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

AGENDA ITEM No. 8

DATE: January 9, 2019
TO: Fresno Local Agency Formation Commission
FROM: David E. Fey, Executive Officer
SUBJECT: Mid-Year Budget and Work Program Status for Fiscal Year 2018-2019.

RECOMMENDATION: Receive and File.

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.

- Revenue and expenses are generally on track with the adopted budget.
- Work program projects are generally on track.

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 18-19 budget March 13, 2019, to solicit Commission direction on the draft budget that will be presented at the April 3, 2019, hearing. The Commission adopts its final budget and work program at its hearing on May 8, 2019.

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 in Attachment "A," the Commission has an approved budget of \$549,027 which includes \$390,016 from the mandated contributions from the County (\$195,008) and the 15 cities (\$195,008, apportioned by their annual budgets), \$114,011 contributed from the fund balance, and \$45,000 in projected fee revenue. The Commission has an approved reserve of \$100,000.

Mid-year revenue is \$457,266; \$390,016 from the County and cities' allocations and \$67,250 in

application fees.

Mid-year expenses total \$235,786, or approximately 43% of approved expenses.

Overview of Mid-Year Work Plan

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

1. Municipal Service Review Program

2018-19 Project: Continue the Fresno LAFCo's MSR Program, with an emphasis on cities' MSR.

Status: In progress. Of the six cities that indicated in 2017 that they intended to apply for SOI amendments, only three (Clovis, Huron, and Reedley) are actively engaged in the necessary MSR update.

In an effort to streamline the MSR process, in 2017 staff prepared an MSR template for cities to use as they prepared their administrative information and documentation submittals. The template is undergoing continuous revision for clarity and applicability to each city's particular mix of municipal services and service delivery methods based on comments from the cities.

In mid-2018, LAFCo's MSR program received praise from the Fresno County Grand Jury's Report No. 3 titled "Special Districts Non-Compliance—System Failure." The Report highlighted the important role that LAFCo plays to assist special districts improve their accountability, fidelity to their principal acts, and their financial reporting requirements prescribed in State law. The Report found that LAFCo's MSR Program is aiding and educating special districts in the proper methodology in the operation of special districts.

2. Update Fresno LAFCo Policies and Procedures Manual

2018-19 Projects:

2.1 Reformat Fresno LAFCo policies and procedures manual.

Status: Completed; the Commission adopted a reformatted manual in July 2018.

2.2. Evaluate any necessary changes to policies and procedures.

Status: In progress, see status of application fee analysis, below.

2.3. Propose future policy amendments be subject to "first and second reading" process over two meetings.

Status: Complete. Staff is now employing this practice.

3. Application Processing (Pre-applications / Applications)

2018-19 Project: Continue to provide support to local agencies seeking LAFCo action; respond to applications.

Status: In progress. Currently managing seven reorganization applications (four pending applications and three applications approved by the Commission and awaiting completion of conditions).

4. Inactive Special District Dissolution

2018-19 Projects:

4.1. Respond to State Controller's SB 448 Notification regarding dissolution of inactive special districts.

Status: In progress. LAFCo hearing to initiate dissolution proceedings scheduled for January 2019.

4.2. Conduct a workshop on "Inactive Special Districts"

Status: In progress; a special district performance standards workshop was conducted in December 2018.

5. Consultation and Facilitation to Local Agencies and the Public

2018-19 Project: Continue consultation and facilitation to local agencies and the public.

Status: In progress. Staff continues to reach out to all local agencies and offer to attend council and board meetings to explain the role of LAFCo, spheres of influence, reorganizations, MSRs, and annexations. In addition, pursuant to the adopted Annexation Program Guidelines, staff will offer an Annexation Program Workshop to local agency staff and the development community. This work item includes continued participation with the emerging local chapter of the California Special District Association. Meetings this fiscal year (not including developer meetings) include:

- Several multi-agency meeting regarding CSA 39 A/B
- City/County/LAFCo semi-monthly annexation coordination meetings
- Annexation process training for Fresno City planning staff
- City of Huron MSR progress meetings
- Meeting with Fresno City Council President Soria
- City of Coalinga City Management
- City of Reedley City Management
- City of Mendota City Management
- City of Fresno City Management
- City of Fowler City Management
- City of Selma City Management
- City of Clovis City Management
- West Area Specific Plan Citizen's Advisory Committee meeting

McMullin GSA
Fresno Mosquito and Vector Control District
Multi-agency meeting regarding formation of a Veteran's Memorial District
Presentation to Reedley City Council
Attend and support City of Fresno annexation informational meetings
Pinedale Public Utility District board and staff
Waterworks District #42 Citizens Advisory Committee
California Association of Resource Conservation Districts
Meeting with Assemblymember Patterson's local staff
Fresno County special districts staff

6. Application Fee Analysis

2018-19 Project: Update LAFCo's application fees and charges

Status: Staff has completed the preliminary fee analysis. This project was initially envisioned to update the Commission's schedule of fees and service charges but in the course of this analysis staff observed a need to reduce the complexity of LAFCo's fee structure and propose contemporary financial policies. Staff will schedule a workshop to be combined with preliminary budget presentation prior to distribution to stakeholders; public hearing in May.