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

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**AGENDA ITEM NO. 8**

**DATE:** April 13, 2016

**TO:** Local Agency Formation Commission

**FROM:** David E. Fey, AICP, Executive Officer 

**SUBJECT:** Proposed Budget and Work Plan for Fiscal Year 2016-17

**RECOMMENDATION:** Receive and Provide Direction, including direction to amend the Professional Services Agreement with Fresno County to include contracted GIS services

**Executive Summary**

The Fiscal Year (FY) 2016-17 LAFCo preliminary budget estimates (Exhibit "A") and draft 2016-17 Work Plan (Exhibit "B") are presented herein for the Commission's consideration, comment, and direction to staff with respect to any recommended changes that the Commission may choose to incorporate into the final budget and work plan that will be presented to the Commission on May 11, 2016.

The Commission's budget is based on a July 1st to June 30th fiscal year.

Staff anticipates that the FY 2015-16 budget will close above the approved budget of \$447,603, largely due to higher than anticipated personnel expenses that included increased Executive Officer compensation (\$5,500) approved by the Commission and resolution of underpayment by LAFCo to the County pursuant to its Professional Service Agreement with the County of Fresno (\$31,733). However, application fee revenue is expected to close approximately \$70,000 higher than projected and is expected to balance expenditures.

The FY 15-16 operational budget (not including reserve funds) was the lowest in eight years but included an operational reserve of \$100,000 and legal reserves of \$52,000. Staff's proposed FY 2016-17 budget is approximately \$580,836, an increase of \$133,233 from FY 2015-16. Staff proposes to increase staffing by adding a LAFCo Analyst I position, increasing the size of LAFCo's offices, and increasing consulting services via an amendment of the PSA to accommodate the increased workload of the Municipal Service Review Program.

This proposed estimate will be further refined based on continuing staff analysis and Commission direction. Staff will present a "Final Budget" in May.

**Overview of Budget Process**

California Government Code Section 56381(a) states, "The commission shall adopt annually, following noticed public hearings, a proposed budget by May 1 and final budget by June 15. At a minimum, the proposed and final budget shall be equal to the budget adopted for the previous

fiscal year unless the commission finds that reduced staffing or program costs will nevertheless allow the commission to fulfill the purposes and programs of this chapter.”

The Commission’s *Financial and Accounting Procedures* stipulate that “In order to get an early start on the budget and allow for careful consideration of the budget options, the Executive Officer will present a preliminary budget to the Commission in March of each year in order to obtain advance direction from the Commission.” The Commission’s budget is based on a July 1st to June 30th fiscal year.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 authorizes the operational costs of LAFCo to be shared one-half by the County and one-half by cities where only the County and cities are represented on the Commission. In the event that special districts choose to be represented on the Commission, LAFCo funding would then be shared one-third by the County, cities, and the special districts or by an alternative method approved pursuant to section 56381(b)(4) of the California Government Code.

LAFCo’s operational expenses are augmented by fees established by the Commission in accordance with section 56383 of the California Government Code for services rendered to process applications for annexations, reorganizations, and detachments, as well as other LAFCo actions.

### **Summary of FY 15-16 Budget to Close**

#### **Revenue**

FY 15-16 revenue of \$447,602 was comprised of \$186,206 contributed respectively by the County and the 15 cities, \$40,000 anticipated in application fees, and an available fund balance contribution of 35,190.

Fee revenue is expected to close \$70,000 higher than projected.

#### **Expense - Office Operations**

Office operations were budgeted for \$99,845 and are estimated at this point to close at \$94,272, less \$5,573. Accounts projected to close under budget are liability insurance and commission and staff education, by \$1,723 and \$4,000, respectively.

#### **Expense - Personnel**

Personnel expenses were budgeted for \$289,958 and are estimated to close at \$332,854, over by \$42,896. Personnel accounts projected to close over budget are:

- An adjustment to the Executive Officer’s compensation was approved after the budget was adopted (\$5,500);
- Balance due the County under the Professional Services Agreement for former county employee representing accrued vacation leave liability and underpaid invoices for County employees from July, 2012–September, 2014 (\$31,733); and
- Incidental expenses associated with COLA increases to LAFCo staff (\$4,300).

## Expense - Consultant Services

Consulting services expenses were budgeted for \$57,800 and are estimated to close at \$58,825, over by \$1,025 resulting from Fresno County Assessor/Recorder charges associated with the review of annexation proposals.

