

**FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCo)
EXECUTIVE OFFICER'S REPORT**

AGENDA ITEM No. 6

DATE: January 11, 2017
TO: Local Agency Formation Commission
FROM: David E. Fey, AICP, Executive Officer 
SUBJECT: Mid-Year Budget and Work Program Status for Fiscal Year 2016-2017
RECOMMENDATION: Receive and file

Executive Summary

This review provides the mid-fiscal year status of the Commission's annual budget and the progress made on projects in the approved annual work program.

Discussion

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) requires the Commission to adopt a draft budget each year by May 1st and a final budget by June 15th. Staff will present the preliminary FY 16-17 budget in March, 2017, to solicit Commission direction on the draft budget that will be presented at the April, 2017, hearing. The Commission adopts its final budget and work program at its hearing on May, 2017.

The Commission uses the services of an independent consulting bookkeeper who monthly updates LAFCo's financial data and provides bookkeeping services. Commission business is guided by LAFCo's *Financial and Accounting Procedures* and by CKH.

Overview of Mid-Year Budget

As shown on Exhibit "A," the Commission has an approved budget of \$571,336 which includes \$401,558 from the mandated contributions from the County (\$200,779) and the 15 cities (\$200,779, apportioned by their annual budgets), \$99,778 contributed from the fund balance, \$68,500 in projected fee revenue, and \$1,500 in miscellaneous revenue.

Mid-year revenue is \$425,407; \$401,558 from the County and cities and \$23,850 in application fees. The Commission has an approved reserve of \$100,000.

Mid-year expenses total \$192,357, which are budgeted and generally relate to office operation and personnel expenses.

Overview of Mid-Year Work Plan

Mid-year status of the work program shows substantive progress has been made on most work items:

Municipal Service Review Program

Municipal Service Reviews are the only independent 'governance audit' performed on local agencies on a regular basis. MSRs examine a local agency's service delivery efficiencies and, incidentally, the agency's compliance with public accountability and transparency statutes.

The program has resulted in increasing order and efficiencies for LAFCo, the subject local agencies, and allied local and state agencies. Most of the MSRs performed under the Commission 2014 MSR Program have revealed one or more issues of local agency operation that warranted supportive recommendations. The issues raised have included lack of compliance with the local agencies' principal acts, lack of compliance with Brown Act, inconsistent boundaries, and other characteristics that can impact service delivery efficiencies and agency accountability.

The complication is that these problems also resulted in an unanticipated workload for LAFCo staff responsible for the day-to-day progress of the MSR Program, a matter on which the Commission was briefed at its November, 2016 MSR program annual review. The initial MSR Program schedule assumption of staff-hours to complete an "average" MSR under-estimated the effort to acquire effective communication with local agencies and the time to identify and resolve issues related to service delivery efficiency.

In support of the MSR Program, LAFCo funded \$30,000 for assistance by Fresno County Public Works and Planning GIS staff to create updated special district mapping.

Application processing (pre-applications / applications)

Staff is actively engaged with cities and property-owners regarding annexations, detachments, extensions of service, spheres of influence updates, and other district modifications that are requested by local agencies and the public, as well as any activities initiated by the Commission will be processed in accordance with statute and policy.

Staff may engage in incidental changes to the LAFCo website and documents presented therein to increase application processing efficiencies.

Consultation and facilitation to local agencies and the public

This accounts for the many requests for information, interpretation, advice, and project facilitation that arise as well as active outreach by LAFCo staff on issues of importance to the Commission:

- Annexation strategy discussions with the Cities of Kingsburg, Selma, Fowler, Reedley, Sanger, Coalinga, and Orange Cove;
- Outreach to District Attorney Public Integrity Unit staff;
- Outreach to the Fresno County Grand Jury;

- Consultation on Cooperation with Fresno County PW&P on County Service Areas 30, 31, 34;
- Participation with the Daleville Disadvantaged Unincorporated Community outreach, annexation facilitation;
- Consultation on Raisin City Water District Master Planning;
- Participation on Fresno County's Sustainable Groundwater Management Act working group;
- Participation on Selma-Kingsburg-Fowler County Sanitation District Master planning;
- Response to citizen inquiry about conversion of County Service Area 44D to a Community Service District;
- Interagency boundary data reconciliation on the Kings River Conservation District boundary;
- Continued outreach with the Lanare Community Service District;
- Attendance at Fresno Environmental Reporting Network monthly meetings;
- Meeting with consultants regarding 2016 Update of County of Fresno Comprehensive Economic Development Strategy (CEDS) - Meeting with LAFCo;
- Contribution by Fresno LAFCo to CALAFCO's testimony to the Little Hoover Commission and participation on agricultural land conservation white paper;
- Participation on the Fresno COG Regional Transportation Plan Roundtable; and
- Consultation with the Big Creek Community Service District.

Fresno LAFCo Local Agency Workshop

Staff's experience with workshops in 2014 and 2015 indicates that attendance by local agencies at these workshops is relatively light. Though the workshop experience is fulfilling and informative for the attendees, this year staff examined whether there were other, more efficient venues by which to inform local agencies about LAFCo.

On September 26, 2016, the Executive Officer and LAFCo counsel participated in a Special District workshop held by the local chapter of the California Special District Association. Staff also presented to the Kingsburg City Council and the Reedley Rotary Club.

