



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 7a (Public Hearing)

TO: Local Agency Formation Commission

PREPARED BY: Brendon Freeman, Executive Officer

MEETING DATE: May 4, 2020

SUBJECT: Proposed Budget for Fiscal Year 2020-2021 and Draft 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 Proposed Budget for the 2020-2021 Fiscal Year (Attachment One);
- 4) Direct staff to circulate the adopted proposed budget to each of the funding agencies as well as the general public for review and comment;
- 5) Direct staff to circulate the draft amendment to the *Schedule of Fees and Deposits* (“Fee Schedule”) to the general public for public review and comment; and
- 6) Direct the Budget Committee to return with recommendations for a final budget and Fee Schedule amendment for adoption at a noticed public hearing on June 1, 2020.

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.

Kenneth Leary, Chair
Councilmember, City of American Canyon

Margie Mohler, Commissioner
Councilmember, Town of Yountville

Scott Sedgley, Alternate Commissioner
Councilmember, City of Napa

Diane Dillon, Vice 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

Gregory Rodeno, Commissioner
Representative of the General Public

Eve Kahn, Alternate Commissioner
Representative of the General Public

Brendon Freeman
Executive Officer

Budgeting Policies

On November 18, 2019, consistent with the Commission’s *Budget Policy* (“the Policy”), included as Attachment Two, the Commission appointed Vice Chair Leary and Commissioner Mohler 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 Policy directs the Commission to control operating expenses by utilizing its available undesignated/unreserved fund balance (“reserves”) whenever possible and appropriate. The Policy also directs the Commission 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.

Proposed Budget

The Commission will consider adopting a resolution to approve a proposed budget for fiscal year 2020-2021. Proposed operating expenses total \$540,893 and represent a 21.0% decrease over the current fiscal year. Proposed operating revenues total \$519,084 with the remaining \$21,809 shortfall to be covered by drawing down on the Commission’s reserves. The proposed budget for 2020-2021 would increase overall agency contributions by 3.0% compared to the current fiscal year. The Committee believes the proposed increase is reasonable given the Commission historically has budgeted significant shortfalls each fiscal year, which served to greatly minimize impacts on the local funding agencies.

It is important to note the proposed budget is intended to minimize the immediate increase to local agency contributions in response to the anticipated significant reduction in general tax revenues. However, future increases in agency contributions may be necessary to balance the Commission’s budget. Toward this end, the draft resolution (Attachment One) includes a statement advising the local funding agencies of the potential for incremental increases in their contributions to the Commission’s budget in future fiscal years.

¹ Reserves are estimated to total \$275,845 at the beginning of 2020-2021, representing 51.0% or approximately 6.1 months of operating expenses in the proposed budget.

The proposed budget positions the Commission to finish the 2020-2021 fiscal year with available reserves totaling \$254,038 or 47.0% of proposed operating expenses. Therefore, the proposed 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 six of this report.

Committee Actions to Date

On December 23, 2019, the Committee met and discussed a preliminary draft budget prepared by staff. The Committee agreed to meet again before presenting a proposed budget for the Commission’s consideration.

On February 19, 2020, the Committee met and prepared a draft proposed budget to be presented to the Commission at today’s meeting. The Committee also agreed to present a draft amendment to the adopted Fee Schedule for the Commission’s consideration. Notably, the Committee agreed an amendment is needed to the Fee Schedule to clarify several procedures related to collecting proposal fees. The draft amendment to the Fee Schedule with tracked changes is included as Attachment Three. The Committee recommends circulating the draft amendment to the general public for review and comment before the Commission considers taking formal action to approve the amendment at its June 1, 2020, regular meeting.

In response to the recent significant reductions in local agency revenues as a result of the COVID-19 pandemic, the Committee corresponded electronically and agreed to minimize expenses and agency contributions to the extent feasible.

Proposed Operating Expenses

The Committee proposes a decrease in operating expenses from \$685,000 to \$540,893;² a difference of \$144,107 or 21.0% compared to the current fiscal year. The following table summarizes operating expenses in the proposed budget.

Expense Unit	Adjusted FY19-20	Proposed FY20-21	Change \$	Change %
1) Salaries/Benefits	\$15,725	\$13,250	-\$2,475	-15.7%
2) Services/Supplies	\$669,275	\$527,643	-\$141,632	-21.2%
3) Contingencies	\$0	\$0	\$0	0.0%
Total	\$685,000	\$540,893	-\$144,107	-21.0%

Notable proposed changes to budgeted operating expenses are summarized as follows.

