



Inyo Local Agency Formation Commission

168 North Edwards Street
Post Office Drawer L
Independence, California 93526

Phone: (760) 878-0263
(760) 872-2706
FAX: (760) 872-2712
E-Mail: inyoplanning@inyocounty.us

LAFCO STAFF REPORT

AGENDA ITEM No. **6 (Action Item & Public Hearing)**

DATE OF MEETING: **May 16, 2011**

SUBJECT: **Inyo LAFCO Fiscal Year 2011-2012 Preliminary Budget**

EXECUTIVE SUMMARY:

This report presents the Executive Officer's budget recommendations for adoption of a preliminary budget for the FY 2011-2012. The proposed preliminary budgeted expenditures for FY 2011-2012 are **\$20,058.43**, a decrease of \$24,527.57 from the FY 2010-2011 budget. The Inyo LAFCO Preliminary Budget for FY 2011-2012 proposes zero funding from the County of Inyo or the City of Bishop.

The total preliminary budget recommended by LAFCO staff reflects revenues of **\$214.00** and expenditures of **\$20,058.43**. A cash fund balance of \$41,022.00 remains from FY 2009-2010 to be utilized for the FY 2011-2012 budget. In addition, a projected cash fund balance in the amount of \$5,744.24 from FY 2010-2011 may be utilized for the FY 2011-2012 budget. The total projected cash fund balance is \$46,766.24 from FY 2009-2010 and FY 2010-2011 to be utilized for the Executive Officer's recommended total preliminary budget for FY 2011-2012.

Recommended Action: Conduct a public hearing and adopt the attached preliminary budget as recommended by staff for FY2011-2012.

Alternatives: 1) Amend and adopt a preliminary budget for FY 2011-2012.
 2) Continue the public hearing and provide direction to staff regarding changes to the preliminary budget for FY 2011-2012.

BACKGROUND INFORMATION:

Commission Functions:

The Inyo Local Agency Formation Commission (LAFCO) is a state-mandated program funded jointly by the City of Bishop and Inyo County pursuant to Government Code 56381(b)(4). The Commission's five members include one public representative, two Board of Supervisors representatives, and two Bishop City Council representatives. The objectives of LAFCO are the

encouragement of orderly growth and development, the preservation of prime agricultural lands, discouragement of sprawl through coordination of local governmental boundaries, and establishment of spheres of influence and community service priorities that reflect local circumstances, conditions, and financial resources.

Presently, the Commission contracts with the Inyo County Planning Department for the services of LAFCO Executive Officer and support staff. The Commission contracts with the Inyo County Office of the County Counsel for legal services. A single contract between LAFCO and the Inyo County Planning Department covers both staff and counsel services.

Inyo LAFCO Accomplishments for FY 2010-2011:

- Completed the majority of the work toward the Inyo LAFCO initiated Dissolution #2011-01/Hidden Springs Water District.
- Entered into a contract with the Inyo County Planning Department/Inyo County Office of the County Counsel that provided staff and legal services to the Commission.
- Maintained the Inyo LAFCO website in compliance with Government Code Section 56661.
- Maintained membership and participation in CALAFCO, attended training and the annual conference, in support of LAFCO.
- Updated the Independent Special District information.

Inyo LAFCO Goals for FY 2011-2012:

- Enter into a contract with the Inyo County Planning Department/Inyo County Office of the County Counsel to provide staff and legal services to the Commission.
- Maintain Inyo LAFCO membership and participation in the California Association of LAFCOs (CALAFCO), provide training to LAFCO Commissioners and staff, attend the annual conference.
- Replace any vacant seats on LAFCO as necessary to keep LAFCO active.
- Establish written policies and procedures that encourage and provide planned, well-ordered, efficient development patterns with appropriate consideration of preserving open-space lands within those patterns as required by Government Code Section 56300 (a).
- Process and consider applications for special district formations, annexations, and out-of-area service agreements in compliance with the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act.

