



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

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**October 3, 2011**  
**Agenda Item No. 5a (Consent/Action)**

September 27, 2011

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Proposed Budget Amendment to the Fiscal Year 2011-12 Budget**

The Commission will consider approving a proposed amendment to its fiscal year budget to increase three accounts in the salaries and benefits expense unit by a combined total of \$3,277. The proposed amendment would provide sufficient funds to cover expenses tied to the County of Napa's recent approval of a 1.5% cost-of-living increase for all employees.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 mandates operating costs for Local Agency Formation Commissions (LAFCOs) shall be annually funded by the affected counties, cities, and, if applicable, special districts. In most instances, the county is responsible for one-half of the LAFCO's annual budget with the remaining amount proportionally shared by the cities based on a weighted calculation of population and tax revenues. LAFCOs are also authorized to establish and collect fees for purposes of offsetting agency contributions.

**A. Background**

LAFCO of Napa County's ("Commission") adopted final budget as amended for the current fiscal year totals \$424,992. This amount represents the total approved operating expenditures for the fiscal year within the Commission's two expense units: salaries/benefits and services/supplies. Budgeted revenues total \$395,441 within three revenue units: agency contributions; applicant fees; and investments. Markedly, an operating shortfall of \$ (29,551) has been intentionally budgeted to reduce the funding requirements of the local agencies given the recession and to be covered by drawing down on accumulated unreserved funds; the latter totaling \$166,305 as of July 1, 2011.

Lewis Chilton, Vice Chair  
Councilmember, Town of Yountville

Joan Bennett, Commissioner  
Councilmember, City of American Canyon

Juliana Inman, Alternate Commissioner  
Councilmember, City of Napa

Bill Dodd, Chair  
County of Napa Supervisor, 4th District

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

Mark Luce, Alternate Commissioner  
County of Napa Supervisor, 2nd District

Brian J. Kelly, Commissioner  
Representative of the General Public

Gregory Rodeno, Alternate Commissioner  
Representative of the General Public

Keene Simonds  
Executive Officer

## B. Discussion/Analysis

The County of Napa entered into a new three-year labor agreement with employees on August 16, 2011. The new agreement became effective on August 6<sup>th</sup> and includes 1.5% cost-of-living (COLA) increases for all employees over each of the three covered years. Importantly, the salary adjustment is intended to keep take-home pay close to current levels as employee-paid benefit contributions will also increase over each of the three covered years. The approved COLA for the current fiscal year will generate \$3,277 in new costs to the Commission within its salaries and benefits expense unit. Nearly four-fifths of the increase will go to regular salaries with the remaining one-fifth going to cover correlating rises in retirement and medicare expenditures as shown below.

Salaries and Benefits Unit	Budgeted	Post COLA	Difference
Regular Salaries	199,647.20	202,387.60	2,740.40
Retirement	36,204.85	36,701.99	497.14
Medicare	2,894.88	2,934.62	39.74
	\$238,746.93	\$242,024.21	\$3,277.28

Staff believes it would be appropriate for the Commission to amend and increase its current fiscal year budget by a total of \$3,277.28 to accurately reflect revised cost-estimates for the agency within its salaries and benefits unit due to the COLA approval. This proposed amendment, markedly, will help maintain public transparency with respect to showing the Commission's true expected costs in 2011-2012. No corresponding amendments to adopted revenues are merited. Accordingly, the net effect in absorbing the added COLA expense to the Commission will result in a slight increase in the agency's already-budgeted operating shortfall from \$(29,551) to \$(32,829). The end result of this revised operating shortfall is an expected end-of-year unreserved fund balance of \$133,476; an amount that continues to exceed the Commission three month reserve policy.

## D. Alternatives for Action

The following three alternative actions are outlined for Commission consideration.

