



Local Agency Formation Commission of Napa County
Subdivision of the State of California

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We Manage Local Government Boundaries, Evaluate Municipal Services, and Protect Agriculture

Agenda Item 6a (Public Hearing)

TO: Local Agency Formation Commission

PREPARED BY: Brendon Freeman, Executive Officer *BF*

MEETING DATE: June 7, 2021

SUBJECT: Final Budget for Fiscal Year 2021-2022 and Amendment to the Schedule of Fees and Deposits

RECOMMENDATION

It is recommended the Commission take the following actions:

- 1) Open the public hearing and take testimony;
- 2) Close the public hearing;
- 3) Adopt the Resolution of the Local Agency Formation Commission of Napa County – Adopting a Final Budget for the 2021-2022 Fiscal Year (Attachment One);
- 4) Adopt the Resolution of the Local Agency Formation Commission of Napa County – Amendment to Adopted Schedule of Fees and Deposits (Attachment Two); and
- 5) Authorize the Executive Officer to sign a five-year lease agreement for office space at 1754 Second Street in Napa.

BACKGROUND AND SUMMARY

LAFCOs are responsible for annually adopting a proposed budget by May 1st and a final budget by June 15th pursuant to California Government Code Section 56381. This statute specifies the proposed and final budgets shall – at a minimum – be equal to the budget adopted for the previous fiscal year unless LAFCO finds the reduced costs will nevertheless allow the agency to fulfill its prescribed regulatory and planning duties.

Margie Mohler, Vice Chair
Councilmember, Town of Yountville

Mariam Aboudamous, Commissioner
Councilmember, City of American Canyon

Beth Painter, Alternate Commissioner
Councilmember, City of Napa

Diane Dillon, Chair
County of Napa Supervisor, 3rd District

Brad Wagenknecht, Commissioner
County of Napa Supervisor, 1st District

Ryan Gregory, Alternate Commissioner
County of Napa Supervisor, 2nd District

Kenneth Leary, Commissioner
Representative of the General Public

Eve Kahn, Alternate Commissioner
Representative of the General Public

Brendon Freeman
Executive Officer

Budgeting Policies

On December 7, 2020, consistent with the Commission's *Budget Policy* ("the Policy"), included as Attachment Two, the Commission appointed Commissioners Mohler and Gregory to serve on an ad hoc Budget Committee ("the Committee") to inform the Commission's decision-making process in adopting an annual operating budget. The Policy directs the Committee to consider the Commission's adopted Fee Schedule and Work Program in conjunction with the budget process. The Commission is directed to control operating expenses by utilizing its available undesignated/unreserved fund balance ("reserves") whenever possible and appropriate. The Commission is also directed to retain sufficient reserves to equal no less than one third (i.e., four months) of budgeted operating expenses in the affected fiscal year.¹ The Commission does not budget for contingencies and instead relies on reserves to address unexpected expenses.

Prescriptive Funding Sources

The Commission's annual operating expenses are principally funded by the County of Napa and the Cities of American Canyon, Calistoga, Napa, St. Helena, and Town of Yountville. State law specifies the County is responsible for one-half of the Commission's operating expenses while the remaining amount is to be apportioned among the four cities and one town. The current formula for allocating the cities' shares of the Commission's budget was adopted by the municipalities in 2003 as an alternative to the standard method outlined in State law and is based on a weighted calculation of population (60%) and general tax revenues (40%). Additional funding – typically representing less than 10% of total revenues – is budgeted from anticipated application fees and interest earnings.

Committee Actions to Date

The Committee met on January 11, 2021 to prepare a draft budget. The Committee also agreed amendments are needed to the Commission's adopted *Schedule of Fees and Deposits* ("Fee Schedule") to update the fully burdened hourly rate as well as to clarify the procedures related to various proposal fees.

On April 5, 2021, the Committee presented a proposed budget and draft amendment to the Fee Schedule to the Commission. The Commission adopted the proposed budget and directed staff to circulate it to the general public for review and comment before returning with a final budget. The Commission also directed staff to circulate the draft Fee Schedule amendment to the general public for review and comment before returning with an amendment for formal approval. Both items were made available for review and comment from April 6, 2021 through May 14, 2021. No comments were received on either item.

Staff recommends the Commission adopt the draft resolution approving the Fee Schedule amendment (Attachment Two), which includes the amendment as an exhibit. The amendment showing tracked changes is included as Attachment Four.

¹ Available reserves are projected to total \$271,302 at the beginning of 2021-2022, representing 48.9% or approximately 5.9 months of operating expenses in the final budget.

Final Budget Summary

The Commission will consider adopting a resolution to approve a final budget for fiscal year 2021-2022. Recommended operating expenses total \$554,141 and represent a 2.2% decrease over the current fiscal year. Recommended operating revenues total \$540,270 and represent a 4.1% increase over the current fiscal year. The resulting \$13,871 shortfall would be covered by drawing down on the Commission’s reserves.

Notably, the final budget would increase overall agency contributions by 5.0% over the current fiscal year. This increase was discussed as part of last year’s budget adoption process and communicated to the funding agencies. No concerns were raised at that time. The Committee believes the increase is appropriate given the Commission’s longstanding practice to minimize agency contributions each fiscal year by drawing down on reserves.

The final budget positions the Commission to finish the 2021-2022 fiscal year with available reserves totaling \$257,431 or 46.4% of operating expenses. Therefore, the final budget would result in an amount of reserves sufficient to meet the Policy directive to retain reserves equal to no less than one-third of operating expenses. A five-year projection of the Commission’s reserves is provided on page five of this report.

Operating Expenses

The Committee proposes a decrease in budgeted operating expenses from \$566,394 to \$554,141; a difference of \$12,253 or 2.2% compared to the current fiscal year. The following table summarizes operating expenses in the final budget.

Expense Unit	Adjusted FY20-21	Final FY21-22	Change \$	Change %
1) Salaries/Benefits	\$13,250	\$13,250	\$0	0.0%
2) Services/Supplies	\$553,144	\$540,891	-\$12,253	-2.2%
3) Contingencies	\$0	\$0	\$0	0.0%
Total	\$566,394	\$554,141	-\$12,253	-2.2%

Changes to budgeted operating expenses from the current fiscal year budget to the final budget are summarized below.

