

Les Baugh  
County Member  
  
Larry Farr  
City Member  
  
Stan Neutze  
City Member  
  
Francie Sullivan  
City Member Alternate

Irwin Fust  
Special District Member  
  
Mary Rickert  
County Member Alternate  
  
Brenda Haynes  
Special District Member



Dick Fyten  
Public Member  
  
David Kehoe  
County Member  
  
Vacant  
Special District Alternate

Bob Richardson  
Public Member Alternate  
  
George Williamson  
Executive Officer  
  
James M. Underwood  
General Counsel  
  
Kathy Bull  
Office Manager

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## Agenda Item:7.a.

**Meeting Date:** April 6, 2017

**From:** George Williamson, Executive Officer & Kathy Bull, Office Manager

**Subject:** Proposed Budget – Fiscal Year 2017/2018

### **SUMMARY**

Local Agency Formation Commissions (LAFCOs) are independent commissions established by the California legislature under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. Under California Government Code Section 56381, LAFCOs are responsible for annually adopting a proposed budget by May 1<sup>st</sup> and a final budget by June 15<sup>th</sup>. State law specifies the proposed and final budgets shall, at a minimum, be equal to the budget adopted for the previous fiscal year unless LAFCO finds the reduced costs will nevertheless allow the agency to fulfill its prescribed regulatory and planning duties.

### **DISCUSSION**

#### **Funding Sources:**

Shasta LAFCOs annual operating expenses are principally funded through appropriations from the County, Cities and Special Districts, in addition to application fees and interest earnings. Each fiscal year, after the Commission adopts the final budget, the County Auditor apportions operating expenses by one-third shared between the County, the Cities, and the independent special districts. Statutory authority allows the County Auditor to collect the amounts apportioned.

#### **Operating Expenses:**

The proposed operating expenses reflect the anticipated staffing services, daily operational needs, and municipal service reviews and sphere of influence updates. Notable changes to the operating expenses are proposed as follows:

- Retirement – PERS – Previous EO – Cost is expected to increase each fiscal year due to changing variables. CalPERS is unable to confirm the estimated amount until after the start of each fiscal year.
- LAFCO Personnel – Proposed staff wage increase.
- Communications – By changing phone/internet service provider, there are savings of nearly \$900.00 per year.
- Fiscal/Audit Services – A complete audit is proposed for FY 2016/2017.
- Misc. Legal Services – Cost of Legal Services has significantly diminished with projections to be even less for FY 2017/2018.
- Rents/Leases of Structures – In October, according to the lease agreement with SRTA, the monthly rent will increase from \$940.00 to \$968.00.

- MSR/SOI Update Expenses – 12 updates were designated in the MSR schedule for FY 2017-18. The number is proposed to remain the same with a Countywide Fire Services MSR including the Districts and CSA 1, instead of a mix of district types, see Exhibit B. The designated budget of \$20,000.00 in the MSR schedule is proposed to be increased to \$25,000.00
- Utilities – City of Redding Utilities required a utility services deposit of \$558.00 that will be returned as a credit to the LAFCO account in November 2017, equaling approximately 5 months of service.
- Contingency Fund – Lower amount of funds towards contingency due to proposed MSR/SOI expenses.

**Operating Revenues:**

The operating revenues are proposed to remain equal with last year in the amount of \$186,000.00 without an increase to local funding agencies. All essential LAFCO operational functions will be met in accordance with California law.

**RECOMMENDATION**

Staff recommends the Commission approve the proposed budget for Fiscal Year 2017/2018 as outlined above with any requested changes; direct staff to forward the proposed budget to local funding agencies; and direct staff to prepare the final budget at a public hearing scheduled for June 1, 2017.