**Alternative One:** Approve by motion an amendment to the 2011-2012 budget to increase the following accounts within the salaries and benefits expense unit for a combined total of \$3,277.28: (a) regular salaries by \$2,740.40 (#51100000); (b) retirement by \$497.14 (#51300100); and (c) medicare by \$39.74 (#51300300).

**Alternative Two:** Continue consideration to a future meeting and provide direction to staff for more information as needed.

**Alternative Three:** Take no action.

**E. Recommendation**

It is recommended the Commission proceed with Alternative One as outlined in the preceding section.

Respectfully submitted,

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Keene Simonds  
Executive Officer

Attachments:

- 1) Adopted FY 2011-2012 Budget
- 2) Proposed Amended FY 2011-2012 Budget



# Local Agency Formation Commission of Napa County

## Subdivision of the State of California

# ATTACHMENT ONE

## ADOPTED BUDGET

### FY2011-12 FINAL BUDGET

Amended as of August 1, 2011

#### Expenses

##### Salaries and Benefits

Account	Description	Adopted FY08-09	Actual FY08-09	Adopted FY09-10	Actual FY09-10	Adopted FY10-11	Actual FY10-11	Final FY11-12	Difference
51100000	Regular Salaries	168,905.43	152,952.55	195,580.00	193,055.65	198,346.60	198,280.00	199,647.20	1,300.60
51300500	Group Health Insurance	40,148.04	21,405.57	36,471.00	29,210.94	37,953.96	33,873.00	45,648.12	7,694.16
51300100	Retirement: Pension	34,550.93	26,282.61	34,064.00	33,015.37	34,991.95	33,955.00	36,204.85	1,212.89
51200500	Commissioner Per Diem	9,600.00	4,400.00	9,600.00	5,100.00	9,600.00	4,900.00	9,600.00	-
51300120	Retirement: Non-Pension	11,295.00	11,296.00	8,706.00	8,706.00	9,138.00	9,138.00	9,341.00	203.00
51300300	Medicare	2,826.27	2,440.46	2,836.00	2,657.51	2,876.49	2,739.00	2,894.88	15.40
51301800	Cell Phone Allowance	840.00	845.14	840.00	843.50	840.00	843.00	840.00	-
51301200	Workers Compensation	149.00	149.00	168.00	168.00	226.00	226.00	327.00	101.00
51200100	Extra Help	26,010.00	26,283.11	-	-	-	-	-	-
51200200	Overtime	294,324.67	246,054.44	288,265.00	272,756.97	293,973.00	283,954.00	304,503.05	10,530.05
									3.6%

##### Services and Supplies

Account	Description	Adopted FY08-09	Actual FY08-09	Adopted FY09-10	Actual FY09-10	Adopted FY10-11	Actual FY10-11	Final FY11-12	Difference
52240500	Property Lease	27,000.00	27,000.00	29,280.00	29,280.00	29,280.00	29,280.00	29,280.00	-
52180500	Legal Services	26,320.00	19,129.61	24,990.00	17,938.31	26,010.00	17,660.00	22,540.00	(3,470.00)
52180200	Information Technology Services	17,768.00	17,768.04	22,438.00	19,182.50	18,438.91	17,625.00	24,630.83	6,191.91
52170000	Office Expenses	15,000.00	10,916.66	15,000.00	9,697.20	15,000.00	9,628.00	12,000.00	(3,000.00)
52180510	Audit and Accounting Services	7,507.00	6,182.37	7,883.00	7,819.33	8,277.15	7,301.00	8,691.01	413.86
52250800	Training	4,000.00	2,530.53	4,000.00	5,475.00	4,000.00	3,969.00	4,000.00	-
52250000	Transportation and Travel	4,000.00	1,716.91	3,500.00	4,510.88	3,500.00	5,172.00	3,500.00	-
52070000	Communications	3,500.00	1,720.96	3,500.00	1,205.16	3,500.00	1,585.00	4,470.00	970.00
52150000	Memberships	2,000.00	2,000.00	2,275.00	2,200.00	2,275.00	2,200.00	2,275.00	-
52190000	Publications and Notices	1,500.00	2,490.22	1,500.00	1,112.17	1,500.00	1,433.00	1,500.00	-
52235000	Special Departmental Purchases	56,000.00	50,081.73	1,000.00	1,095.25	1,000.00	2,482.00	1,000.00	-
52251200	Private Mileage	1,000.00	1,051.07	1,000.00	533.60	1,000.00	1,298.00	1,000.00	-
52243900	Filing Fees	850.00	300.00	850.00	250.00	850.00	450.00	850.00	-
52250700	Meals Reimbursement - Taxable	-	-	500.00	588.92	500.00	172.00	500.00	-
52100300	Insurance: Liability	546.00	545.00	347.00	347.00	444.00	444.00	321.00	(123.00)
53980200	Capital Replacement*	-	-	-	3,931.30	3,931.40	3,931.40	3,931.40	-
		167,191.00	143,633.10	118,063.00	105,166.62	119,506.46	104,630.40	120,489.23	982.77
									0.8%