- Continue to maintain the Inyo LAFCO website in compliance with Government Code Section 56661.
- Continue to update the Independent Special District information.
- Complete the Hidden Springs Water District Dissolution.

EXECUTIVE OFFICER'S BUDGET REQUEST FOR FY 2010-2011:

Under the Cortese-Knox-Hertzberg Act, LAFCO budgets have a *floor*: at a minimum, the budget must be equal to that adopted for the previous fiscal year unless the Commission finds that reduced staffing or program costs will nevertheless allow the Commission to fulfill its responsibilities (Government Code Section 56381 (a)). There is an available cash fund balance in the amount of \$41,022.00 from FY 2009-2010 to be utilized for the FY 2011-2012 Budget. In addition, a projected cash fund balance in the amount of \$5,744.24 from the FY 2010-2011 is projected to be utilized for the FY 2011-2012 budget. The total projected cash fund balance is \$46,766.24 remaining from FY 2009-2010 and FY 2010-2011 to be utilized for the Executive Officer's recommended total preliminary budget for FY 2011-2012. The LAFCO Executive Officer and the Inyo County Auditor recommend not requesting additional revenues from the County of Inyo or the City of Bishop for FY 2011-2012.

As with budgets adopted by a county or city government, adoption of the annual preliminary and final budgets for Inyo LAFCO requires adoption at a noticed public hearing by a three-fifths vote. Amendment of the adopted budget requires a four-fifths vote of the Commission.

Expenditures:

The FY 2011-2012 budget incorporates changes to County employee salaries and overhead effective July 1, 2011. Specific changes to expenditures are discussed below. The first section discusses 100% cost recovery projects and the second section outlines projects LAFCO must complete at its own cost.

NON COST-RECOVERY PROJECTS/PROCESSES

Annual Audit

Inyo LAFCO's cost for the annual mandated agency audit is **\$4,000**.

Auditor Cost Plan

The Inyo County Auditor's cost for work performed for Inyo County LAFCo will be **\$484.00**.

Financial System Charges

The Inyo County Financial System is estimated to cost **\$300.00**.

LAFCO Meetings

The FY 2011-2012 budget assumes two Inyo LAFCO meetings during the fiscal year and assumed participation by the executive officer, staff, counsel and commissioners. Staff has budgeted **\$2,552** in FY 2011-2012 for Commissioner's attendance fees, Commissioner's travel expenses, Staff attendance, and Staff travel for the two meetings.

CALAFCO Conferences

Participation in the California Association of LAFCOs (CALAFCO) annual conference and Staff workshop for Inyo LAFCO Commissioners and Staff is outlined as goal for 2011-2012. The FY 2010-2011 budget assumes one Commissioner conference (one Commissioner and one Staff member) and one Staff workshop (one Staff member). Staff has budgeted approximately **\$6,808.00** for FY 2011-2012 for Staff time and Staff and Commissioner travel expenses, which includes: registration, transportation, hotels, mileage and per diem.

Proposed expenditures by Object Code for FY 2011-2012:

1. Financial System Charges (Object Code 5125):

The recommended amount in this object code is **\$300.00**, increased (\$54.00) from FY 2010-2011 Budget. These charges are to assist in the update to the county's financial system.

2. Advertising (Object Code 5263):

The recommended amount in this object code is **\$150**, decreased (\$350.00) from FY 2010-2011 Budget. For FY 2011-2012 this cost includes required public notices for the two LAFCO meetings.

3. Professional and Special Service (Object Code 5265):

The recommended amount in this object code is **\$12,712.00**, decreased (\$15,288.00) from FY 2010-2011 Budget. The recommended amount includes: Inyo LAFCO meeting Commissioner Payments (\$600.00), Inyo LAFCO meeting Staff time (\$1,640.00), annual conference and staff workshop Staff time (\$2,048.00), Staff time to accomplish the miscellaneous goals stated above (\$2,424.00), CALAFCO Membership (\$1,000.00), and the FY 2010-2011 audit (\$4,000.00).