² For purposes of the analysis in this report, it is assumed the proposed budget adjustment included as item 5b on today’s agenda will be approved.

Salaries and Benefits Unit

This budget unit is proposed to decrease from \$15,725 to \$13,250, representing a difference of \$2,475 or 15.7% compared to the current fiscal year. The only change involves a decrease in Commissioner Per Diems (Account No. 51210) from \$15,000 to \$12,500 to reflect a decline in the total number of anticipated subcommittee meetings during the 2020-2021 fiscal year. It is important to note staff salaries and benefits are included under Administration Services (Account No. 52100) within the Services and Supplies budget unit as summarized below.

Services and Supplies Unit

This budget unit is proposed to decrease from \$669,275 to \$527,643, representing a total decrease of \$141,632 or 21.2% compared to the current fiscal year. All changes involving a difference of at least \$1,000 in an individual expense account include the following:

- 1) Decrease Administration Services (Account No. 52100) from \$424,278 to \$415,869 to reflect several adjustments to staff salaries and benefits;
- 2) Decrease Legal Services (Account No. 52140) from \$30,000 to \$17,500 in response to COVID-19 to reflect an anticipated reduction in local government activity that would require LAFCO legal counsel;
- 3) Decrease Consulting Services (Account No. 52310) from \$112,624 to \$0. This decrease is associated with the anticipated expiration of the Commission's consultant contract with Ascent Environmental for CEQA-related services along with the anticipated completion of the Countywide Water and Wastewater Municipal Service Review (MSR) that is budgeted in 2019-2020;³
- 4) Decrease Insurance: Liability (Account No. 52700) from \$4,554 to \$813 based on the reconciliation of an error in which the County inadvertently attributed a past incident to the Commission rather than the appropriate agency under the County's pooled general liability insurance plan. The error was corrected and the County reimbursed the Commission for the overcharged amount for the current fiscal year;
- 5) Decrease Training/Conference (Account No. 52900) from \$12,295 to \$6,000 in response to COVID-19 to reflect an anticipated decline in training and conference opportunities for staff and Commissioners;
- 6) Decrease Business Travel/Mileage (Account No. 52905) from \$3,000 to \$1,000 in response to COVID-19 to reflect an anticipated decline in required travel for staff and Commissioners; and

³ A draft Countywide Water and Wastewater MSR, prepared by a private consultant, will be presented at a future Commission meeting. It is anticipated the Countywide Water and Wastewater MSR will be completed during fiscal year 2020-2021 and therefore a portion of the consultant contract will roll over to fiscal year 2020-2021 by way of re-encumbering the amount and adjusting the budget mid-year consistent with the Commission's past practice.

- 7) Increase Computer Equipment/Accessories (Account No. 53410) from \$300 to \$6,000 in response to COVID-19 to purchase one new laptop computer for purposes of expanding LAFCO’s capacity for staff to telecommute.

Notably, consistent with prior fiscal years, the proposed budget includes \$1,000 for the 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. The Commission has budgeted \$1,000 for this purpose in each of the last six fiscal years.

Contingencies Unit

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

Proposed Operating Revenues

The Committee proposes an increase in operating revenues from \$503,761 to \$519,084; a difference of \$15,323 or 3.0% compared to the current fiscal year. The following table summarizes operating revenues in the proposed budget.

Revenue Unit	Adjusted FY19-20	Proposed FY20-21	Change \$	Change %
1) Agency Contributions	\$471,261	\$485,400	\$14,139	3.0%
(a) County of Napa	\$235,631	\$242,700	\$7,070	3.0%
(b) City of Napa	\$154,700	\$162,717	\$8,202	5.3%
(c) City of American Canyon	\$38,907	\$40,809	\$2,102	5.4%
(d) City of St. Helena	\$15,267	\$15,208	-\$149	-1.0%
(e) City of Calistoga	\$15,365	\$14,624	-\$950	-6.1%
(f) Town of Yountville	\$11,392	\$9,341	-\$2,136	-18.6%
2) Service Charges	\$25,500	\$21,684	-\$3,816	-15.0%
3) Interest Earnings	\$7,000	\$12,000	\$5,000	71.4%
Total	\$503,761	\$519,084	\$15,323	3.0%

* Proposed agency contributions for 2020-2021 reflect general tax revenues for 2017-2018 as provided by the State Controller’s Office’s (SCO) Cities Annual Report as well as population estimates for January 1, 2019, as provided by the State Department of Finance’s (DOF) Population Estimates. Agency contributions will be updated in the final budget to reflect population estimates for January 1, 2020, once the DOF’s report has been published.