##### Contingencies and Reserves

Account	Description	Adopted FY08-09	Actual FY08-09	Adopted FY09-10	Actual FY09-10	Adopted FY10-11	Actual FY10-11	Final FY11-12	Difference
54000900	Operating Reserve	40,651.57	-	40,632.80	-	-	-	-	-
54001000	Consultant Contingency	50,000.00	-	50,000.00	-	-	-	-	-
		90,651.57	-	90,632.80	-	-	-	-	-
		552,167.24	389,687.54	496,960.80	377,923.59	413,479.46	388,584.40	424,992.28	11,512.82
									2.8%

EXPENSE TOTALS

**Revenues**

**Intergovernmental Contributions**

Account	Description	FY2008-09		FY2009-10		FY2010-11		FY2011-12	
		Adopted FY08-09	Actual FY08-09	Adopted FY09-10	Actual FY09-10	Adopted FY10-11	Actual FY10-11	Final FY11-12	
45080600	County of Napa	-	176,382.73	-	153,965.70	178,009.77	178,010.00	192,785.46	14,775.68
45082200	City of Napa	-	119,820.40	-	105,428.75	119,646.81	119,647.00	127,144.85	7,498.04
45082400	City of American Canyon	-	27,179.61	-	22,010.54	27,468.37	27,468.00	33,124.22	5,655.85
45082300	City of St. Helena	-	12,134.39	-	11,135.35	12,656.54	12,657.00	13,081.17	424.63
45082100	City of Calistoga	-	9,714.01	-	8,742.73	10,642.45	10,642.00	11,466.80	824.35
45082500	Town of Yountville	-	7,534.31	-	6,648.33	7,595.60	7,596.00	7,968.42	372.81
		-	352,765.45	-	307,931.40	356,019.55	356,020.00	385,570.91	29,551.37
									8.3%
<b>Service Charges</b>									
Account	Description								
46003400	Standard Applications Fees	-	16,155.00	-	18,437.00	10,000.00	24,293.00	10,000.00	-
46003300	Special Application Fees	-	120.00	-	625.00	-	3,187.00	-	-
48040000	Miscellaneous	-	-	-	156.30	-	-	-	-
		-	16,275.00	-	19,218.30	10,000.00	27,480.00	10,000.00	0.0%
<b>Investments</b>									
Account	Description								
44000300	Interest	-	10,458.70	-	3,791.48	5,000.00	2,570.00	2,340.00	(2,660.00)
		-	10,458.70	-	3,791.48	5,000.00	2,570.00	2,340.00	(2,660.00)
		-	379,499.15	-	330,941.18	371,019.55	386,070.00	397,910.91	26,891.37
									7.2%
<b>REVENUE TOTALS</b>									
<b>DIFFERENCE</b>		<b>(10,188.39)</b>		<b>(43,051)</b>		<b>(2,514)</b>		<b>(27,081.37)</b>	
<b>FUND BALANCE</b>									
Beginning:		222,059.00		211,870.61		168,819.50		166,305.10	
Ending:		211,870.61		168,819.50		166,305.10		139,223.73	
<i>Minimum Three Month Operating Balance:</i>		138,041.81		124,240.20		103,369.87		106,248.07	