## Conclusion

FY 15-16 is anticipated to close with unanticipated expenses balanced by additional fee revenue.

## Summary of Proposed FY 2016-2017 Budget and Work Plan

### Discussion

The proposed budget supports the Commission's role as an independent planning and regulatory agency whose purposes are to encourage the orderly formation of local governmental agencies, preserve agricultural land resources, and discourage urban sprawl. The Commission's work plan represents projects and activities that fulfill its goals and objectives. The budget represents the funding to accomplish projects deemed important by the Commission.

The Commission's current MSR Program produces a more informative and useful analysis of local agencies than past service reviews have accomplished, and as a result, the local agencies reviewed have become more accountable and transparent. Using the MSR process as a template for improvement, staff has also reached out to agencies in advance of their scheduled MSR to support them as they seek to improve their operations.

Local agencies are more aware of the MSR program and the Commission's interest in their performance and have sought to make improvements in anticipation of or during the MSR process.

Nonetheless, as staff has frequently reported to the Commission, not all agencies participate in the MSR process. To some extent, the lack of participation has become an indicator of a local agency's compliance with its own principal act, the Brown Act, and/or the Public Records Act.

Staff seeks to assist and support an agency's improvement when the agency is motivated to cooperate, but the time it takes to work with the agency and collect the necessary data is impacting the MSR schedule.

### Emerging Issues to Address with the FY 2016-2017 Budget and Work Plan

#### *MSR Constraint*

The volume of work associated with the MSR Program is due to a variety of causes, including the unanticipated time to identify and resolve local agency issues that were not sufficiently addressed during the first round of MSRs in 2007; additional time spent supporting a district's development of a durable resolution to the issue(s) and assisting the special district to be an active participant in working on this resolution.

Commissioners have expressed their interest in thorough MSRs and timely completion of the

reviews. Given these comments and the MSR schedule impacts since the MSR Program was initiated, staff has evaluated several ways to address this situation:

A *status quo approach* is likely to continue the backlog of MSRs, though there will be efficiencies gained as staff gains more experience with MSRs in general and with the different types of special districts in particular.

Another approach is *reduce the number of MSRs to be performed annually*, that is, maintain the current level of effort and continue to produce "MSR 2.0" products but restrict them to a relatively small number per year, perhaps 7-10 annually. This would extend the completion of the second round MSRs by several years.

Time can be gained by *performing more restricted reviews* of municipal services. The effect would reduce the scope of the MSR to a local agency's compliance with its principal act, adoption of an annual budget, and so forth, but would not assume the level of effort that may be necessary to address issues raised in the MSR.

*MSRs on request only* would reduce their number to only a few each year. This is not consistent with Fresno LAFCo's MSR program, however, nor would it likely result in the improvements to district performance, boundary accuracy, and interagency efficiencies that the MSR Program has produced.

One approach is to *hire consultants to perform many or all* of the MSRs. An appropriate scope of work generated by LAFCo will permit consultants to propose budgets that result in MSR 2.0 deliverables. Santa Cruz LAFCo recently requested consultant expenses and distributed the data (Exhibit C). Table A presents the responses; Table B presents the average cost per each MSR and develops a range of estimates used in Table C where projected consultant expenses are compared with total MSRs to be performed under the current schedule (staff's consultant management expenses would approach 15% of the contract amounts and are not included in Table C estimates). Table C presents consultant-only MSR expenses for four fiscal years of the current MSR schedule: 14-15 through 17-18.

#### *MSR Constraint – Recommendation*

Based on this analysis, staff concludes that the *best value* for Fresno LAFCo continues to be staff-generated MSRs, and supports maintaining the MSR Program and schedule by adding an additional analyst staff member to contribute to the workload. This action would also require additional office space and furnishings as LAFCo's current office is nearly at its maximum occupancy.

#### *GIS Constraint*

Another emerging issue is the necessity to update LAFCo's maps. LAFCo's existing local agency maps are saved in the LAFCo server and do not reflect the County's ongoing maintenance of geographic data. LAFCo's PDF maps are essentially a 2007 version of the local agency boundaries and need to be updated regularly. In addition, the MSR Program includes verification of a special district's service area. Data from the special district are frequently not consistent with LAFCo's 2007 maps which have to be updated. For example, LAFCo's 2007 MSR maps do not show the entire service area of multi-county districts. Then there is the need to reconcile data among multiple agencies including Fresno County Elections, Fresno County Public Works and

Planning, the special district, and often another regulatory agency that manages a resource of the special districts (such as the Department of Water Resources or the U.S. Bureau of Reclamation).