Salaries and Benefits Unit

This budget unit is proposed to remain unchanged at \$13,250. Notably, consistent with the Commission’s Memorandum of Understanding with the County of Napa for staff support services, the Commission’s staff salaries and benefits are categorized under Administration Services (Account No. 52100) within the Services and Supplies budget unit as summarized on the following page.

Services and Supplies Unit

This budget unit is proposed to decrease from \$553,144 to \$540,891, representing a total decrease of \$12,253 or 2.2% compared to the current fiscal year. Key changes to individual expense accounts are summarized below:

- 1) Increase Administration Services (Account No. 52100) from \$415,869 to \$424,076 to reflect anticipated adjustments to staff salaries and benefits.
- 2) Increase ITS Communication Charges (Account No. 52131) from \$0 to \$1,837 for the County of Napa to provide telephone services for the Commission's office, including maintenance and network support.
- 3) Decrease Legal Services (Account No. 52140) from \$27,500 to \$25,000. Notably, the proposed budget adopted on April 5, 2020 included \$30,000 in this account. However, staff anticipates a reduction in proposal activity and complex policy matters after the beginning of the new fiscal year.
- 4) Decrease Consulting Services (Account No. 52310) from \$25,551 to \$0. The Commission has no current or planned projects in 2021-2022 that would require consulting services.
- 5) Decrease Rents and Leases: Equipment (Account No. 52600) from \$5,500 to \$4,000. Notably, the proposed budget adopted on April 5, 2020 included \$5,000 in this account. However, staff recently secured a new Xerox copy machine for the Commission's office at a lower cost.
- 6) Decrease Communications/Telephone (Account No. 52800) from \$3,500 to \$2,000. Notably, the proposed budget adopted on April 5, 2020 included \$3,000 in this account. However, staff anticipates a continuation of virtual Commission meetings in the foreseeable future, which eliminates the need for contracted Napa TV meeting recording services.
- 7) Increase Training/Conference (Account No. 52900) from \$989 to \$10,000. Notably, the proposed budget adopted on April 5, 2020 included \$3,000 in this account. However, the California Association of LAFCOs (CALAFCO) recently announced it will hold the annual conference in October 2021 in Newport Beach and several Commissioners expressed interest in attending. CALAFCO may also hold the annual staff workshop in spring 2022. Staff believes the return of these educational and training opportunities justifies the additional expense allocation.

It is important to note that, consistent with the last seven fiscal years, the final budget for fiscal year 2021-2022 includes \$1,000 for a 401A Employer Contribution under Administration Services (Account No. 52100). The Executive Officer is authorized to participate in the County of Napa's 401(a) retirement savings plan.

Contingencies Unit

The Commission does not budget for contingencies, and instead relies on reserves to address any unanticipated expenses tied to emergencies.

Operating Revenues

The Committee proposes an increase in operating revenues from \$519,084 to \$540,270; a difference of \$21,186 or 4.1% compared to the current fiscal year. The Committee recommends the majority of operating revenues to be collected – \$509,670 – would be drawn from agency contributions and would represent a 5.0% overall increase compared to the current fiscal year. Service charges are recommended to total \$20,600 and would represent a 5.0% decrease compared to the current fiscal year. Interest earnings on the Commission’s fund balance are recommended at \$10,000 based on recent trends and would represent a 16.7% decrease compared to the current fiscal year. The following table summarizes operating revenues in the final budget.

Revenue Unit	Adjusted FY20-21	Final FY21-22	Change \$	Change %
1) Agency Contributions	\$485,400	\$509,670	\$24,270	5.0%
(a) County of Napa	\$242,700	\$254,835	\$12,135	5.0%
(b) City of Napa	\$162,800	\$166,432	\$3,632	2.2%
(c) City of American Canyon	\$41,166	\$45,843	\$4,677	11.4%
(d) City of St. Helena	\$15,159	\$18,608	\$3,449	22.8%
(e) City of Calistoga	\$14,515	\$13,976	-\$539	-3.7%
(f) Town of Yountville	\$9,060	\$9,976	\$916	10.1%
2) Service Charges	\$21,684	\$20,600	-\$1,084	-5.0%
3) Interest Earnings	\$12,000	\$10,000	-\$2,000	-16.7%
Total	\$519,084	\$540,270	\$21,186	4.1%

* Agency contributions in the final budget reflect general tax revenues as provided by the State Controller’s Office’s (SCO) Cities Annual Report and population estimates as provided by the State Department of Finance’s (DOF) Population Estimates. The apportionment of annual contributions to LAFCO is established under a Memorandum of Understanding between the cities and town in Napa County.

Reserves Projections

It has been the Commission’s practice in recent years to intentionally budget for operating deficits for the purpose of reducing the impact to funding agencies when reserves exceed the Policy directive amount of one third of budgeted expenses. Toward this end, the Committee recommends an intentional operating deficit of \$13,871, which would be covered by drawing down on reserves consistent with prior fiscal years.

As mentioned previously, the final budget positions the Commission to finish the 2021-2022 fiscal year with available reserves totaling \$257,431 or 46.4% of operating expenses. Therefore, the final budget would result in an amount of reserves sufficient to meet the Policy directive to retain reserves equal to no less than 33.3% of operating expenses.

In order to balance the budget in the future while maintaining adequate reserves, the Committee projected the next five fiscal year budgets and reserves totals based on the following assumptions:

- Annual 3.0% increases in total operating expenses;
- Annual 5.0% increases in agency contribution revenues; and
- Stagnant revenues tied to service charges.

The following table shows the Commission’s projected expenses, revenues, and reserves over the next five fiscal years based on the aforementioned assumptions.