4. General Operating Expense (Object Code 5311):

The recommended amount in this object code is **\$200.00**, decreased (\$300.00) from the FY 2010-2011 Budget. This category of expenditures includes purchases of supplies, like the Cortese-Knox-Hertzberg Local Government Reorganization Act Updates.

5. County Cost Plan (Object Code 5315):

The recommended amount in this object code is **\$484.00**, increased (\$74.00) from the FY 2010-2011 Budget. This code is proposed by the County Auditor to cover expenses from that department.

6. Travel Expenses (Object Code 5331):

The recommended amount in this object code is **\$4,170.00**, decreased (\$5,830.00) from the FY 2010-2011 Budget. This object code includes expenses for CALAFCO annual conference travel, CALAFCO staff workshop travel, and travel mileage for the Inyo LAFCO meetings.

6. Motor Pool (Object Code 5333):

The recommended amount in this object code is **\$902.00**, decreased (\$698.00) from the FY 2010-2011 Budget. Expenditures in this object code include Motor Pool travel to LAFCO Meetings in Bishop and Motor Pool travel to the CALAFCO conference and staff workshop.

7. Contingencies (Object Code 5901):

The recommended amount in this object code is **\$1,010.43**, decreased (\$2,237.57) from the FY 2010-2011 Budget. As Inyo LAFCO is independently funded, it is recommended the Commission budget 5% of the total budget for contingencies. While it may be possible to borrow funds from the County (Government Code Section 56381 (c)), should Inyo LAFCO incur unanticipated expenses, there are no guarantees that such a loan would be made.

Revenues:

All revenues received are the result of LAFCO fees for services and payments from the County of Inyo and City of Bishop. LAFCO's fee schedule provides for the recovery of actual costs in processing applications for changes in organization under the Cortese-Knox-Hertzberg Act and environmental review and processing under the California Environmental Quality Act. Beyond the recovery of fees for services, Government Code Section 56381 (b) (2) provides "in counties where there is no special district representation on the commission, the county and its cities shall each provide a one-half share of the commission's operational costs."

Details for each revenue category are as follows:

1. LAFCO Fees (Revenue Key 4817):

The recommended amount in this revenue code is **\$0**, unchanged from the FY 2010-2011 Budget. Staff is recommending \$0 for FY 2010-2011, as no new projects are anticipated. Should a project be received staff will prepare a budget amendment for this revenue object code.

2. Aid from Other Governmental Agencies (Revenue Key 4599 and 4562):

The recommended amount in this revenue code is **\$0**, decreased (\$18,043.00) from the FY 2010-2011 Budget. This amount will be utilizing the cash fund balances remaining from FY 2009-2010 and FY 2010-2011 monies in the amount of \$46,766.24. The LAFCO Executive Officer and the Inyo County Auditor recommend not requesting additional revenues from the County of Inyo or the City of Bishop for FY 2011-2012.

3. Interest form Treasury (Revenue Key 4301):

The recommended amount in this revenue code is **\$214.00**, decreased (\$286.00) from the FY 2010-2011 Budget. Interest rates remain exceptionally low.

STAFF RECOMMENDATION

Staff recommends following the public hearing the Commission approve the preliminary budget for fiscal year 2011-2012 by taking the following action:

"Move to approve the preliminary Inyo Local Agency Formation Commission budget for fiscal year 2010-2011 as recommended by the Executive Officer."

Respectfully Submitted,

Josh Hart, Executive Officer

Attachments: Exhibit A- Actual Expenditures for the 5 previous years
Exhibit B- Projected 2010-2011 LAFCO Budget
Exhibit C- Undesignated Fund Balance FY 2009-2010
Exhibit D- FY 2011-2012 Estimated Preliminary Budget, w/worksheets