Not all boundary data is maintained by the County. For example, the County Assessor does not maintain landowner-voter district boundaries because these special districts do not participate in the County's Tax Rate Exchange program. In fulfilling its MSRs for these special districts, LAFCo is responsible for determining the accurate district boundary as a fundamental step to complete the review. Each of these activities is accomplished by the LAFCo Analyst who is also working on the MSR Program.

#### *GIS Constraint – Recommendation*

Staff initially considered recommending hiring a GIS technician but determined that an efficiency can be gained by using the LAFCo/County Professional Services Agreement to contract with a Public Works and Planning GIS specialist to perform this work under the direction of the LAFCo Analyst. Staff estimates expenses for 80 hours per month.

#### Proposed FY 2016-17 Work Plan

A proposed FY 2016-17 Work Plan consistent with the analysis presented in this report is attached as Exhibit "B." It contains ongoing assignments such as the MSR program, application processing and consultation and facilitation to local agencies and the public. Three projects from FY 15-16 that were started but not completed are recommended for the FY 16-17 Work Plan: a comprehensive examination and update of Fresno LAFCo's current Policies and Procedures manual, an application fee analysis, and the ag preservation policy committee. As reported during the mid-year budget report, staff recommends that the fire transition policy review and assessment be performed with the Fresno County Fire Protection District's MSR anticipated in 2018.

#### Preliminary FY 2016-17 Budget

Based on the recommendations in this report, the preliminary FY 2016-17 budget is presented:

#### Revenue

Preliminary FY 2016-2017 revenue is forecast as \$580,836, with a preliminary estimate of County and Cities' contribution of \$204,515, and \$68,500 in application fees (see Exhibit D for fee revenue analysis worksheet). Proposed fee revenue is based on a 10-year analysis that anticipates ten applications averaging \$6,700 each.

#### Expenses – Personnel

Personnel expenses are forecast as \$332,854, and include a proposed new LAFCo Analyst I position.

#### Expense - Office Operations

Office operations are forecast as \$93,045, and include additional office space, furniture, and telecommunications for the proposed new LAFCo Analyst I position. Certain "Office Operation" expenses associated with the Professional Services Agreement with Fresno County will be accounted for under the "Consultant Services" budget.

Expense - Consultant Services

Consulting services expenses are forecast as \$106,854, including \$30,000 for a proposed amendment of the Professional Service Agreement with Fresno County to fund work by County GIS staff to assist LAFCo's MSR program.

Individuals and Agencies Receiving this Report

- Ken Price, LAFCo Counsel
- Bernard Jimenez, Interim Director of Fresno Co. Public Works and Planning
- John Hays, Principal Administrative Analyst, Fresno County CAO's office
- In accordance with Government Code sec. 56381, the proposed budget has been distributed to all of local agencies and specified County departments.

**FRESNO LAFCO PROPOSED FY16-17 BUDGET SUMMARY**

4/4/16; Inclusive of Feb 2016 Financial Statement; 3/16 bank statements

#	REVENUE SUMMARY	Approved FY 15/16 Budget	Estimate to Close FY 15/16	Difference	Proposed FY 16-17 Budget
10100	ALLOCATION COUNTY	186,206	186,206	0	204,515
10200	ALLOCATION CITIES	186,206	186,206	0	204,515
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	101,805
	<b>Total</b>	<b>447,603</b>	<b>485,952</b>	<b>38,350</b>	<b>580,836</b>

#	EXPENDITURE SUMMARY	Approved FY 15/16 Budget	Estimate to Close FY 15/16	Difference	Proposed FY 16-17 Budget
51000	EXPENDITURE - OFFICE OPERATIONS	99,845	94,272	-5,573	93,045
52000	EXPENDITURE - PERSONNEL	289,958	332,854	42,896	380,936
53000	EXPENDITURE - CONSULTING SERVICES	57,800	58,825	1,026	106,854
	<b>Total</b>	<b>447,603</b>	<b>485,952</b>	<b>38,350</b>	<b>580,836</b>