Category	2021-22	2022-23	2023-24	2024-25	2025-26
Expenses	\$554,141	\$570,765	\$587,888	\$605,525	\$623,690
Revenues	\$540,270	\$565,754	\$592,511	\$620,607	\$650,107
Net Surplus/Deficit	\$(13,871)	\$(5,012)	\$4,623	\$15,082	\$26,417
Reserves on July 1	\$271,302	\$257,431	\$252,420	\$257,043	\$272,125
Reserves as % of Expenses	48.9%	45.1%	42.9%	42.4%	43.6%

The Commission is invited to discuss the reserves projections and provide direction or feedback to the Committee as appropriate. This may involve consideration of alternative assumptions with respect to future increases to budgeted operating expenses or revenues.

Office Relocation

The final budget includes \$31,322 in the Rents and Leases: Building/Land expense account (Account No. 52605). This amount is associated with the Commission’s current five-year lease agreement for office space at 1030 Seminary Street in Napa and equates to a \$2,610 monthly charge. The current lease agreement expires on June 30, 2022 and may be terminated early by either party with 60 days notice. The property owner of the current office has agreed to renew the lease for five more years with annual 3.0% rent increases, which would result in the following expenses over the next five fiscal years:

- \$2,610 from July 1, 2021 to June 30, 2022
- \$2,688 from July 1, 2022 to June 30, 2023
- \$2,769 from July 1, 2023 to June 30, 2024
- \$2,852 from July 1, 2024 to June 30, 2025
- \$2,937 from July 1, 2025 to June 30, 2026
- Average monthly cost: \$2,771

In May 2021, staff became aware of an available office space at a lower cost at 1754 Second Street in Napa. Staff believes the office is adequate for all current and foreseeable future needs. The property owner already provided staff with a non-binding letter of intent agreeing to a five-year lease beginning August 1, 2021 at monthly charges as follows:

- \$1,850 from August 1, 2021 to March 31, 2022
- \$2,150 from April 1, 2022 to March 31, 2023
- \$2,215 from April 1, 2023 to March 31, 2024
- \$2,280 from April 1, 2024 to March 31, 2025
- \$2,350 from April 1, 2025 to July 31, 2026
- Average monthly cost: \$2,169

Transitioning to the new office would save the Commission approximately \$600 per month on average, resulting in a total savings of approximately \$36,000 over the next five years. Given the significant cost savings, staff recommends the Commission authorize the Executive Officer sign a five-year lease with the property owner at 1754 Second Street.

Notably, staff also reviewed three other available office spaces, none of which had sufficient space or cost savings to justify entering into a lease agreement.

Professional moving services will be needed to assist staff in the relocation to 1754 Second Street. During the previous office relocation in 2012, total moving costs were \$2,295. Due to inflation, staff estimates current moving expenses at \$3,000 to \$3,500. With this in mind, staff recommends the Executive Officer enter into an agreement for professional moving services in an amount not to exceed \$5,000. This amount is the Executive Officer's purchasing authority limit as set by the Policy, included as Attachment Three, and therefore would not require formal Commission action.

ATTACHMENTS

- 1) Draft Resolution Adopting a Final Budget for Fiscal Year 2021-2022
- 2) Draft Resolution Approving the Fee Schedule Amendment
- 3) Budget Policy
- 4) Fee Schedule Amendment (tracked changes)

RESOLUTION NO. ____

**RESOLUTION OF
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
ADOPTING A FINAL BUDGET FOR THE 2021-2022 FISCAL YEAR**

WHEREAS, the Local Agency Formation Commission of Napa County (hereinafter referred to as “Commission”) is required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.) to annually adopt a budget for the next fiscal year; and

WHEREAS, Government Code Section 56381 requires the Commission to adopt a proposed budget by May 1 and a final budget by June 15; and

WHEREAS, the Commission appoints and utilizes an ad hoc subcommittee (“Budget Committee”) to help inform and make decisions regarding the agency’s funding requirements; and

WHEREAS, the Commission adopted a proposed budget prepared by the Budget Committee at a noticed public hearing on April 5, 2021; and

WHEREAS, at the direction of the Commission, the Budget Committee circulated the adopted proposed budget for review and comment to the administrative and financial officers of each of the six local agencies that contribute to the Commission budget as well as to all local special districts; and

WHEREAS, no comments were received concerning the adopted proposed budget; and

WHEREAS, the Executive Officer prepared a report concerning the Budget Committee’s recommended final budget; and

WHEREAS, the Executive Officer’s report on a final budget has been presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at its public hearing on the final budget held on June 7, 2021; and

WHEREAS, the Commission determined the final budget projects the staffing and program costs of the Commission as accurately and appropriately as is possible.

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

1. The final budget as outlined in Exhibit “A” is adopted.
2. The final budget provides the Commission sufficient resources to fulfill its regulatory and planning responsibilities in accordance with Government Code Section 56381(a).

The foregoing resolution was duly and regularly adopted by the Local Agency Formation Commission of Napa County at a meeting held on June 7, 2021, by the following vote:

AYES: Commissioners _____
NOES: Commissioners _____
ABSENT: Commissioners _____
ABSTAIN: Commissioners _____

Diane Dillon
Commission Chair

ATTEST: _____
Brendon Freeman
Executive Officer

Recorded by: Kathy Mabry
Commission Secretary



Local Agency Formation Commission of Napa County
 Subdivision of the State of California

