
**FRESNO LOCAL AGENCY FORMATION COMMISSION
EXECUTIVE OFFICER'S REPORT**

AGENDA ITEM NO. 7

DATE: January 13, 2021

TO: Fresno Local Agency Formation Commission

FROM: David E. Fey, Executive Officer 

SUBJECT: Workshop on a Mid-Year Budget Review and Work Program Status for Fiscal Year 2020-2021.

RECOMMENDATION: Receive and file, provide direction as needed.

Executive Summary

This report presents mid-year status of the Commission's annual budget and the progress made on projects in the approved annual work program. Budget analysis has been prepared with budget data from November 2020, extrapolated through calendar 2020.

At mid-year, revenue and expenses generally are on track with the adopted budget.

- Estimated revenue \$422,361 or 70% of \$602,358 approved;
- Estimated office expenditures \$59,745 or 59% of \$101,651 approved;
- Estimated personnel expenditures \$206,310 or 47% of \$436,056 approved; and
- Estimated consultant services expenditures \$22,843 or 35% of \$65,650 approved.

Work program projects are generally lagging behind application-generated work and are discussed in greater detail in this report.

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. The Commission adopted its annual budget and work program at its hearing on June 10, 2020.

The Commission's part-time bookkeeper updates LAFCo's financial data and provides bookkeeping services monthly.

Commission business is guided by LAFCo's *Financial and Accounting Procedures* and by CKH. Pursuant to these procedures, "The Executive Officer shall serve as the budget administrator, to prepare, present, transmit, review, execute, and maintain the LAFCo budget consistent with State Law and Commission policy. The Executive Officer shall provide the Commission with a mid-year budget report comparing expenditures to the adopted budget.

Overview of Mid-Year Budget

As shown in Attachment "A," the Commission has an approved budget of \$602,358 which includes \$350,108 from contributions by the County (\$175,054) and the 15 cities (\$175,054 apportioned by their annual budgets), \$182,250 authorized to be contributed from the fund balance, and \$70,000 in projected fee revenue.

The Commission has an approved reserve of \$100,000 and a legal reserve of \$50,000.

Mid-year revenue is estimated to be \$422,361, composed of the County and 14 of the 15 cities' allocations and \$73,830 in application fee revenue. The City of Parlier has not yet contributed to the Commission's budget. This matter will be addressed in a following item.

Mid-year expenses are estimated to be \$288,898, or approximately 48% of approved expenses.

Overview of Mid-Year FY 2020-2021 Work Program

Work Program item descriptions are presented as adopted *in italics* and are followed by a status report.

1. Process Applications: reorganizations, sphere of influence amendments, etc.

Application processing is a core service in that staff evaluates applications for consistency with CKH and adopted policies to promote orderly growth. The Commission, in its determination of local agency boundaries, will be balancing that development with sometimes competing state interests of discouraging urban sprawl, preserving open-space and prime agricultural lands, and efficiently extending government services.

In the event of a conflict of staff resources between application and programmatic activities application processing will take priority.

Status at mid-year

- Reorganization applications submitted: 10 (four were submitted concurrently with SOI amendment applications)
- Reorganization applications recorded/complete: 5
- Reorganization applications still in progress: 5
- Extension of service applications: 1

In addition to annexation applications, several application-driven SOI amendments are underway or have been processed. The most notable was the City of Kerman's Eastside Community Park MSR/SOI/annexation, approved by the Commission in October 2020, and completed in November 2020. This project came to LAFCo with a time-sensitive deadline that

required coordination with the City to ensure that the city had a shovel-ready project by the end of calendar year 2020.

Other significant application-driven projects are the Sierra and Tranquillity Resource Conservation District's MSR/SOI/annexation applications. These proposals met with resistance from several irrigation districts and the Kings River Conservation District, all expressed concerns about overlap of responsibilities and potential resource management conflicts. During the preparation of the MSR, staff facilitated dialog between the applicants and the districts with the goal to resolve the potential conflicts prior to Commission hearing.

2. Continue Fresno LAFCo's Municipal Service Review Program

The MSR program is a core service in that it is the foundation for the update of a sphere of influence. A MSR is the analysis of the service or services to be provided by a local agency and consists of a written conclusions, or "determinations" based on evidence collected by LAFCo. MSRs conclude with recommendations based on this body of evidence that encourage order, logic, and efficient service delivery by local agencies.