Update of LAFCo Policies and Procedures

This project began in FY 15-16 as a comprehensive examination and update of Fresno LAFCo's current Policies and Procedures manual. Due to time constraints the update is occurring on an as-needed basis with the last amendment approved by the Commission in December, 2016. Overall, the goal is to clarify procedural and policy language, and bring the manual into full conformance with CKH. In consultation with the Commission, this project will also strive to make the document more easily understandable by local agencies and the general public.

Application Fee Analysis

This project will evaluate the Commission's current application fees and associated policies and practices. Data collection by staff will begin in January and consists of detailed record of time spent on various fee-funded activities. This data will be collected for several months and form the basis for a recommendation to the Commission around mid-2017.

Assess Agricultural Preservation Policies

Preserving open-space and prime agricultural lands is of paramount importance to the Commission. LAFCo's statutory foundation puts it in a position to develop policies that permit it to influence orderly growth without being involved in actual land uses.

This project will evaluate the effectiveness of past LAFCo policy efforts, efforts of other agencies in Fresno County, and provide recommendations on an appropriate level of commission policy, whether project-by-project or on a sphere of influence basis. This project is currently in abeyance until the completion of the Commission's Water Policy, noted below.

2017 CALAFCO Staff Workshop

This will occur in April 5-7, 2017. CALAFCO staff is largely responsible for the logistics and administration of this event but Fresno LAFCo staff is developing a mobile workshop.

Additional Projects Underway

CALAFCO ag policy white paper development committee. Fresno LAFCo executive officer is participating with other EOs and CALAFCO executive director, and a representative of the American Farmland Trust.

Water Policy ad hoc committee: ongoing work to integrate LAFCo policies with the Sustainable Groundwater Management Act is expected to conclude in FY 2016-17.

Fresno SOI ad hoc committee: This project consumed a significant amount of staff resources.

- December 9, 2015, the Fresno Local Agency Formation Commission (LAFCo) appointed an ad hoc committee composed of Commissioners Henry Perea and Mario Santoyo to evaluate information and provide a recommendation to the Commission regarding the City of Fresno Municipal Service Review (MSR) and the Fresno southeast sphere of influence (SOI).
- February 5, 2016, the ad hoc committee conducted a "listening session" to receive stakeholder comments specific to the Fresno southeast SOI.
- June 2, 2016, SEDA workshop with the Fresno City Council and the executive officer.
- July 13, 2016, LAFCo approved the Fresno Municipal Service Review and Sphere of influence reaffirmed the SE SOI with conditions.
- September 4, 2016, the Commission continue the City's request for reconsideration to its October 14, 2016, hearing to permit City management and the LAFCo ad hoc committee to meet and address concerns about the necessity of the SE SOI and the timing of the SE SOI planning process.
- September 30, 2016, a meeting was held between Fresno City Manager Rudd, Development Department Director Clark, Commissioners Perea and Santoyo, and the executive officer. A subsequent meeting between Mr. Rudd and the executive officer was held October 5, 2016.
- On October 14, 2016, the Commission denied a request by the City of Fresno for the reconsideration of the Fresno sphere of influence resolution; in particular, the City requested

the removal of the condition related to specific or community planning north of McKinley Avenue. After taking this action, the Commission directed staff to arrange a meeting in November between the LAFCo ad hoc committee and Fresno City Council President Caprioglio to permit the Commission to take final action in December on the Fresno SOI. Staff contacted the Council President and arranged for a meeting between the Council and the ad hoc committee on November 21, 2016.

- November 9, 2016, the Commission directed staff to postpone this meeting until such time as the new mayoral administration is prepared to engage on the topic of the SE SOI. Staff contacted the Council President on November 10, 2016, who agreed to postpone the meeting.
- December 14, 2016, the Commission continued this matter to a date uncertain.
- During the MSR/SOI process, the Fresno City Council adopted a resolution that included a schedule for Southeast Development Area specific/community planning effort in FY 18-19.

FRESNO LAFCO FINAL FY16-17 BUDGET SUMMARY

5/18/16; Inclusive of 4-30-162016 Financial Statement

#	REVENUE SUMMARY	Approved FY 15/16 Budget	Estimate to Close FY 15/16	Difference	Final FY 16-17 Budget
10100	ALLOCATION COUNTY	186,206	186,206	0	200,779
10200	ALLOCATION CITIES	186,206	186,206	0	200,779
10300	APPLICATION FEES	40,000	110,000	70,000	68,500
10700	MSR CONTRACT ADMINISTRATION	0	0	0	1,000
10800	SPECIAL HEARINGS	0	0	0	0
10900	MISC. RECEIPTS	0	547	547	500
	AUTH. FUND BALANCE CONTRIBUTION	35,190	2,993	-32,197	99,778
	Total	447,603	485,952	38,350	571,336

#	EXPENDITURE SUMMARY	Approved FY 15/16 Budget	Estimate to Close FY 15/16	Difference	Final FY 16-17 Budget
51000	EXPENDITURE - OFFICE OPERATIONS	99,845	90,925	-8,920	93,045
52000	EXPENDITURE - PERSONNEL	289,958	333,804	43,846	380,936
53000	EXPENDITURE - CONSULTING SERVICES	57,800	47,200	-10,599	97,354
	Total	447,603	471,928	24,326	571,336