FY 2021-2022 FINAL BUDGET

Proposed for Adoption on June 7, 2021

Expenses	FY 2018-19		FY 2019-20		FY 2020-21		FY 2021-22	Difference from Prior FY		
	Final Budget	Actual	Final Budget	Actual	Final Budget	Estimate	Final Budget			
Salaries and Benefits										
<u>Account</u>	<u>Description</u>									
51210	15,000	12,150	15,000	10,980	12,500	12,270	12,500	-	0.0%	
51300	-	173	225	158	250	250	250	-	0.0%	
51305	500	550	500	506	500	500	500	-	0.0%	
Total Salaries & Benefits	15,500	12,873	15,725	11,644	13,250	13,020	13,250	-	0.0%	
Services and Supplies										
<u>Account</u>	<u>Description</u>									
52100	371,069	319,297	424,278	404,710	415,869	407,278	424,076	8,207	2.0%	
52125	8,000	7,394	8,000	6,710	7,500	7,500	7,500	-	0.0%	
52130	17,301	16,653	24,590	24,590	24,323	24,323	24,489	166	0.7%	
52131	-	-	-	-	-	-	1,837	1,837	NEW	
52140	35,000	27,152	30,000	30,000	27,500	25,000	25,000	(2,500)	-9.1%	
52310	188,050	80,339	112,624	79,623	25,551	25,550	-	(25,551)	-100.0%	
52345	150	165	300	300	300	300	300	-	0.0%	
52515	2,000	1,779	2,000	1,929	1,930	1,930	1,930	-	0.0%	
52600	5,500	4,585	5,500	4,969	5,500	4,000	4,000	(1,500)	-27.3%	
52605	27,828	28,663	29,523	29,523	30,409	30,409	31,322	913	3.0%	
52700	70	70	4,554	380	813	813	578	(235)	-28.9%	
52800	3,000	3,124	3,000	3,591	3,500	1,800	2,000	(1,500)	-42.9%	
52830	2,000	967	1,500	1,440	1,500	900	1,000	(500)	-33.3%	
52835	500	200	250	154	50	150	200	150	300.0%	
52900	9,000	13,770	12,295	8,348	989	200	10,000	9,011	911.1%	
52905	1,000	2,265	3,000	1,449	1,000	-	500	(500)	-50.0%	
53100	2,000	2,265	2,000	1,193	1,250	1,800	1,000	(250)	-20.0%	
53110	300	100	300	158	350	150	500	150	42.9%	
53120	2,805	2,805	3,261	3,261	3,060	3,060	2,934	(126)	-4.1%	
53205	1,300	1,121	1,300	1,306	1,500	1,400	1,500	-	0.0%	
53415	-	270	-	-	-	-	225	225	NEW	
56350	750	479	500	122	250	33	-	(250)	-100.0%	
Total Services & Supplies	678,673	514,108	669,275	604,373	553,144	536,596	540,891	(12,253)	-2.2%	
EXPENSE TOTALS	694,173	526,981	685,000	616,017	566,394	549,616	554,141	(12,253)	-2.2%	

Revenues

		FY 2018-19		FY 2019-20		FY 2020-21		FY 2021-22			
		Final Budget	Actual	Final Budget	Actual	Final Budget	Estimate	Final Budget			
Intergovernmental											
<u>Account</u>	<u>Description</u>								<i>Difference from Prior FY</i>		
43910	County of Napa	224,410	224,410	235,631	235,631	242,700	242,700	254,835	12,135	5.0%	
43950	Other Governmental Agencies	224,410	224,410	235,631	235,631	242,700	242,700	254,835	12,135	5.0%	
----	<i>City of Napa</i>	148,793	148,793	154,514	154,514	162,800	162,800	166,432	3,632	2.2%	
----	<i>City of American Canyon</i>	35,803	35,803	38,707	38,707	41,166	41,166	45,843	4,677	11.4%	
----	<i>City of St. Helena</i>	14,897	14,897	15,357	15,357	15,159	15,159	18,608	3,449	22.8%	
----	<i>City of Calistoga</i>	13,673	13,673	15,575	15,575	14,515	14,515	13,976	(539)	-3.7%	
----	<i>Town of Yountville</i>	11,243	11,243	11,478	11,478	9,060	9,060	9,976	916	10.1%	
Total Intergovernmental		448,820	448,820	471,261	471,261	485,400	485,400	509,670	24,270	5.0%	
Service Charges											
<u>Account</u>	<u>Description</u>										
42690	Application/Permit Fees	20,000	41,451	25,000	26,964	21,060	25,740	20,000	(1,060)	-5.0%	
46800	Charges for Services	500	500	500	781	624	749	600	(24)	-3.8%	
Total Service Charges		20,500	41,951	25,500	27,745	21,684	26,489	20,600	(1,084)	-5.0%	
Investments											
<u>Account</u>	<u>Description</u>										
45100	Interest	7,000	12,367	7,000	15,128	12,000	8,924	10,000	(2,000)	-16.7%	
Total Investments		7,000	12,367	7,000	15,128	12,000	8,924	10,000	(2,000)	-16.7%	
REVENUE TOTALS		476,320	503,138	503,761	514,134	519,084	520,813	540,270	21,186	4.1%	
OPERATING DIFFERENCE		(217,853)	(23,843)	(181,239)	(101,883)	(47,310)	(28,803)	(13,871)			
Fund Balances		2018-19		2019-20		2020-21		2021-22			
RESTRICTED FUND BALANCE (EQUIPMENT REPLACEMENT RESERVE)											
Beginning:				19,657		19,657		19,657		19,657	
Ending:				19,657		19,657		19,657		19,657	
UNDESIGNATED/UNRESERVED FUND BALANCE ("RESERVES")											
Beginning:		425,831		401,988		300,105		271,302			
Ending:		401,988		300,105		271,302		257,431			
TOTAL FUND BALANCE											
Beginning:		445,488		421,645		319,762		290,959			
Ending:		421,645		319,762		290,959		277,088			
MINIMUM FOUR MONTH RESERVE GOAL		231,391		228,333		188,798		184,714			

RESOLUTION NO. ____

**RESOLUTION OF
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
AMENDMENT TO ADOPTED SCHEDULE OF FEES AND DEPOSITS**

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.) authorizes the Local Agency Formation Commission of Napa County (hereinafter referred to as “Commission”) to adopt a fee schedule; and

WHEREAS, the Commission established and adopted by resolution a “Schedule of Fees and Deposits” on December 1, 2001 in a manner provided by law; and

WHEREAS, the Commission has amended the adopted Schedule of Fees and Deposits as appropriate since its establishment on several occasions; and

WHEREAS, the Commission appoints and utilizes an ad hoc subcommittee (“Budget Committee”) to help inform and make decisions regarding the agency’s funding requirements including the adopted Schedule of Fees and Deposits; and

WHEREAS, the Commission considered a draft amendment to the Schedule of Fees and Deposits prepared by the Budget Committee at a public meeting on April 5, 2021; and

WHEREAS, at the direction of the Commission, the Budget Committee circulated the draft amendment to the Schedule of Fees and Deposits for review and comment to the general public; and

WHEREAS, the Commission has scheduled and noticed a public hearing on June 7, 2021 to consider a new amendment to its Schedule of Fees and Deposits as recommended by the Budget Committee; and

WHEREAS, the Commission considered all written and verbal comments received on the proposed amendment to the adopted Schedule of Fees and Deposits at its noticed public hearing on June 7, 2021.