**NOTES**

- 1) This account budgets one part time (Secretary) and two fulltime (Executive Officer and Analyst) employees. The budgeted increase reflects a scheduled merit raise for Analyst Freeman.
- 2) No cost-of-living adjustments are budgeted in 2011-2012 consistent with the County of Napa's current contract with its bargaining units.
- 3) This account funds the Commission's monthly contribution for employee healthcare and dental insurance costs provided by Kaiser and Delta Dental, respectively. The budgeted increase reflects higher provider premiums with the largest percentage raise tied to an addition to the Executive Officer's health coverage plan.
- 4) This account funds the Commission's monthly contribution for employee retirement benefits managed by CalPers. The budgeted increase is tied to the scheduled merit increase for Analyst Freeman.
- 5) This account funds the Commission's appointment for post employment benefits, such as retiree health care insurance. These costs are calculated by the County of Napa.
- 6) It is expected the Commission's need for County Counsel in 2011-12 will decrease from 170 to 140 total hours based on recent usage. An approximate 5.0% raise in the hourly rate from \$153 to \$161 is budgeted.
- 7) This account primarily funds network services provided by the County of Napa's Information Technology Services (ITS) Department. This portion of the account is budgeted to increase by 35% as part of countywide increases in ITS expenses tied to software updates. A prior year reporting error also has been identified with respect to increasing the number of LAFCCO computers from three to four. Other funds tied to this account remain stagnant and support website hosting and electronic document management costs with contacted vendors.
- 8) This account funds the Commission's regular office supply purchases. A decrease from \$15,000 to \$12,000 is budgeted based on actual recent expenses in this account.
- 9) The budgeted amount anticipates a 5.0% across the board increase in hourly rates for the County of Napa Auditor's Office in 2011-12.
- 10) This account funds the Commission's office telephone expenses. An increase was subsequently budgeted by way of a 8/1/2011 amendment to fund video recording services with Napa TV.



# Local Agency Formation Commission of Napa County

## Subdivision of the State of California

# ATTACHMENT TWO

## PROPOSED AMENDMENT TO ADOPTED BUDGET

### FY2011-12 FINAL BUDGET

Amended as of October 3, 2011

#### Expenses

##### Salaries and Benefits

Account	Description	FY2008-09		FY2009-10		FY2010-11		FY2011-12	
		Adopted FY08-09	Actual FY08-09	Adopted FY09-10	Actual FY09-10	Adopted FY10-11	Actual FY10-11	Adopted FY11-12	Final FY11-12
51100000	Regular Salaries	168,905.43	152,952.55	195,580.00	193,055.65	198,346.60	198,280.00	202,387.60	202,387.60
51300500	Group Health Insurance	40,148.04	21,495.57	36,471.00	29,210.94	37,953.96	33,873.00	45,648.12	45,648.12
51300100	Retirement: Pension (CalPERS)	34,550.93	26,282.61	34,064.00	33,015.37	34,991.95	33,955.00	36,701.99	36,701.99
51200500	Commissioner Per Diem	9,600.00	4,400.00	9,600.00	5,100.00	9,600.00	4,900.00	9,600.00	9,600.00
51300120	Retirement: Non-Pension	11,295.00	11,296.00	8,706.00	8,706.00	9,138.00	9,138.00	9,341.00	9,341.00
51300300	Medicare	2,826.27	2,440.46	2,836.00	2,657.51	2,876.49	2,739.00	2,934.62	2,934.62
51301800	Cell Phone Allowance	840.00	845.14	840.00	843.50	840.00	843.00	840.00	840.00
51301200	Workers Compensation	149.00	149.00	168.00	168.00	226.00	226.00	327.00	327.00
51200100	Extra Help	26,010.00	26,283.11	-	-	-	-	-	-
51200200	Overtime	294,324.67	246,054.44	288,265.00	272,756.97	293,973.00	283,954.00	307,780.33	307,780.33

