



**Local Agency Formation Commission**  
**LAFCO of Napa County**

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**April 2, 2007**  
**Agenda Item No. 6b**

March 27, 2007

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer

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

The Commission will receive a proposed budget from the 2007-2008 Budget Committee. The proposed 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.

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California Government Code §56381 directs the Commission to annually prepare and adopt a proposed budget by May 1<sup>st</sup> and a final budget by June 15<sup>th</sup>. 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. 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. Following the meeting, the draft proposed budget was circulated for review and comment to each of the six local agencies that fund LAFCO. No written comments were received.

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Jack Gingles, Chair  
Mayor, City of Calistoga

Cindy Coffey, Commissioner  
Councilmember, City of American Canyon

Juliana Inman, Alternate Commissioner  
Councilmember, City of Napa

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

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

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

Brian J. Kelly, Commissioner  
Representative of the General Public

Vacant, Alternate Commissioner  
Representative of the General Public

Keene Simonds  
Executive Officer

## **Discussion: Proposed Budget for 2007-2008**

The proposed budget that is being presented to the Commission for consideration projects a total increase in LAFCO operating costs over the current fiscal year of 2.2%, which represents a dollar amount of \$9,914. Recalculations involving salaries, group insurance, and legal expenses contribute to the difference in projected operating costs from the draft budget that was presented in February. Staff has also added a new expenditure account titled "special department expense" with a budget amount of \$850 to reflect a new filing fee requirement of the County of Napa Clerk-Recorder's Office.

In terms of key increases to the proposed budget over the current fiscal year, the cost of group insurance is projected to increase by 20%, which represents a dollar amount of \$7,138. This cost is contractually determined by the County of Napa and reflects the Commission's contribution to employee healthcare costs. Additionally, the Budget Committee is recommending an increase in 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 proposed budget of \$6,000.

The proposed budget for 2007-2008 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 proposed budget for 2007-2008 among LAFCO's six local funding agencies. This spreadsheet is being presented for information only. Actual allocations will not be determined until a final budget is adopted by the Commission and unexpended funds are totaled at the end of the fiscal year.

## **Recommendation**

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

- 1) Adopt the form of the attached resolution approving the proposed budget for 2007-2008 along with any desired changes; and
- 2) Direct the Executive Officer to circulate the proposed budget for 2007-2008 review and comment to the six agencies that fund LAFCO.

Respectfully submitted,

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Keene Simonds  
Executive Officer

### Attachments:

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

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

		FINAL FY04-05	FINAL FY05-06	FINAL FY06-07	PROPOSED FY07-08 (3/19/07)	Difference From FY06-07	
<b>Salaries and Wages</b>							
<u>Account No.</u>	<u>Account</u>						
51100000	Regular Salaries	\$ 167,505.00	\$ 187,206.00	\$ 190,230.92	\$ 185,526.79 <sup>1,2</sup>	\$ (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 <sup>3</sup>	\$ 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	\$ - <sup>4</sup>	\$ (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%
<b>Services and Supplies</b>							
<u>Account No.</u>	<u>Account</u>						
TBD	Special Departmental Expenses	-	-	-	\$ 850.00 <sup>5</sup>	\$ 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 <sup>6</sup>	\$ 2,750.00	
52190000	Publications and Notices	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,500.00 <sup>7</sup>	\$ 500.00	
52185000	PSS: Other (Accounting/Auditing)	\$ 4,000.00	\$ 5,000.00	\$ 6,500.00	\$ 7,150.00 <sup>8</sup>	\$ 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 <sup>9</sup>	\$ 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 <sup>10</sup>	\$ 1,000.00	
52251200	Private Mileage	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,000.00 <sup>11</sup>	\$ (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%
	<b>Sub Total Expenses</b>	<b>\$ 313,567.12</b>	<b>\$ 351,740.58</b>	<b>\$ 369,779.59</b>	<b>\$ 378,792.47</b>	<b>\$ 9,012.88</b>	
<b>Contingencies and Reserves</b>							
<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%
	<b>TOTAL</b>	<b>\$ 444,923.83</b>	<b>\$ 436,914.64</b>	<b>\$ 456,757.55</b>	<b>\$ 466,671.72</b>	<b>\$ 9,914.17</b>	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 recommended 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 recommended 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 recommended 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 recommended 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 recommended 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 recommended to account for the car allowance that was established for the Executive Officer position in 2006.