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER the Schedule of Fees and Deposits shall be amended in the manner set forth in Exhibit “A” and become effective July 1, 2021.

The foregoing resolution was duly and regularly adopted by the Commission at a public meeting held on June 7, 2021, after a motion by Commissioner _____, seconded by Commissioner _____, by the following vote:

AYES: Commissioners _____
NOES: Commissioners _____
ABSENT: Commissioners _____
ABSTAIN: Commissioners _____

Diane Dillon
Commission Chair

ATTEST: _____
Brendon Freeman
Executive Officer

Recorded by: Kathy Mabry
Commission Secretary

DRAFT



Local Agency Formation Commission of Napa County

Subdivision of the State of California

We Manage Local Government Boundaries, Evaluate Municipal Services, and Protect Agriculture

Schedule of Fees and Deposits

Effective Date: July 1, 2021

These are the policies of the Local Agency Formation Commission (LAFCO) of Napa County with respect to setting fees and deposits in fulfilling LAFCO's regulatory and planning duties prescribed under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

1. This schedule shall be administered in accordance with the provisions of [Government Code \(G.C.\) Section 56383](#).
2. This schedule includes both "fixed" and "at-cost" fees. Fixed fees represent reasonable cost estimates for processing routine proposals and based on a number of predetermined staff hours. At-cost fees apply to less routine proposals and based on the number of actual staff hours.
3. Proposals submitted to the Commission shall be accompanied by the appropriate proposal fees as detailed in this schedule. Any required proposal fees that have not been received by the Executive Officer at the time of Commission action on a proposal shall be made a condition of proposal approval.
4. All deposit amounts for at-cost proposals shall be determined by the Executive Officer. The Executive Officer shall provide a written accounting of all staff time and related expenses billed against the deposit. If the cost in processing a proposal begins to approach or exceed the deposited amount, the Executive Officer shall request additional monies from the applicant.
5. Upon completion of an at-cost proposal, the Executive Officer shall issue to the applicant a statement detailing all billable expenditures from a deposit. The Executive Officer shall refund the applicant for any remaining monies remaining from the deposit less one-half hour of staff time to process the return as provided in this schedule.
6. All fees payable to the Commission shall be submitted by check and made payable to "LAFCO of Napa County."
7. In the course of processing proposals, staff is required to collect fees on behalf of other agencies such as the State Board of Equalization. The Commission recognizes these are "pass through" fees that are not within the Commission's discretion and therefore no Commission action is required to make changes to those fees in this schedule.
8. Applicants are responsible for any fees or charges incurred by the Commission and or required by other governmental agencies in the course of the processing of a proposal.
9. Additional staff time shall be charged to the applicant at a fully burdened hourly rate of \$150.
10. Applicants are responsible for any extraordinary administrative costs as determined by the Executive Officer and detailed for the applicant in a written statement.

11. If a check for a proposal fee is on file, and the fee amount pursuant to this schedule changes prior to the deposit of the fee, the Executive Officer shall issue to the applicant a statement detailing the change in the fee and the amount of the difference that needs to be collected from the applicant, or reimbursed to the applicant, prior to completion of proposal proceedings.
12. If a check for a proposal fee is on file and has not been deposited after six months from the date written on the check, the Executive Officer shall return the original check to the applicant and require submittal of a replacement check prior to any further action on the proposal.
13. Staff time and administrative costs shall not be charged by the Commission for city annexation proposals involving one or more entire unincorporated island subject to [G.C. Section 56375.3](#) and the [Policy on Unincorporated Islands](#).
14. If the processing of a proposal requires the Commission contract with another agency firm, or individual for services beyond the normal scope of staff work, such as the drafting of an Environmental Impact Report or Comprehensive Fiscal Analysis, the applicant shall be responsible for all costs associated with that contract. The applicant will provide the Commission with a deposit sufficient to cover the cost of the contract.
15. The Executive Officer may stop work on any proposal until the applicant submits a requested deposit or fee.
16. Applicants may request the Commission reduce or waive a fee. All requests must be made in writing and cite specific factors justifying the reduction or waiver and will be considered by the Commission relative to public interest and agency mission. Examples of appropriate requests include, but are not limited to, addressing public health or safety threats, affordable housing development, and community serving projects. Requests by landowners or registered voters shall be considered by the Commission at the earliest opportunity as part of a regular meeting. Requests by local agencies may be considered at the time the proposal is presented to the Commission for action.
17. With respect to instances where the Commission approves an outside service agreement under [G.C. Section 56133](#), the fee for a subsequent annexation involving the affected territory and affected agency will be reduced by one-half if filed within one calendar year.
18. Requests for research on any particular subject will be provided at no cost for the first two hours. This includes, but is not limited to, archival retrieval, identifying properties relative to agency boundaries, and discussing potential proposals. Any additional research time will be billed at the fully burdened hourly rate provided in this schedule.
19. Annexation or detachment proposals involving boundary changes for two or more agencies qualify as reorganizations and will be charged an additional fee of \$780 (five hours). Annexation proposals involving cities that require concurrent detachment from County Service Area No. 4 will only incur an additional fee of \$150 (one hour).
20. The Commission shall annually review this schedule and update the fully burdened hourly rate to help maintain an appropriate level of cost-recovery.

PROPOSAL FEES

The following fees must be submitted to the Commission as part of the proposal filing. The Executive Officer will identify the specific deposits, fees, and amounts that apply to the proposal.