##### Services and Supplies

52240500	Property Lease	27,000.00	27,000.00	29,280.00	29,280.00	29,280.00	29,280.00	29,280.00	29,280.00
52180500	Legal Services	26,320.00	19,129.61	24,990.00	17,938.31	26,010.00	17,660.00	22,540.00	22,540.00
52180200	Information Technology Services	17,768.00	17,768.04	22,438.00	19,182.50	18,438.91	17,625.00	24,630.83	24,630.83
52170000	Office Expenses	15,000.00	10,916.66	15,000.00	9,697.20	15,000.00	9,628.00	12,000.00	12,000.00
52180510	Audit and Accounting Services	7,507.00	6,182.37	7,883.00	7,819.33	8,277.15	7,301.00	8,691.01	8,691.01
52250800	Training	4,000.00	2,530.53	4,000.00	5,475.00	4,000.00	3,969.00	4,000.00	4,000.00
52250000	Transportation and Travel	4,000.00	1,716.91	3,500.00	4,510.88	3,500.00	5,172.00	3,500.00	3,500.00
52070000	Communications	3,500.00	1,799.96	3,500.00	1,205.16	3,500.00	1,585.00	3,500.00	3,500.00
52150000	Memberships	2,200.00	2,200.00	2,275.00	2,200.00	2,275.00	2,200.00	2,275.00	2,275.00
52190000	Publications and Notices	1,500.00	2,490.22	1,500.00	1,112.17	1,500.00	1,433.00	1,500.00	1,500.00
52235000	Special Departmental Purchases	56,000.00	50,081.73	1,000.00	1,095.25	1,000.00	2,482.00	1,000.00	1,000.00
52251200	Private Mileage	1,000.00	1,051.07	1,000.00	533.60	1,000.00	1,298.00	1,000.00	1,000.00
52249900	Filing Fees	850.00	300.00	850.00	250.00	850.00	450.00	850.00	850.00
52250700	Meals Reimbursement - Taxable	-	-	500.00	588.92	500.00	172.00	500.00	500.00
52100300	Insurance: Liability	546.00	545.00	347.00	347.00	347.00	444.00	321.00	321.00
53980200	Capital Replacement*	-	-	-	3,931.30	3,931.40	3,931.40	3,931.40	3,931.40
		167,191.00	143,633.10	118,063.00	103,166.62	119,506.46	104,630.40	120,489.23	120,489.23

##### Contingencies and Reserves

54000900	Operating Reserve	40,632.80	-	40,632.80	-	-	-	-	-
54001000	Consultant Contingency	50,000.00	-	50,000.00	-	-	-	-	-
		90,632.80	-	90,632.80	-	-	-	-	-
	EXPENSE TOTALS	552,167.24	389,687.54	496,960.80	377,923.59	413,479.46	388,584.40	428,269.56	428,269.56



14,790.10 3.6%

**Revenues**

**Intergovernmental Contributions**

Account	Description	FY2008-09		FY2009-10		FY2010-11		FY2011-12	
		Adopted	Actual	Adopted	Actual	Adopted	Actual	Adopted	Final
45080600	County of Napa	-	176,382.73	-	153,965.70	178,009.77	178,010.00	191,550.50	13,540.73
45082200	City of Napa	-	119,820.40	-	105,428.75	119,646.81	119,647.00	126,330.38	6,683.57
45082400	City of American Canyon	-	27,179.61	-	22,010.54	27,468.37	27,468.00	32,912.04	5,443.66
45082300	City of St. Helena	-	12,134.39	-	11,135.35	12,656.54	12,657.00	12,997.37	340.83
45082100	City of Calistoga	-	9,714.01	-	8,742.73	10,642.45	10,642.00	11,393.34	750.90
45082500	Town of Yountville	-	7,534.31	-	6,648.33	7,595.60	7,596.00	7,917.37	321.77
		-	352,765.45	-	307,931.40	356,019.55	356,020.00	383,101.00	27,081.45
									7.6%