The Committee proposes the majority of operating revenues to be collected – \$485,400 – would be drawn from agency contributions and would represent a 3.0% increase compared to the current fiscal year. Service charges (i.e. proposal application fees) are proposed to total \$21,684 and would represent a 15.0% decrease compared to the current fiscal year. Interest earnings on the Commission’s fund balance are proposed to total \$12,000 based on recent trends and would represent a 71.4% increase compared to the current fiscal year.

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 proposes an intentional operating deficit of \$21,809, which would be covered by drawing down on reserves consistent with prior fiscal years. As mentioned on page two of this report, the proposed budget positions the Commission to finish the 2020-2021 fiscal year with available reserves totaling \$254,037 or 47.0% of proposed operating expenses. Therefore, the proposed 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.

For purposes of balancing the Commission's budget in the foreseeable future, the Committee projected agency reserves over the next five fiscal years based on a specific set of assumptions related to future operating expenses and revenues. With this in mind, the Committee recommends the following assumptions be incorporated over the next five fiscal years to balance the Commission's budget and ensure reserves are maintained at a minimum of one third of budgeted operating expenses:

- Annual 3.0% increase for total operating expenses beginning in fiscal year 2021-2022;
- Annual 5.0% increase for revenues tied to agency contributions beginning in fiscal year 2021-2022; 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	2020-21	2021-22	2022-23	2023-24	2024-25
Expenses	\$540,893	\$557,120	\$573,833	\$591,048	\$608,780
Revenues	\$519,084	\$543,354	\$568,838	\$595,595	\$623,691
Net Budget	(21,809)	(13,766)	\$(4,996)	\$4,547	\$14,911
Reserves on July 1	\$275,845	\$254,036	\$240,270	\$235,274	\$239,821
Reserves as % of Expenses	51.0%	45.6%	41.9%	39.8%	39.4%

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.

ATTACHMENTS

- 1) Draft Resolution Adopting Proposed Budget for Fiscal Year 2020-2021
- 2) Budget Policy
- 3) Draft Amendment to Schedule of Fees and Deposits (tracked changes)

RESOLUTION NO. ____

**RESOLUTION OF
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
ADOPTING A PROPOSED BUDGET FOR THE 2020-2021 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 adopt a proposed budget for the next fiscal year; and

WHEREAS, the Commission is required to adopt a proposed budget; 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 Executive Officer prepared a report concerning the Budget Committee’s recommended proposed budget; and

WHEREAS, the Executive Officer’s report was 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 proposed budget held on May 4, 2020; and

WHEREAS, the Commission hereby advises member agencies of the potential necessity to incrementally increase agency contributions in the fiscal years to follow in order for the Commission to achieve its expanding state mandated responsibilities, consistent with Government Code Section 56381; and

WHEREAS, the Commission determined the proposed 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 proposed budget as outlined in Exhibit “A” is approved.
2. The proposed 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 May 4, 2020, by the following vote:

AYES: Commissioners _____

NOES: Commissioners _____

ABSENT: Commissioners _____

ABSTAIN: Commissioners _____

Kenneth Leary
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

FY2020-2021 PROPOSED BUDGET

Proposed for Adoption on May 4, 2020

Expenses

		FY 2017-18		FY 2018-19		FY 2019-20		FY 2020-21			
		Adjusted ¹	Actual	Adjusted ¹	Actual	Adjusted ^{1 2 3}	Estimate	Proposed			
Salaries and Benefits											
<u>Account</u>	<u>Description</u>										
51210	Commissioner Per Diems	11,000	9,875	15,000	12,150	15,000	10,950	12,500	(2,500)	-16.7%	
51300	Medicare - Commissioners	-	140	-	173	225	155	250	25	11.1%	
51305	FICA - Commissioners	500	398	500	550	500	510	500	-	0.0%	
Total Salaries & Benefits		11,500	10,413	15,500	12,873	15,725	11,615	13,250	(2,475)	-15.7%	
Services and Supplies											
<u>Account</u>	<u>Description</u>										
52100	Administration Services ^{2 3}	348,201	245,673	371,069	319,297	424,278	408,532	415,869	(8,409)	-2.0%	
52105	Election Services	100	-	500	-	200	-	-	(200)	-100.0%	
52125	Accounting/Auditing Services	9,500	6,902	8,000	7,594	8,000	7,500	7,500	(500)	-6.3%	
52130	Information Technology Services	16,859	16,859	17,301	16,653	24,590	24,590	24,323	(267)	-1.1%	
52140	Legal Services	35,000	35,000	35,000	27,152	30,000	30,000	17,500	(12,500)	-41.7%	
52310	Consulting Services ¹	52,311	30,221	188,050	80,339	112,624	112,624	-	(112,624)	-100.0%	
52345	Janitorial Services	200	75	150	165	300	300	300	-	0.0%	
52515	Maintenance-Software	2,000	1,779	2,000	1,779	2,000	1,930	1,930	(70)	-3.5%	
52600	Rents and Leases: Equipment	6,000	4,710	5,500	4,585	5,500	5,300	5,500	-	0.0%	
52605	Rents and Leases: Building/Land	27,828	27,828	27,828	28,663	29,523	29,523	29,523	-	0.0%	
52700	Insurance: Liability	249	249	70	70	4,554	380	813	(3,741)	-82.1%	
52800	Communications/Telephone	3,000	3,041	3,000	3,124	3,000	3,256	3,500	500	16.7%	
52830	Publications and Notices	2,000	1,562	2,000	967	1,500	1,450	1,500	-	0.0%	
52835	Filing Fees	500	150	500	200	250	254	50	(200)	-80.0%	
52900	Training/Conference	9,000	7,091	9,000	13,770	12,295	9,100	6,000	(6,295)	-51.2%	
52905	Business Travel/Mileage	1,500	1,152	1,000	2,265	3,000	1,750	1,000	(2,000)	-66.7%	
53100	Office Supplies	3,000	1,768	2,000	2,265	2,000	1,400	1,250	(750)	-37.5%	
53110	Freight/Postage	300	253	300	100	300	210	350	50	16.7%	
53120	Memberships/Certifications	2,726	2,726	2,805	2,805	3,261	3,261	2,985	(276)	-8.5%	
53205	Utilities: Electric	1,300	1,057	1,300	1,121	1,300	1,330	1,500	200	15.4%	
53410	Computer Equipment/Accessories	500	539	500	645	300	617	6,000	5,700	1900.0%	
56350	Business Related Meal/Supplies	350	916	750	479	500	100	250	(250)	-50.0%	
Total Services & Supplies		522,524	395,847	678,673	514,108	669,275	643,407	527,643	(141,632)	-21.2%	
EXPENSE TOTALS		534,024	406,260	694,173	526,981	685,000	655,022	540,893	(144,107)	-21.0%	

¹ Operating expenses in fiscal years 17-18, 18-19, and 19-20 were adjusted to re-encumber existing consultant contracts that were not fully utilized in the preceding fiscal years.

² Administration Services (52100) includes the following eight expense accounts related to staff salaries and benefits: Salaries and Wages (51100); 401A Employer Contribution (51200); Cell Phone Allowance (51205); Medicare - Staff (51300); Employee Insurance-Premiums (51400); Worker's Compensation (51405); Retirement (51600); and OPEB (51605).

³ Administration Services (52100) increased by \$25,000 to reflect actual expenses incurred associated with staff salaries and benefits.

Revenues

		FY 2017-18		FY 2018-19		FY 2019-20		FY 2020-21			
		Adopted Final	Actual	Adopted Final	Actual	Adopted Final	Estimate	Proposed	<i>Difference</i>		
Intergovernmental											
<u>Account</u>	<u>Description</u>										
43910	County of Napa	213,724	213,724	224,410	224,410	235,631	235,631	242,700	7,070	3.0%	
43950	Other Governmental Agencies	213,724	213,724	224,410	224,410	235,631	235,631	242,700	7,070	3.0%	
----	<i>City of Napa</i>	143,028	143,028	148,793	148,793	154,514	154,514	162,717	8,202	5.3%	
----	<i>City of American Canyon</i>	34,380	34,380	35,803	35,803	38,707	38,707	40,809	2,102	5.4%	
----	<i>City of St. Helena</i>	13,856	13,856	14,897	14,897	15,357	15,357	15,208	(149)	-1.0%	
----	<i>City of Calistoga</i>	12,349	12,349	13,673	13,673	15,575	15,575	14,624	(950)	-6.1%	
----	<i>Town of Yountville</i>	10,111	10,111	11,243	11,243	11,478	11,478	9,341	(2,136)	-18.6%	
	Total Intergovernmental	427,448	427,448	448,820	448,820	471,261	471,261	485,400	14,139	3.0%	
Service Charges											
<u>Account</u>	<u>Description</u>										
42690	Application/Permit Fees	20,000	9,471	20,000	41,451	25,000	24,624	21,060	(3,940)	-15.8%	
46800	Charges for Services	500	250	500	500	500	781	624	124	24.8%	
	Total Service Charges	20,500	9,721	20,500	41,951	25,500	25,405	21,684	(3,816)	-15.0%	
Investments											
<u>Account</u>	<u>Description</u>										
45100	Interest	5,000	6,701	7,000	12,367	7,000	15,000	12,000	5,000	71.4%	
	Total Investments	5,000	6,701	7,000	12,367	7,000	15,000	12,000	5,000	71.4%	
	REVENUE TOTALS	452,948	443,870	476,320	503,138	503,761	511,666	519,084	15,323	3.0%	
OPERATING DIFFERENCE		(81,076)	37,610	(217,853)	(23,843)	(181,239)	(143,356)	(21,809)			