Change of Organization or Reorganization: Annexations and Detachments

Proposals Exempt from California Environmental Quality Act	
100% Consent from Landowners and Agencies where the Commission is Responsible or Lead Agency	\$4,500 (30 hours)
Without 100% Consent from Landowners and Agencies where the Commission is Responsible or Lead Agency	\$6,000 (40 hours)
Proposals Not Exempt from California Environmental Quality Act / Negative Declaration	
100% Consent from Landowners and Agencies where the Commission is Responsible Agency	\$5,250 (35 hours)
100% Consent from Landowners and Agencies where the Commission is Lead Agency	\$7,500 (50 hours)
Without 100% Consent from Landowners and Agencies where the Commission is Responsible Agency	\$6,750 (45 hours)
Without 100% Consent from Landowners and Agencies where the Commission is Lead Agency	\$9,000 (60 hours)
Proposals Not Exempt from California Environmental Quality / Environmental Impact Report	
100% Consent from Landowners and Agencies where the Commission is Responsible Agency	\$6,000 (40 hours)
100% Consent from Landowners and Agencies where the Commission is Lead Agency	\$7,500 (50 hours) plus consultant contract
Without 100% Consent from Landowners and Agencies where the Commission is Responsible Agency	\$7,500 (50 hours)
Without 100% Consent from Landowners and Agencies where the Commission is Lead Agency	\$9,000 (60 hours) plus consultant contract

Change of Organization or Reorganization: Other

• City Incorporations and Disincorporations	at-cost
• Special District Formations, Consolidations, Mergers and Dissolutions	at-cost
• Special District Requests to Activate or Deactivate Powers	at-cost

Other Service Requests

• New or Extended Outside Service Request	\$3,000 (20 hours)
• Request for Reconsideration	\$3,000 (20 hours)
• Request for Time Extension to Complete Proceedings	\$750 (5 hours)
• Municipal Service Reviews	at-cost
• Sphere of Influence Establishment/Amendment	at-cost

Miscellaneous	
• Special Meeting	\$1,200
• Alternate Legal Counsel	at-cost

Fees Made Payable to the County of Napa	
• Assessor’s Annexation Mapping Fee	\$162
• Assessor’s Signature Verification Fee	\$13
• County Surveyor’s Review Fee	\$253.09
• Elections’ Registered Voter List Fee	\$75 hourly
• Clerk-Recorder’s Environmental Filing Fee	\$50
• Clerk-Recorder’s Environmental Document Fee	
.....Environmental Impact Report	\$3,445.25
.....Mitigated Negative Declaration	\$2,480.25
.....Negative Declaration	\$2,480.25

Fees Made Payable to LAFCO	
• Geographic Information System Update	\$150
• Photocopying	\$0.10 (black) / \$0.40 (color)
• Mailing	at-cost
• Audio Recording of Meeting	at-cost
• Research/Archive Retrieval	\$150 hourly

Fees Made Payable to the State Board of Equalization to Record Boundary Changes			
Acre	Fee	Acre	Fee
0.00-0.99	\$300	51.00-100.99	\$1,500
1.00-5.99	\$350	101.00-500.99	\$2,000
6.00-10.99	\$500	501.00-1,000.99	\$2,500
11.00-20.99	\$800	1,001.00-2,000.99	\$3,000
21.00-50.99	\$1,200	2,001.00+	\$3,500



LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

Budget Policy

(Adopted: August 9, 2001; Last Amended: November 18, 2019)

I. Background

The Cortese-Knox-Hertzberg Local Government Reorganization (CKH) Act of 2000 includes provisions for establishing a budget and for the receipt of funds. [Government Code \(G.C.\) §56381](#) establishes that the Commission shall annually adopt a budget for the purpose of fulfilling its duties under CKH.

II. Purpose

It is the intent of the Commission to adopt a policy for budget purposes which establishes procedures for compiling, adopting and administering the budget. The Commission is committed to providing transparency of its operations including its fiscal activities. The Commission follows recognized accounting principles and best practices in recognition of its responsibility to the public.

III. Preparation of Annual Budget

- A) An annual budget shall be prepared, adopted and administered in accordance with [\(G.C.\) §56381](#).
- B) The Commission should annually consider the Fee Schedule, including any anticipated changes, and Work Program in conjunction with the budget process.
- C) The Commission is committed to ensuring the agency is appropriately funded each fiscal year to effectively meet its prescribed regulatory and planning responsibilities. The Commission is also committed to controlling operating expenses to reduce the financial obligations on the County of Napa, the cities and town, hereafter referred to as the “funding agencies,” whenever possible and appropriate.
- D) The budget shall include an undesignated/unreserved fund balance equal to a minimum of one-third (i.e., four months) of annually budgeted operating expenses.
- E) The Commission shall establish an ad-hoc budget committee at the last meeting of each calendar year comprising of two Commissioners which will terminate with the adoption of the final budget. Commissioners appointed to a budget committee shall receive a regular per diem payment for each meeting attended.
- F) The adopted final budget should be posted on the Commission’s website for public viewing for a minimum of five years.
- G) The Executive Officer shall provide quarterly budget reports to the Commission for informational purposes.

IV. Budget Contributions and Collection of Funds

[G.C. §56381](#) establishes that the Commission shall adopt annually a budget for the purpose of fulfilling its duties under CKH. It further establishes that the County Auditor shall apportion the operating expenses from this budget in the manner prescribed by [G.C. §56381\(b\)](#), or in a manner mutually agreed upon by the agencies responsible for the funding of the Commission's budget [G.C. §56381\(c\)](#) states that:

After apportioning the costs as required in subdivision (b), the auditor shall request payment from the Board of Supervisors and from each city no later than July 1 of each year for the amount that entity owes and the actual administrative costs incurred by the auditor in apportioning costs and requesting payment from each entity. If the County or a city does not remit its required payment within 60 days, the Commission may determine an appropriate method of collecting the required payment, including a request to the auditor to collect an equivalent amount from the property tax, or any fee or eligible revenue owed to the County or city. The auditor shall provide written notice to the County or city prior to appropriating a share of the property tax or other revenue to the Commission for the payment due the Commission pursuant to this section.

