$ 1,832,604	\$ 356,712	\$ 13,581,122	
	Voter Approved Indentedness Property Tax	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	
	Other Property Tax	\$	812,106	\$ 280,020	\$ 4,175,654	\$ 322,645	\$ 217,200	\$ 5,807,625	
	Sales and Use Taxes	\$	1,141,614	\$ 387,446	\$ 7,296,549	\$ 1,764,833	\$ 333,917	\$ 10,924,359	
	Transportation Tax	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	
	Transient Lodging Tax	\$	119,303	\$ 2,257,440	\$ 5,697,141	\$ 1,163,367	\$ 2,842,489	\$ 12,079,740	
	Franchises	\$	305,033	\$ 130,702	\$ 2,243,052	\$ 128,643	\$ 50,602	\$ 2,858,032	
	Business License Taxes	\$	141,421	\$ 131,693	\$ 2,351,101	\$ 133,008	\$ 3,767	\$ 2,760,990	
	Real Property Transfer Taxes	\$	248,217	\$ 36,734	\$ 637,586	\$ 57,077	\$ 16,143	\$ 995,757	
	Utility Users Tax	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	
	Other Non-Property Taxes	\$	1,666,103	\$ 244,010	\$ 2,375,561	\$ 481,299	\$ 101,189	\$ 4,868,162	
	Total	\$	8,978,983	\$ 4,169,260	\$ 30,922,049	\$ 5,883,476	\$ 3,922,019	\$ 53,875,787	
	Percentage of Total Taxes to all Cities		16.7%	7.7%	57.4%	10.9%	7.3%	100%	
Step 3b	Cities' Share Based on Total Population**		<u>American Canyon</u>	<u>Calistoga</u>	<u>Napa</u>	<u>St. Helena</u>	<u>Yountville</u>	<u>All Cities</u>	
	Population		16,031	5,302	76,997	5,993	3,290	107,613	
	Population Percentage		14.90%	4.93%	71.55%	5.57%	3.06%	100%	
Step 4	Cities Allocation Formula		<u>American Canyon</u>	<u>Calistoga</u>	<u>Napa</u>	<u>St. Helena</u>	<u>Yountville</u>	<u>All Cities</u>	
	Cities' Share Based on Total General Taxes		16.7%	7.7%	57.4%	10.9%	7.3%	100%	
	Portion of LAFCO Budget	\$	15,555.18	\$ 7,222.82	\$ 53,569.32	\$ 10,192.53	\$ 6,794.50	40%	
	Cities' Share Based on Total Population		14.90%	4.93%	71.55%	5.57%	3.06%	100%	
	Portion of LAFCO Budget	\$	20,855.88	\$ 6,897.75	\$ 100,170.95	\$ 7,796.73	\$ 4,280.20	60%	
	Total Agency Allocation	\$	36,411.06	\$ 14,120.57	\$ 153,740.27	\$ 17,989.25	\$ 11,074.70	\$ 233,335.86	
	Allocation Share		15.60%	6.05%	65.89%	7.71%	4.75%	100%	
Step 5	FY07-08 Invoice		<u>County</u>	<u>American Canyon</u>	<u>Calistoga</u>	<u>Napa</u>	<u>St. Helena</u>	<u>Yountville</u>	<u>All Agencies</u>
	FY07-08 Agency Share	\$	233,335.86	\$ 36,411.06	\$ 14,120.57	\$ 153,740.27	\$ 17,989.25	\$ 11,074.70	\$ 466,671.72
	Less Agency Credits***	\$	43,488.98	\$ 5,653.57	\$ 2,661.53	\$ 29,798.65	\$ 3,409.54	\$ 1,974.40	\$ 86,986.66
	Net Invoice	\$	189,846.88	\$ 30,757.50	\$ 11,459.05	\$ 123,941.62	\$ 14,579.72	\$ 9,100.30	\$ 379,685.06

Notes:

* Amounts are drawn from the FY04-05 State Controller's Cities Annual Report and does not include functional revenues.

** Amounts are drawn from the California Department of Finance, January 2007.

*** To assist agencies in their budgeting plans, LAFCO has included a draft projection of its unexpended funds for FY06-07 totaling \$86,986 (not including application fee revenues). It is the practice of LAFCO to return all unexpended funds (agency contributions and application fees) to the agencies in the form of credits based on their percentage share of the budget in FY06-07. Actual credits will not be determined until the end of FY06/07.