**FRESNO LAFCO PROPOSED FY16-17 BUDGET SUMMARY**

**REVENUE**

4/4/16; Inclusive of Feb 2016 Financial Statement; 3/16 bank statements

<b>REVENUE - DESCRIPTION</b>	<b>Approved FY 15/16 Budget</b>	<b>Estimate to Close FY 15/16</b>	<b>Difference</b>	<b>Proposed FY 16-17 Budget</b>
<b>10000</b>				
10100 ALLOCATION COUNTY	186,206	186,206	0	204,515
10200 ALLOCATION CITIES	186,206	186,206	0	204,515
10300 APPLICATION FEES	40,000	110,000	70,000	68,500
10400 MSR PREPARATION	0	0	0	0
10600 MSR CONSULTANT CONTRACTS	0	0	0	0
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)	101,805
<b>Total Revenue</b>	<b>447,602</b>	<b>485,952</b>	<b>38,350</b>	<b>580,836</b>

**FRESNO LAFCO PROPOSED FY16-17 BUDGET SUMMARY**

**EXPENDITURE - OFFICE OPERATIONS**

4/4/16; Inclusive of Feb 2016 Financial Statement; 3/16 bank statements

	Approved FY 15/16 Budget	Estimate to Close FY15-16	Difference	Preliminary 16-17 Budget
<b>51000 EXPENDITURE - OFFICE OPERATIONS</b>				
51010 Office Operations Expense	5,200	5,200	0	5,200
51020 Office Lease	32,290	32,290	0	40,606
51030 <i>Fr Co Telecommunications</i>	3,005	3,005	0	0
51040 Liability Insurance	13,500	11,777	-1,723	13,000
51050 Property/Other Insurance	0	0	0	0
51060 Copier Maintenance-Equipment	600	250	-350	600
51070 Messenger Service	0	0	0	0
51080 Postage	3,500	2,000	-1,500	3,500
51100 <i>Fr Co PeopleSoft Financial Charges</i>	600	600	0	0
51110 <i>Fr Co Data Processing Charges</i>	11,844	11,844	0	0
51120 Publication & Legal Notices	2,000	2,000	0	2,000
51130 Postage Equipment Rental	312	312	0	312
51140 Staff Mileage	540	540	0	864
51150 Commission Hearing Expenses	6,000	6,000	0	6,000
51160 Commission and Staff Education	6,000	4,000	-2,000	6,000
51170 Contingency Fund Expenses	3,000	3,000	0	3,000
51180 Professional Memberships	7,454	7,454	0	7,963
51190 Fixed Assets (Office Furniture)	3,000	3,000	0	3,000
51195 Fixed Asset (Office Furniture) Depreciation	1,000	1,000	0	1,000
<b>Total Office Operations</b>	<b>99,845</b>	<b>94,272</b>	<b>-5,573</b>	<b>93,045</b>

*"Fr Co" expenses are associated with the Professional Services Agreement between LAFCo and Fresno County and will be accounted for as "Expenditure - Consulting Services" in FY 16-17.*

**FRESNO LAFCO PROPOSED FY16-17 BUDGET SUMMARY**

**EXPENDITURE - PERSONNEL**

4/4/16, Inclusive of Feb 2016 Financial Statement; 3/16 bank statements

EXPENDITURE - PERSONNEL	Approved FY 15/16 Budget	Estimate to Close FY 15/16	Difference	Proposed FY 16-17 Budget
<b>52000</b>				
<b>52100 Executive Officer</b>				
52110 Salary	100,000	105,000	5,000	110,000
52120 Car Allowance	6,000	6,000	0	6,000
52130 Worker's Comp	600	600	0	600
52140 Unemployment Insurance	460	460	0	500
52150 Retirement Contribution	10,000	10,500	500	11,000
52160 SS & Medicare	5,595	5,595	0	6,000
52170 Health Insurance Contribution	8,430	8,430	0	9,273
52180 Life Insurance	93	93	0	100
52195 Benefit Administration	120	120	0	120
<b>Subtotal</b>	<b>131,298</b>	<b>136,798</b>	<b>5,500</b>	<b>143,593</b>
<b>52200 Clerk</b>				
52210 Salary	62,000	63,860	1,860	65,000
52215 Vacation/Sick Leave Payout	0	31,733	31,733	0
52230 Workers Comp Contribution	600	600	0	600
52240 Unemployment Insurance	363	363	0	363
52250 Retirement Contribution	6,200	6,200	0	6,500
52260 SS & Medicare	3,087	3,087	0	3,087
52270 Health Insurance Contribution	8,300	8,300	0	9,130
52280 Life Insurance	93	93	0	100
52295 Benefit Administration	120	120	0	120
<b>Subtotal</b>	<b>80,763</b>	<b>114,356</b>	<b>33,593</b>	<b>84,900</b>
<b>52300 LAFCo Analyst II</b>				
52310 Salary	55,000	56,375	1,375	60,000
52330 Workers Comp Contribution	600	600	0	600
52340 Unemployment Insurance	151	151	0	151
52350 Retirement Contribution	5,500	5,638	138	5,500
52360 SS & Medicare	658	2,000	1,342	658
52370 Health Insurance Contribution	5,820	5,820	0	6,402
52380 Life Insurance	48	48	0	50
52395 Benefit Administration	120	120	0	120
<b>Subtotal</b>	<b>67,897</b>	<b>70,752</b>	<b>2,855</b>	<b>73,481</b>