It is the intent of the Commission that all agencies provide the costs apportioned to them from the LAFCO budget. Pursuant to [G.C. §56381\(c\)](#), the policy of the Commission is:

- A) If the County or a city or a town does not remit its required payment within 45 days of the July 1 deadline, the County Auditor shall send written notice to the agency in question that pursuant to [G.C. §56381\(c\)](#) and this policy, the Auditor has the authority to collect the amount of the Commission's operating expenses apportioned to that agency after 60 days from the July 1 deadline.
- B) If the County or a city or a town does not remit its required payment within 60 days of the July 1 deadline, the County Auditor shall collect an amount equivalent to the cost apportioned to that agency from the property tax owed to that agency, or some other eligible revenue deemed appropriate or necessary by the County Auditor. The County Auditor shall send written notice of the action taken to the agency and to the Commission.

V. Executive Officer Purchasing and Budget Adjustment Authority

Pursuant to [G.C. §56380](#), the Commission shall make its own provision for necessary quarters, equipment, supplies, and services. The associated operating costs are provided for through the Commission's adoption of its annual budget in the manner prescribed in [G.C. §56381](#).

It is the intent of the Commission to charge the LAFCO Executive Officer with the responsibility and authority for coordinating and managing the procurement of necessary quarters, equipment, supplies, and services, and to adjust the annual budget as necessary under certain circumstances. The policy of the Commission is:

- A) The Executive Officer is charged with the responsibility and authority for coordinating and managing the procurement of necessary quarters, equipment, supplies, and services in accordance with applicable laws, regulations and policies.
- B) The Executive Officer is authorized to act as the agent for LAFCO in procuring necessary quarters, equipment, supplies, and services.
- C) Only the Commission itself or the Executive Officer may commit LAFCO funds for the purchase of any necessary quarters, equipment, supplies, or services for LAFCO use.
- D) The Executive Officer is delegated purchasing authority on behalf of LAFCO for necessary quarters, equipment, supplies, and services not to exceed \$5,000 per transaction. The Commission must approve any purchase of necessary quarters, equipment, supplies, and services that exceed the monetary limits set forth in this policy.
- E) Following review and approval by the Chair, the Executive Office is authorized to make adjustments and administrative corrections to the budget without Commission action provided the adjustments and corrections are within the total budget allocations adopted by the Commission.
- F) Following review and approval by the Chair, the Executive Officer is authorized to adjust the budget for purposes of carrying over to the new fiscal year any encumbered funds that have been approved by the Commission in a prior fiscal year and involve unspent balances. Said funds include committed contracts for services that were not completed in the prior fiscal year and must be re-encumbered by way of a budget adjustment in the new fiscal year.



Local Agency Formation Commission of Napa County

Subdivision of the State of California

We Manage Local Government Boundaries, Evaluate Municipal Services, and Protect Agriculture

Schedule of Fees and Deposits

Effective Date: ~~January~~ July 1, 2021

These are the policies of the Local Agency Formation Commission (LAFCO) of Napa County with respect to setting fees and deposits in fulfilling ~~the agency~~ LAFCO's regulatory and planning duties prescribed under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

1. This schedule shall be administered in accordance with the provisions of Government Code (G.C.) Section 56383.
2. This schedule includes both "fixed" and "at-cost" fees. Fixed fees represent reasonable cost estimates for processing routine proposals and based on a number of predetermined staff hours. At-cost fees apply to less routine proposals and based on the number of actual staff hours.
3. Proposals submitted to the Commission shall be accompanied by the appropriate proposal fees as detailed in this schedule. ~~Any required Pproposal fees will not be deemed complete until all appropriate fees have been collected as identified by that have not been received by the Executive Officer and as detailed in this schedule~~ at the time of Commission action on a proposal shall be made a condition of proposal approval.
4. All deposit amounts ~~tied to for~~ at-cost proposals shall be determined by the Executive Officer. The Executive Officer shall provide a written accounting of all staff time and related expenses billed against the deposit. If the cost in processing a proposal begins to approach or exceed the deposited amount, the Executive Officer shall request additional monies from the applicant.
- 4.5. Upon completion of an at-cost proposal, the Executive Officer shall issue to the applicant a statement detailing all billable expenditures from a deposit. The Executive Officer shall refund the applicant for any remaining monies remaining from the deposit less one-half hour of staff time to process the return as provided in this schedule
- 5.6. All fees payable to the Commission shall be submitted ~~in by~~ check and made payable to ~~"Local Agency Formation Commission~~ LAFCO of Napa County."
- 6.7. In the course of processing proposals, staff is required to collect fees on behalf of other agencies such as the State Board of Equalization. The Commission recognizes these are "pass through" fees that are not within the Commission's discretion and therefore no Commission action is required to make changes to those fees in this schedule.
- 7.8. Applicants are responsible for any fees or charges incurred by the Commission and or required by other governmental agencies in the course of the processing of a proposal.
9. Additional staff time shall be charged to the applicant at a fully burdened hourly rate of \$156150.

10. Applicants are responsible for any extraordinary administrative costs as determined by the Executive Officer and detailed for the applicant in a written statement.

~~11. If any a check for a proposal fee for a proposal has already been received is on file~~, and the fee amount pursuant to this schedule changes prior to the deposit of the fee, the Executive Officer shall issue to the applicant a statement detailing the change in the fee and the amount of the difference that needs to be collected from the applicant, or reimbursed to the applicant, prior to completion of proposal proceedings.

~~10.12. If a check for a proposal fee is on file and has not been deposited after six months from the date written on the check, the Executive Officer shall return the original check to the applicant and require submittal of a replacement check prior to any further action on the proposal.~~

~~11.1. Applicants are responsible for any extraordinary administrative costs as determined by the Executive Officer and detailed for the applicant in a written statement.~~

13. Staff time and administrative costs shall not be charged by the Commission for city annexation proposals involving one or more entire unincorporated island subject to California Government Code G.C. Section 56375.3 and the Policy on Unincorporated Islands.

14. If the processing of a proposal requires the Commission contract with another agency firm, or individual for services beyond the normal scope of staff work, such as the drafting of an Environmental Impact Report or Comprehensive Fiscal Analysis, the applicant shall be responsible for all costs associated with that contract. The applicant will provide the Commission with a deposit sufficient to cover the cost of the contract.

~~15.~~ The Executive Officer may stop work on any proposal until the applicant submits a requested deposit or fee.