Exhibit A: Draft Budget Worksheet FY 2017/2018

Exhibit B: MSR SOI Update Schedule

Exhibit C: Resolution No. 17-01

**Shasta LAFCO FY 2017/2018 Draft Budget**

<b>Categories</b>	<b>Adopted FY 2016/17 Budget</b>	<b>FY 2016/17 Actual as of 3/27/2017</b>	<b>Projected April-June</b>	<b>Projected FY 2016/2017</b>	<b>Proposed FY 2016/17 Amendment</b>	<b>Over/Under Budget</b>	<b>Proposed FY 2017/18 Budget</b>
<b>REVENUES</b>							
<b>Interest</b>	\$180	\$111	\$0	\$111	\$120	\$9	\$0
<b>Intergovernmental Revenue</b>							
Contribution from Cities	\$62,000	\$62,000	\$0	\$62,000	\$62,000	\$0	\$62,000
Contribution from Shasta County	\$62,000	\$62,000	\$0	\$62,000	\$62,000	\$0	\$62,000
Contribution from Special Districts	\$62,000	\$62,001	\$0	\$62,001	\$62,000	-\$1	\$62,000
<b>Total Intergovernmental</b>	<b>\$186,000</b>	<b>\$186,001</b>	<b>\$0</b>	<b>\$186,001</b>	<b>\$186,000</b>	<b>-\$1</b>	<b>\$186,000</b>
<b>Miscellaneous Revenue</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Fees Received - Applications</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Revenue Total</b>	<b>\$186,180</b>	<b>\$186,112</b>	<b>\$0</b>	<b>\$186,112</b>	<b>\$186,120</b>	<b>\$8</b>	<b>\$186,000</b>
<b>EXPENSES</b>							
<b>Salaries &amp; Benefits</b>							
<b>Employer Expense</b>							
Retirement - PERS - Previous EO	\$3,811	\$3,811	\$0	\$3,811	\$3,811	\$0	\$4,573
<b>Salaries &amp; Benefits - Total</b>	<b>\$3,811</b>	<b>\$3,811</b>	<b>\$0</b>	<b>\$3,811</b>	<b>\$3,811</b>	<b>\$0</b>	<b>\$4,573</b>
<b>Contract Services</b>							
Contract Executive Officer	\$60,000	\$37,796	\$20,204	\$58,000	\$58,000	\$0	\$60,000
LAFCO Personnel	\$40,000	\$29,282	\$10,800	\$40,082	\$40,100	\$18	\$43,535
<b>Contract Services - Sub Total</b>	<b>\$100,000</b>	<b>\$67,077</b>	<b>\$31,004</b>	<b>\$98,081</b>	<b>\$98,100</b>	<b>\$19</b>	<b>\$103,535</b>
<b>Office Services &amp; Supplies</b>							
Bank & Transfer Fees	\$120	\$98	\$30	\$128	\$133	\$5	\$120
Communications	\$2,320	\$1,356	\$309	\$1,666	\$1,700	\$34	\$1,440
Info Tech Tools & Equip	\$400	\$0	\$350	\$350	\$400	\$50	\$400
Memberships	\$3,555	\$3,779	\$0	\$3,779	\$3,779	\$0	\$3,816
Mileage Reimbursement	\$240	\$186	\$50	\$236	\$240	\$4	\$240
Office Cleaning	\$1,500	\$980	\$285	\$1,265	\$1,265	\$0	\$1,140
Office Expense	\$740	\$387	\$250	\$637	\$740	\$103	\$740
Office Furnishings	\$200	\$0	\$0	\$0	\$200	\$200	\$0
Office Supplies	\$1,500	\$1,128	\$130	\$1,258	\$1,500	\$242	\$1,500
Postage & Shipping	\$675	\$788	\$75	\$863	\$900	\$37	\$700
Printing	\$500	\$118	\$0	\$118	\$500	\$382	\$300
<b>Office Services Supplies - Sub To</b>	<b>\$11,750</b>	<b>\$8,821</b>	<b>\$1,479</b>	<b>\$10,301</b>	<b>\$11,357</b>	<b>\$1,056</b>	<b>\$10,396</b>
<b>Professional Services</b>							
<b>Miscellaneous Professional Services</b>							
Fiscal/Audit Services	\$2,000	\$0	\$2,000	\$2,000	\$2,000	\$0	\$7,500
InfoTech Services	\$250	\$0	\$225	\$225	\$250	\$25	\$250
InfoTech - Website	\$950	\$1,318	\$0	\$1,318	\$1,400	\$82	\$320
<b>Miscellaneous Services - Sub Tot</b>	<b>\$3,200</b>	<b>\$1,318</b>	<b>\$2,225</b>	<b>\$3,543</b>	<b>\$3,650</b>	<b>\$107</b>	<b>\$8,070</b>