52000 EXPENDITURE - PERSONNEL [Page 2]	Approved FY 15/16 Budget	Estimate to Close FY 15/16	Difference	Proposed FY 16-17 Budget
52400 LAFco Analyst I (Proposed FY 16-17)				
52410 Salary			0	47,000
52420 Overtime			0	0
52430 Workers Comp Contribution			0	118
52440 Unemployment Insurance			0	309
52450 Retirement Contribution			0	4,700
52460 SS & Medicare			0	3,313
52470 Health Insurance Contribution			0	6,402
52480 Life & Disability Insurance			0	50
52500 Benefit Administration			0	120
Subtotal			0	62,012
52500 Extra Help	10,000	0	-10,000	0
52600 Intern				
52610 Salary	0	9,690	9,690	15,000
52640 Unemployment Insurance	0	484	484	750
52660 SS & medicare	0	775	775	1,200
52670 Health Insurance Contribution	0	0	0	0
52680 Life and Disability Ins.	0	0	0	0
52690 Benefit Admin	0	0	0	0
52600 Other	0	0	0	0
Subtotal		10,949	10,949	16,950
Total Personnel	289,958	332,854	42,896	380,936

**FRESNO LAFCO PROPOSED FY16-17 BUDGET SUMMARY**

**Expenditure - Consulting Services**

4/4/16; Inclusive of Feb 2016 Financial Statement; 3/16 bank statements

<b>EXPENDITURE - CONSULTING SERVICES</b>		<b>Approved FY 15/16 Budget</b>	<b>Estimate to Close FY 15/16</b>	<b>Difference</b>	<b>Proposed FY 16-17 Budget</b>
53100	Payroll Services	3,000	3,000	0	3,000
53200	Independent Financial Audit	10,000	10,000	0	5,000
53300	Bookkeeping Service	2,500	2,500	0	2,500
53310	Fr Co Accounting/Auditor	3,000	3,000	0	3,000
53400	Fr Co Assessor/Recorder	4,500	5,525	1,025	6,000
53500	LAFCo Counsel	30,000	30,000	0	30,000
53600	Fr Co Elections	1,000	1,000	0	1,000
53700	Fr Co Env Health	1,800	1,800	0	1,800
53800	Special Counsel	2,000	2,000	0	2,000
51030	Fr Co Telecommunications	0	0	0	5,549
51100	Fr Co PeopleSoft Financial Charges	0	0	0	1,200
51110	Fr Co Data Processing Charges	0	0	0	15,805
53900	Fr Co GIS Consultant	0	0	0	30,000
<b>Total Consultant Expenses</b>		<b>57,800</b>	<b>58,825</b>	<b>1,025</b>	<b>106,854</b>

*"Fr Co" expenses are associated with the Professional Services Agreement between LAFCo and Fresno County and will be accounted for as "Expenditure - Consulting Services" in FY 16-17.*

**DRAFT 2016 LAFCO WORK PLAN**  
**April 13, 2016**

**Introduction**

Fresno LAFCo's Financial and Accounting Procedures specify that before July 1st, the LAFCo Executive Officer shall prepare for the Commission's review and approval an annual work plan. The work plan is prepared in conjunction with the annual budget. The work plan identifies the purposes and plans of State Law and local policy, including requirements for service reviews, sphere of influence updates, and other mandated functions.