First priority MSRs are those held over from FY 2019-20:

- *Coalinga-Huron Mosquito Abatement District*
- *Consolidated Mosquito Abatement District*
- *Fresno Mosquito and Vector Control District*
- *Central Valley Pest Control District*
- *West Fresno County Red Scale Protective District*
- *Tri-County Hospital (formerly Kingsburg Hospital District)*

Second priority MSRs, as resources are available, are the California Water Districts with 2007 MSRs:

- *Broadview Water District*
- *Farmers Water District*
- *Fresno Slough Water District*
- *International Water District*
- *Westlands Water District*
- *Liberty Water District*

Third priority are the irrigation districts with 2007 MSRs

- *Consolidated Irrigation District*
- *Fresno Irrigation District*
- *Hills Valley Irrigation District*
- *James Irrigation District*
- *Riverdale Irrigation District*
- *Tranquillity Irrigation District*
- *Laguna Irrigation District*

Fourth priority MSR are for other Special Districts with 2007 MSRs

- *Malaga County Water District*
- *Big Creek CSD*
- *Del Rey CSD*
- *Lanare CSD*
- *Lower San Joaquin Levee District*
- *Westside RCD*

Status at mid-year

Though the COVID-19 pandemic has interrupted communication with the subject special districts, and work on programmatic MSRs has largely been deferred in order to process application driven projects described earlier, staff has nevertheless completed preliminary outreach to the “first priority MSRs” that were held over from FY 2019-20 as follows:

- **Coalinga-Huron Mosquito Abatement District**
 - This district is not active though services are provided on an as-needed basis by agreement with the Fresno Westside Mosquito Abatement District. In light of the difficulties the CHMAD has had to perform its important public health services, the MSR is expected to consider modifications of the district, including but not limited to consolidation with another Mosquito Abatement District.
- **Consolidated Mosquito Abatement District**
 - The District has fully participated in staff’s data request and the administrative draft MSR is expected to be prepared in Q1 2021.
- **Fresno Mosquito and Vector Control District**
 - This is now an application-driven project for MSR/SOI/annexation.
- **Central Valley Pest Control District**
 - The District has fully participated in staff’s data request and the administrative draft MSR will be prepared in Q1 2021.
- **West Fresno County Red Scale Protective District**
 - The District has not responded constructively to staff’s data requests. More effort will be necessary to assemble the data needed for a complete MSR.
- **Tri-County Hospital (formerly Kingsburg Hospital District)**
 - At the District’s request, staff has resolved data and boundary inconsistencies between three Counties (Fresno, Kings, and Tulare) and updated the District’s service area map. Staff will issue a MSR data request in Q1 2021.

Staff will address the 2nd, 3rd, and 4th priority MSRs when the first priority MSRs are underway.

3. Programmatic Support Of Cities’ Spheres Of Influence

Commissioners will recall that the SOI is a “plan for the probable physical boundaries and service area of a local agency, as determined by the commission.” This programmatic activity is a core service as it supports cities’ implementation of the SOI determined by the Commission.

Based on staff's experiences this fiscal year with the Cities' of Huron and Reedley MSRs, as well as consultation with other cities regarding their SOIs, staff proposes a more focused and extensive outreach to each of the 15 cities as follows:

- *Phase I: Information gathering and assessment.
LAFCo staff will establish the acreage of land within each city's SOI that remains to be annexed; identify islands and peninsulas; identify potential land use conflicts that may result in irregular boundaries; and the city's respective growth rates to estimate when that city will likely seek an amendment of its SOI. This information will be provided to the cities for their review and comment.*
- *Phase II: Outreach
If a city expresses an interest in staging its resources for an update of its SOI, staff will coordinate with city staff for additional outreach including presentations to city councils, planning commission's or other organizations in support and preparation of the SOI amendment.*
- *Phase III: Preparation for MSR
Staff will work with city managers on anticipated SOI amendments to facilitate MSR update process and orient these managers on the information that is necessary for a MSR and how to best organize these data for efficient and timely analysis.*

Status at mid-year

Staff has issued letters to cities and is awaiting requests for phase 2.

4. Continue Support to Local Agencies And The Public

This is a core service. LAFCo exercises a unique authority over the growth and services of local agencies; so unique, in fact, that unless local agency staff are continuously engaged in annexations, SOI updates, or other LAFCo activities, the skill sets and experiences learned are quickly replaced with other more pressing matters. It is clear to LAFCo staff that in order for the 15 cities and 112 special districts in Fresno County to interact effectively and efficiently with LAFCo it is necessary to be available to provide information, context, regulatory guidance, and other supporting services throughout the year.

Status at mid-year

Staff has maintained prompt communications with County staff, cities' staff, members of the public, the building industry, and other entities regarding programmatic MSRs, pre-application questions, applications in process, data requests, and coordination of public and private projects.