**Shasta LAFCO FY 2017/2018 Draft Budget**

<b>Categories</b>	<b>Adopted FY 2016/17 Budget</b>	<b>FY 2016/17 Actual as of 3/27/2017</b>	<b>Projected April-June</b>	<b>Projected FY 2016/2017</b>	<b>Proposed FY 2016/17 Amendment</b>	<b>Over/Under Budget</b>	<b>Proposed FY 2017/18 Budget</b>
<b>Legal Counsel</b>							
Misc. Legal Services	\$14,000	\$4,789	\$4,620	\$9,409	\$10,000	\$592	\$10,000
<b>Legal Counsel Sub Total</b>	<b>\$14,000</b>	<b>\$4,789</b>	<b>\$4,620</b>	<b>\$9,409</b>	<b>\$10,000</b>	<b>\$592</b>	<b>\$10,000</b>
<b>Professional Services - Sub Total</b>	<b>\$17,200</b>	<b>\$6,107</b>	<b>\$6,845</b>	<b>\$12,952</b>	<b>\$13,650</b>	<b>\$699</b>	<b>\$18,070</b>
<b>Rents, Leases &amp; Misc</b>							
Property & General Liability	\$1,683	\$1,630	\$0	\$1,630	\$1,683	\$53	\$1,700
Publications/Legal Notices - Regular	\$1,000	\$30	\$425	\$455	\$1,000	\$545	\$1,000
Rents/Leases Equipment - Post Me	\$400	\$293	\$98	\$391	\$400	\$9	\$400
Rents/Leases Equipment - Copier	\$4,765	\$3,668	\$1,157	\$4,826	\$4,850	\$24	\$4,782
Rents/Leases of Structures	\$12,249	\$10,914	\$1,880	\$12,794	\$12,800	\$6	\$11,504
Small Tools & Equipment	\$200	\$66	\$0	\$66	\$100	\$34	\$100
Software	\$1,000	\$0	\$500	\$500	\$500	\$0	\$0
<b>Rents, Leases &amp; Misc - Sub Total</b>	<b>\$21,297</b>	<b>\$16,601</b>	<b>\$4,060</b>	<b>\$20,662</b>	<b>\$21,333</b>	<b>\$671</b>	<b>\$19,486</b>
<b>MSR/SOI Expenses</b>							
GIS Services	\$1,050	\$2,098	\$500	\$2,598	\$2,600	\$3	\$3,592
Postage Printing	\$200	\$0	\$200	\$200	\$200	\$0	\$400
Public Hearing Notice	\$250	\$0	\$100	\$100	\$150	\$50	\$1,008
Misc. Other	\$8,500	\$8,117	\$3,000	\$11,117	\$11,117	\$0	\$20,000
<b>MSR/SOI Expenses - Sub Total</b>	<b>\$10,000</b>	<b>\$10,215</b>	<b>\$3,800</b>	<b>\$14,015</b>	<b>\$14,067</b>	<b>\$53</b>	<b>\$25,000</b>
<b>Moving Expenses</b>							
Communication	\$99	\$0	\$0	\$0	\$0	\$0	\$0
Contract - LAFCO Staff	\$3,521	\$3,502	\$0	\$3,502	\$3,502	\$0	\$0
Info Tech Services	\$220	\$225	\$0	\$225	\$225	\$0	\$0
Office Expense - Movers, sign remo	\$700	\$560	\$0	\$560	\$560	\$0	\$0
Office Supplies - moving boxes/mail	\$30	\$0	\$0	\$0	\$0	\$0	\$0
Property & Gen Liability Ins change	\$50	\$50	\$0	\$50	\$50	\$0	\$0
<b>Moving Expenses - Sub Total</b>	<b>\$4,620</b>	<b>\$4,337</b>	<b>\$0</b>	<b>\$4,337</b>	<b>\$4,337</b>	<b>\$0</b>	<b>\$0</b>
Utilities	\$1,408	\$838	\$150	\$988	\$1,000	\$12	\$750
<b>TOTAL EXPENSES</b>	<b>\$170,086</b>	<b>\$117,806</b>	<b>\$47,339</b>	<b>\$165,145</b>	<b>\$167,655</b>	<b>\$2,510</b>	<b>\$181,810</b>
<b>Appropriation for Contingency</b>	<b>\$15,914</b>	<b>\$15,914</b>	<b>\$0</b>	<b>\$15,914</b>	<b>\$18,345</b>	<b>\$18,345</b>	<b>\$4,190</b>
<b>TOTAL BUDGET ALLOTMENT</b>	<b>\$186,000</b>	<b>\$133,720</b>	<b>\$47,339</b>	<b>\$181,059</b>	<b>\$186,000</b>	<b>\$4,941</b>	<b>\$186,000</b>
<b>FEE BASED SERVICES</b>							
<b>Fees Received-Apps &amp; Pre-Apps</b>	<b>\$0</b>	<b>\$9,150</b>	<b>\$0</b>	<b>\$9,150</b>	<b>-\$9,150</b>	<b>\$9,150</b>	<b>\$10,000</b>
<b>Fees Charged-Apps &amp; Pre-Apps</b>	<b>\$0</b>	<b>\$593</b>	<b>\$2,400</b>	<b>\$2,993</b>	<b>-\$2,993</b>	<b>\$2,993</b>	<b>\$10,000</b>
<b>Amount held-Application Fee Fun</b>	<b>\$0</b>	<b>\$8,557</b>	<b>-\$2,400</b>	<b>\$6,157</b>	<b>-\$6,157</b>	<b>\$6,157</b>	<b>\$0</b>