~~16.15.~~

~~17.1. Upon completion of an at cost proposal, the Executive Officer shall issue to the applicant a statement detailing all billable expenditures from a deposit. The Executive Officer shall refund the applicant for any remaining monies remaining from the deposit less one half hour of staff time to process the return as provided in this schedule~~

~~18.16.~~ Applicants may request the Commission reduce or waive a fee. All requests must be made in writing and cite specific factors justifying the reduction or waiver and will be considered by the Commission relative to public interest and agency mission. Examples of appropriate requests include, but are not limited to, addressing public health or safety threats, affordable housing development, and community serving projects. Requests by landowners or registered voters shall be considered by the Commission at the earliest opportunity next as part of a regular meeting. Requests by local agencies may be considered at the time the application-proposal is presented to the Commission for action.

~~19.17.~~ With respect to instances where the Commission approves an outside service agreement under California Government Code G.C. Section 56133, the fee for a subsequent change of organization or reorganization annexation involving the affected territory and affected agency will be reduced by one-half if filed within one calendar year.

18. Requests for research on any particular subject will be provided at no cost for the first two hours. This includes, but is not limited to, archival retrieval, identifying properties relative to agency boundaries, and discussing potential proposals. Any additional research time will be billed at the fully burdened hourly rate provided in this schedule.

~~20.~~19. Annexation or detachment proposals involving boundary changes for two or more agencies qualify as reorganizations and will be charged an additional fee of \$780 (five hours). Annexation proposals involving cities that require concurrent detachment from County Service Area No. 4 will only incur an additional fee of \$150 (one hour).

~~21.~~20. The Commission shall annually review this schedule and update the fully burdened hourly rate to help maintain an appropriate level of cost-recovery.

PROPOSAL FEES

The following fees must be submitted to the Commission as part of the proposal filing. The Executive Officer will identify the specific deposits, fees, and amounts that apply to the proposal. ~~The proposal will be deemed incomplete without payment of all identified fees. Any fees designated at cost will require a deposit as determined by the Executive Officer.~~

Change of Organization or Reorganization: Annexations and Detachments

- **Proposals Exempt from California Environmental Quality Act**

100% Consent from Landowners and Agencies where the Commission is Responsible or Lead Agency	\$4, 680 <u>500</u> (30 hours)
Without 100% Consent from Landowners and Agencies where the Commission is Responsible or Lead Agency	\$6, 240 <u>000</u> (40 hours)

- **Proposals Not Exempt from California Environmental Quality Act / Negative Declaration**

100% Consent from Landowners and Agencies where the Commission is Responsible Agency	\$5, 460 <u>250</u> (35 hours)
100% Consent from Landowners and Agencies where the Commission is Lead Agency	\$7, 800 <u>500</u> (50 hours)
Without 100% Consent from Landowners and Agencies where the Commission is Responsible Agency	\$7, 020 <u>6,750</u> (45 hours)
Without 100% Consent from Landowners and Agencies where the Commission is Lead Agency	\$9, 360 <u>000</u> (60 hours)

- **Proposals Not Exempt from California Environmental Quality / Environmental Impact Report**

100% Consent from Landowners and Agencies where the Commission is Responsible Agency	\$6, 240 <u>000</u> (40 hours)
100% Consent from Landowners and Agencies where the Commission is Lead Agency	\$7, 800 <u>500</u> (50 hours) plus consultant contract
Without 100% Consent from Landowners and Agencies where the Commission is Responsible Agency	\$7, 800 <u>500</u> (50 hours)
Without 100% Consent from Landowners and Agencies where the Commission is Lead Agency	\$9, 360 <u>000</u> (60 hours) plus consultant contract

~~* Annexation or detachment proposals involving boundary changes for two or more agencies qualify as reorganizations will be charged an additional fee of \$780 (5 hours). Annexation proposals involving cities that require concurrent detachment from County Service Area No. 4 will only incur an additional fee of \$156 (one hour).~~

~~* City annexations involving entire unincorporated islands and subject to streamlined proceedings under Government Code Section 56375.3 shall not be charged a fee by the Commission.~~

Change of Organization or Reorganization: Other

• City Incorporations and Disincorporations	at-cost
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• Special District Formations, Consolidations, Mergers and Dissolutions	at-cost
• Special District Requests to Activate or Deactivate Powers	at-cost

Other Service Requests

• New or Extended Outside Service Request	\$3, 120,000 (20 hours)
• Request for Reconsideration	\$3, 120,000 (20 hours)
• Request for Time Extension to Complete Proceedings	\$780,750 (5 hours)
• Municipal Service Reviews	at-cost
• Sphere of Influence Establishment/Amendment	at-cost

Miscellaneous

• Special Meeting	\$1,200
• Alternate Legal Counsel	at-cost

Fees Made Payable to the County of Napa

• Assessor’s Annexation Mapping Fee	\$162
• <u>Assessor’s Signature Verification Fee</u>	<u>\$13</u>
• County Surveyor’s Review <u>Fee</u>	\$253.09
• Elections’ Registered Voter List <u>Fee</u>	\$75 hourly
• Clerk-Recorder’s Environmental Filing Fee	\$50
• Clerk-Recorder’s Environmental Document Fee	
.....Environmental Impact Report	\$3,445.25
.....Mitigated Negative Declaration	\$2,480.25
.....Negative Declaration	\$2,480.25

Fees Made Payable to LAFCO

• Geographic Information System Update	\$156-150
• Photocopying	\$0.10 (black) / \$0.40 (color)
• Mailing	at-cost
• Audio Recording of Meeting	at-cost
• Research/Archive Retrieval	\$156-150 hourly

Fees Made Payable to the State Board of Equalization to Record Boundary Changes

Acre	Fee	Acre	Fee
0.00-0.99	\$300	51.00-100.99	\$1,500
1.00-5.99	\$350	101.00-500.99	\$2,000
6.00-10.99	\$500	501.00-1,000.99	\$2,500
11.00-20.99	\$800	1,001.00-2,000.99	\$3,000
21.00-50.99	\$1,200	2,001.00+	\$3,500