This work plan reflects the Fresno LAFCo's policies and procedures and the current and the dynamic needs of the local agencies in Fresno County. The work plan is composed of projects to be undertaken directly by LAFCo staff during the year.

The work plan is developed to advance the state's interests, the Commission's issues and goals.

I. The scope of the work plan is developed to be consistent with the legislature's findings and declarations:

- It is the policy of the state to encourage orderly growth and development which are essential to the social, fiscal, and economic well-being of the state.
- The logical formation and determination of local agency boundaries is an important factor in promoting orderly development and in balancing that development with sometimes competing state interests of discouraging urban sprawl, preserving open-space and prime agricultural lands, and efficiently extending government services.
- Providing housing for persons and families of all incomes is an important factor in promoting orderly development.
- This policy should be effected by the logical formation and modification of the boundaries of local agencies, with a preference granted to accommodating additional growth within, or through the expansion of, the boundaries of those local agencies which can best accommodate and provide necessary governmental services and housing for persons and families of all incomes in the most efficient manner feasible.
- The Legislature also finds that, whether governmental services are proposed to be provided by a single-purpose agency, several agencies, or a multipurpose agency, responsibility should be given to the agency or agencies that can best provide government services.

II. The projects are identified to address important issues identified by the Commission in its initial Policies, Standards, and Procedures Document, adopted in 1986 or as revised:

Fresno LAFCo identified the following list of problems and needs locally, which pertain to the Commission's responsibilities, and developed policies, standards, and procedures in this document in order to help resolve the problems and meet needs within the Commission's jurisdiction:

1. Proliferation of overlapping and competing local agencies.
2. Need for more cooperation/coordination among local agencies.
3. Inadequate level or range of services in county/community.
4. Inadequate revenue base or adverse fiscal impacts for local agencies.
5. Illogical, gerrymandered agency boundaries, islands, surrounded areas.
6. Illogical agency service areas.
7. Conflicts between urban and rural/agricultural land uses.
8. Premature proposals and lack of development proposals.
9. Phasing of agency expansion/growth.
10. Determining environmental effects of proposals.
11. Determining consistency with city or county general plans.
12. Urban sprawl and leap frog urban development.
13. Guiding urban growth away from prime agricultural lands.
14. Defining agricultural lands and open space lands.
15. Opposition of proposals by residents and popularity of proposals by landowners/developers.
16. Provision of adequate noticing of LAFCO hearing and conducting authority hearing.

On February 18, 2015, the following *Special District Issues, 2015* were presented to the Commission:

1. No adopted annual budget, by-laws, or procedures.
2. No services.
3. District board nonfeasance.
4. Grand Jury Reports.
5. Lack of staff or staff lacks technological/managerial/financial (T/M/F) expertise.
6. Board members fulfill both policy and operational functions.
7. Lack of coordination of similar services between and among different special districts.
8. Lack of transparency and/or Brown Act compliance.
9. Changing demographics, antiquated mission.
10. The special district does not cooperate with LAFCo on the MSR.

Other issues have emerged since that time:

11. District board lacks quorum.
12. Board members lack T/M/F expertise.
13. Board members continue to serve after terms expire.

III. The work plan is refined to conform with Commission goals:

1. Encouraging Orderly Formation and Development of Agencies;
2. Encouraging Consistency with Spheres of Influence and Recommended Reorganization Of Agencies;
  - a. 102-04 Transition Agreements
3. Encouraging Orderly Urban Development and Preservation of Open Space Patterns;
4. Encouraging Conservation of Prime Agricultural Lands and Open Space Areas;
5. Providing Public Access to the Commission via the Internet; and
6. LAFCo Disadvantaged Communities Policy.

## **Preliminary 2016-17 Work Plan**

### **Municipal Service Review Program**

Summary: the MSR Program is currently the most important function of the Fresno LAFCo; LAFCo exercises a unique statutory authority in the implementation of its MSR Program.

Municipal Service Reviews are the only independent 'governance audit' performed locally, regularly, and intended to coordinate services among and between local agencies. The MSR program supports the respective missions of local agencies, improves service delivery efficiencies, and enhances accountability of local agencies.

Pursuant to Commission direction and policy for an assertive MSR program, staff developed an ambitious schedule of MSR updates for all local agencies.