Appropriation for Contingency Totals	FY 2015/2016	\$13,516
	FY 2016/2017	\$18,345
	FY 2017/2018	\$4,190
		<u>\$36,051</u>

**Shasta LAFCO FY 2017-18 MSR/SOI Update list Proposed (12) & Alternative (12)**

**Proposed in Compliance Schedule (12) Level of Difficulty: 40**

**Community Services Districts ( 1 of 3 in County)**

Mountain Gate CSD

**Fire Protection Districts ( 4 of 12 in County)**

Buckeye FPD

Burney FPD

McArthur FPD

Fall River Mills FPD

**Health Care District (1 of 1 in County)**

Mayer's Memorial

**County Service Areas (4 of 12 in County)**

CSA #8 -Palo Cedro Sewer & Water

CSA #11 - French Gulch Water

CSA #14 - Belmont Storm Drainage

CSA #25 - Keswick Water

**Water Districts (1 of 3 in County)**

Bella Vista

**Cities (1 of 3 in County)**

City of Redding

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**Alternative: Fire Protection Districts & Co Fire CSA - (12 of 12 in County) Level of Difficulty: 37**

CSA # 1 County Fire

Happy Valley FPD

Millville FPD

Anderson FPD

Cottonwood FPD

Millville FPD

Castella FPD

Burney FPD

Anderson FPD

Buckeye FPD

McArthur FPD

Fall River Mills FPD

**SHASTA LOCAL AGENCY FORMATION COMMISSION**

**RESOLUTION 2017-01**

**RESOLUTION OF THE SHASTA LOCAL AGENCY FORMATION COMMISSION**

**ADOPTING A PROPOSED BUDGET FOR FISCAL YEAR 2017/2018**

**WHEREAS**, the Shasta Local Agency Formation Commission is required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 to adopt a proposed budget for the next fiscal year no later than May 1; and

**WHEREAS**, the Executive Officer prepared a report concerning the proposed budget, including 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 public hearing on the proposed budget held on April 6, 2017; and

**WHEREAS**, the Commission determined the proposed budget projects, staffing and program costs of the agency as accurately and appropriately as is possible.

**NOW THEREFORE, IT IS RESOLVED, DETERMINED AND ORDERED** as follows:

1. The proposed budget for Fiscal Year 2017/2018 as outlined in Exhibit A is approved;
2. The overall operating costs provided in the proposed budget will allow the Commission to fulfill its regulatory and planning responsibilities as required under Government Code Section § 56381(a);
3. The adopted proposed budget for Fiscal Year 2017/2018 as outlined in Exhibit A be circulated to funding agencies for review and comment.

**THE FOREGOING RESOLUTION** was introduced at a regular meeting of the Shasta LAFCO Commission on the 6<sup>th</sup> day of April, 2017, and adopted by the following vote:

AYES:  
NOES:  
ABSTAINS:  
ABSENT:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Irwin Fust, Chairman  
Shasta Local Agency Formation Commission