**FY2007-2008 Draft Allocation for Annual LAFCO Costs to County and Cities (3/19/07)**  
**(Alternative Allocation Formula)**

<b>Step 1</b>	<b>LAFCO Budget</b>		Final FY06-07	Proposed FY07-08	Difference Dollar	Difference Percentage			
	Total	\$	456,757.55	\$ 466,671.72	\$ 9,914.17	2.2%			
<b>Step 2</b>	<b>Annual Allocation</b>								
	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%			
<b>Step 3a</b>	<b>Cities' Share Based on Total General Taxes*</b>								
	<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	\$	3,839,971	\$ 735,185	\$ 9,637,033	\$ 1,826,438	\$ 335,403	\$ 16,374,030	
	Voter Approved Indentedness Property Tax	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	
	Other Property Tax	\$	4,437	\$ 9,018	\$ 514,912	\$ -	\$ -	\$ 528,367	
	Sales and Use Taxes	\$	1,139,782	\$ 631,570	\$ 10,782,765	\$ 2,116,958	\$ 446,040	\$ 15,117,115	
	Transportation Tax	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	
	Transient Lodging Tax	\$	3,975	\$ 2,161,628	\$ 5,198,316	\$ 1,143,556	\$ 2,411,098	\$ 10,918,573	
	Franchises	\$	268,421	\$ 127,052	\$ 1,798,541	\$ 132,475	\$ 49,789	\$ 2,376,278	
	Business License Taxes	\$	113,574	\$ 138,007	\$ 2,210,073	\$ 124,503	\$ 5,787	\$ 2,591,944	
	Real Property Transfer Taxes	\$	145,300	\$ 27,299	\$ 458,701	\$ 74,890	\$ 19,225	\$ 725,415	
	Utility Users Tax	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	
	Other Non-Property Taxes	\$	-	\$ 500	\$ -	\$ -	\$ -	\$ 500	
	Total	\$	5,515,460	\$ 3,830,259	\$ 30,600,341	\$ 5,418,820	\$ 3,267,342	\$ 48,632,222	
	Percentage of Total Taxes to all Cities		11.3%	7.9%	62.9%	11.1%	6.7%	100%	
<b>Step 3b</b>	<b>Cities' Share Based on Total Population**</b>		<u>American Canyon</u>	<u>Calistoga</u>	<u>Napa</u>	<u>St. Helena</u>	<u>Yountville</u>	<u>All Cities</u>	
	Population		14,961	5,258	76,705	5,989	3,264	106,177	
	Population Percentage		14.09%	4.95%	72.24%	5.64%	3.07%	100%	
<b>Step 4</b>	<b>Cities Allocation Formula</b>		<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		11.3%	7.9%	62.9%	11.1%	6.7%	100%	
	Portion of LAFCO Budget	\$	10,585.20	\$ 7,350.98	\$ 58,727.79	\$ 10,399.73	\$ 6,270.64	<b>40%</b>	
	Cities' Share Based on Total Population		14.09%	4.95%	72.24%	5.64%	3.07%	100%	
	Portion of LAFCO Budget	\$	19,727.08	\$ 6,933.03	\$ 101,140.70	\$ 7,896.90	\$ 4,303.80	<b>60%</b>	
	Total Agency Allocation	\$	30,312.29	\$ 14,284.01	\$ 159,868.49	\$ 18,296.63	\$ 10,574.44	\$ 233,335.86	
	Allocation Share		12.99%	6.12%	68.51%	7.84%	4.53%	100%	
<b>Step 5</b>	<b>FY07-08 Invoice</b>		<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	\$ 30,312.29	\$ 14,284.01	\$ 159,868.49	\$ 18,296.63	\$ 10,574.44	\$ 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	\$	<b>189,846.88</b>	\$ <b>24,658.72</b>	\$ <b>11,622.49</b>	\$ <b>130,069.84</b>	\$ <b>14,887.09</b>	\$ <b>8,600.05</b>	\$ <b>379,685.06</b>

Notes:

\* Amounts are drawn from the FY03-04 State Controller's Report and does not include functional revenues.

\*\* Amounts are drawn from the California Department of Finance, January 2006.

\*\*\* To assist agencies in their budgeting plans, LAFCO has included a draft projection of its unexpended funds for FY06-07 totaling \$86,986. It is the practice of LAFCO to return all unexpended funds 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 the fiscal year.