The program has resulted in increasing order and efficiencies for LAFCo, the subject local agencies, and allied local and state agencies. Nearly all of the current MSRs have revealed one or more issues of local agency operation that warrants determinations and supportive recommendations. The issues raised have included lack of compliance with Principal Acts, lack of compliance with Brown Act, inconsistent boundaries, and other things that can negatively influence service delivery efficiencies.

The complication is that these problems also resulted in an unanticipated workload for LAFCo staff, primarily the LAFCo analyst, who is responsible for the day-to-day progress of the MSR program. In addition to the additional work, many agencies rely on the LAFCo GIS database which should be updated as new information is developed.

This is not to say that the MSR Program is flawed—it is doing what the Commission intended for it to accomplish. But 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 adopting the FY 16-17 budget, the commission will have taken action to address the current challenges of the MSR Program.

### **Application processing (Pre-applications / Applications)**

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.

**Local Agency Spring Workshop**

Staff will contact all local agencies and offer to attend council and board meetings to explain the role of LAFCo, Spheres of influence, Reorganizations, MSRs, and Annexations. The workshop will describe the application process, critical timelines, and the public hearing and conducting authority process. We will also walk through the sphere of influence update process to put it in proper perspective, and describe the function of Municipal Service Reviews.

In addition, pursuant to the adopted Annexation Program Guidelines, staff will offer an Annexation Program Workshop to local agency staff and the development community. Staff is in discussion with the California Special District Association to facilitate a special district workshop.

**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. 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 application fees: do the current fees balance expenses associated with application processing; the state of subsidiary expenses (such as services provided through the Professional Services Agreement with Fresno County); and the fiscal implications of waiving application fees.

**Assess Agricultural Preservation Policies**

This project began in FY 15-16 and is recommended to continue in FY 16-17 with the goal to conclude by May, 2017.

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.

Table A - Consultant Cost of Municipal Service Reviews 2013-2016					
Compiled by Pat McCormick, Santa Cruz LAFCo Executive Officer February, 2016					
LAFCO	Cost	\$ per agency	\$ per city	\$ per district	Description
Alameda	\$75,000	\$3,800		\$3,800	21 special districts including 12 CSAs
Santa Clara	\$75,000	\$5,000	\$5,000		15 cities
Yolo	\$80,000	\$5,300		\$5,300	15 fire protection districts
San Mateo	\$67,000	\$8,400			8+ agencies (4 cities, 4 districts, plus a few small districts)
Nevada	\$43,000	\$8,600			5 water agencies (2 cities, 3 districts)
Nevada	\$40,000	\$10,000			4 wastewater agencies (2 cities, 2 districts)
Sonoma	\$60,000	\$10,000		\$10,000	6 fire agencies (1 city, 2 districts, county, tribe, and CAL Fire)
Napa	\$62,000	\$12,400	\$14,000	\$7,000	5 agencies (3 cities, 2 districts)
Yolo	\$40,000	\$11,500			\$40,000 for typical MSR for 3-4 agencies
Fresno	\$35,000	\$30,000	\$30,000		1 large city
San Mateo	\$38,000	\$38,000		\$38,000	1 complicated and contentious district

EO McCormick estimated consultant expense of \$10,000 for a moderately complex MSR

Table B - Fresno LAFCo Analysis		
LAFCO	# of MSRs	Avg \$/MSR
Alameda	21	\$3,571.43
Santa Clara	15	\$5,000.00
Yolo	15	\$5,333.33
San Mateo	10	\$5,153.85
Nevada	5	\$8,600.00
Nevada	4	\$10,000.00
Sonoma	6	\$10,000.00
Napa	5	\$12,400.00
Yolo	3.5	\$11,428.57
Fresno	1	\$35,000.00
San Mateo	1	\$38,000.00
Average Cost of MSR		\$13,135.20

< Figure used for "Low" estimate in Table C

< Figures used for "Moderate" estimate in Table C

< Figure used for "Average" in Table C

Table C - Fresno LAFCo MSR Program Estimated Consultant Expenses					
Fiscal Year	# of MSRs	Low	Median	"Moderate" Per Table A	Average
FY 14-15	19	\$67,857	\$176,700	\$190,000	\$249,569
FY 15-16	33	\$117,857	\$306,900	\$330,000	\$433,462
FY 16-17	39	\$139,286	\$362,700	\$390,000	\$512,273
FY 17-18	24	\$85,714	\$223,200	\$792,000	\$315,245