**Service Charges**

Account	Description	Adopted	Actual
46003400	Standard Applications Fees	-	16,155.00
46003300	Special Application Fees	-	120.00
48040000	Miscellaneous	-	16,275.00
		-	18,437.00
		-	625.00
		-	156.30
		-	19,218.30
		-	27,480.00
		-	24,293.00
		-	3,187.00
		-	5,000.00
		-	5,000.00
		-	371,019.55
		-	386,070.00
		-	2,340.00
		-	2,340.00
		-	24,421.45
		-	(2,660.00)
		-	(2,660.00)
		-	6.6%

**Investments**

Account	Description	Adopted	Actual
44000300	Interest	-	10,458.70
		-	10,458.70
		-	379,499.15
		-	3,791.48
		-	3,791.48
		-	330,941.18
		-	27,480.00
		-	2,340.00
		-	2,340.00
		-	(2,660.00)
		-	(2,660.00)
		-	53.2%
		-	6.6%

REVENUE TOTALS

<b>DIFFERENCE</b>	(10,188.39)	(43,051)	(2,514)	(32,828.56)
<b>FUND BALANCE</b>				
Beginning:	222,059.00	211,870.61	168,819.50	166,305.10
Ending:	211,870.61	168,819.50	166,305.10	133,476.54
<b>Minimum Three Month Operating Balance:</b>	<b>138,041.81</b>	<b>124,240.20</b>	<b>103,369.87</b>	<b>107,067.39</b>

**NOTES**

- 1) This account budgets one-part time (Secretary) and two fulltime (Executive Officer and Analyst) employees. The budgeted increase reflects a scheduled merit raise for Analyst Freeman. The budget increase also, byway of a October 3, 2011 amendment, reflects a 1.5% COLA.
- 2) This account funds the Commission's monthly contribution for employee healthcare and dental insurance costs provided by Kaiser and Delta Dental, respectively. The budgeted increase reflects higher provider premiums with the largest percentage raise tied to an addition to the Executive Officer's health coverage plan.
- 3) This account funds the Commission's monthly contribution for employee retirement benefits managed by CalPERS. The budgeted increase is tied to the scheduled merit increase for Analyst Freeman.
- 4) This account funds the Commission's apportionment for post employment benefits, such as retiree health care insurance. These costs are calculated by the County of Napa.
- 5) It is expected the Commission's need for County Counsel in 2011-12 will decrease from 170 to 140 total hours based on recent usage. An approximate 5.0% raise in the hourly rate from \$153 to \$161 is budgeted.
- 6) This account primarily funds network services provided by the County of Napa's Information Technology Services (ITS) Department. This portion of the account is budgeted to increase by 35% as part of countywide increases in ITS expenses tied to software updates. A prior year reporting error also has been identified with respect to increasing the number of LAHCO computers from three to four. Other funds tied to this account remain stagnant and support website hosting and electronic document management costs with contacted vendors.
- 7) This account funds the Commission's regular office supply purchases. A decrease from \$15,000 to \$12,000 is budgeted based on actual recent expenses in this account.
- 8) The budgeted amount anticipates a 5.0% across the board increase in hourly rates for the County of Napa Auditor's Office in 2011-12.
- 9) This account funds the Commission's office telephone expenses. An increase was subsequently budgeted byway of a 8/1/2011 amendment to fund video recording services with Napa TV.