Negative Balance Indicates Use of Unrestricted Fund Balance Reserves

	2017-18 Actual	2018-19 Actual	2019-20 Estimate	2020-21 Proposed
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:	405,435	443,045	419,201	275,845
Ending:	443,045	419,201	275,845	254,037
TOTAL FUND BALANCE				
Beginning:	425,092	462,702	438,858	295,502
Ending:	462,702	438,858	295,502	273,694
MINIMUM FOUR MONTH RESERVE GOAL	178,008	231,391	228,333	180,298



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, 2020

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'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 California Government Code 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 a non-refundable initial the proposal fees as detailed in this schedule. Proposals will not be deemed complete until all appropriate fees have been collected as identified by the Executive Officer and as detailed in this schedule.~~
- 3.4. All deposit amounts tied to 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. All ~~initial~~ fees payable to the Commission shall be submitted in check and made payable to ~~the~~ "Local Agency Formation Commission of Napa County."
- 4.6. 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.
5. ~~Proposals will not be deemed complete until the initial fee has been collected by the Executive Officer as detailed in this schedule.~~
- 6.7. 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.
8. Additional staff time shall be charged to the applicant at ~~a~~ fully burdened hourly rate of \$156.

- ~~7-9.~~ If any fee for a proposal has already been received, 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.
- ~~8-10.~~ Applicants are responsible for any extraordinary administrative costs as determined by the Executive Officer and detailed for the applicant in a written statement.
- ~~9-11.~~ Additional sStaff time and administrative costs shall not be charged for city annexation proposals involving one or more entire unincorporated island subject to California Government Code Section 56375.3 and the *Policy on Unincorporated Islands*.
- ~~10-12.~~ 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.
- ~~11-13.~~ The Executive Officer may stop work on any proposal until the applicant submits a requested deposit.
- ~~12-14.~~ 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
- ~~13-15.~~ 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 next regular meeting. Requests by local agencies may be considered at the time the application is presented to the Commission for action.
- ~~14-16.~~ With respect to instances where the Commission approves an outside service agreement under California Government Code Section 56133, the fee for a subsequent change of organization or reorganization involving the affected territory will be reduced by one-half if filed within one calendar year.
- ~~15-17.~~ 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 hourly rate provided in this schedule.
- ~~16-18.~~ The Commission shall annually review this schedule and update the fully burdened hourly rate to help maintain an appropriate level of cost-recovery.

~~INITIAL~~ PROPOSAL FEES

~~These~~ The following fees must be submitted to the Commission as part of the proposal filing; ~~The Executive Officer will identify the specific fees and amounts that apply to the proposal.~~ The proposal will be deemed incomplete without ~~the designated~~ 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 (30 hours)
Without 100% Consent from Landowners and Agencies where the Commission is Responsible or Lead Agency	\$6,240 (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 (35 hours)
100% Consent from Landowners and Agencies where the Commission is Lead Agency	\$7,800 (50 hours)
Without 100% Consent from Landowners and Agencies where the Commission is Responsible Agency	\$7,020 (45 hours)
Without 100% Consent from Landowners and Agencies where the Commission is Lead Agency	\$9,360 (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 (40 hours)
100% Consent from Landowners and Agencies where the Commission is Lead Agency	\$7,800 (50 hours) plus consultant contract
Without 100% Consent from Landowners and Agencies where the Commission is Responsible Agency	\$7,800 (50 hours)
Without 100% Consent from Landowners and Agencies where the Commission is Lead Agency	\$9,360 (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 ~~expedited-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
• 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 (20 hours)
• Request for Reconsideration	\$3,120 (20 hours)
• Request for Time Extension to Complete Proceedings	\$780 (5 hours)
• Municipal Service Reviews	at-cost
• Sphere of Influence Establishment/Amendment	at-cost

Miscellaneous

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

~~OTHER PROPOSAL FEES~~

~~These fees generally apply to proposals that have been approved by the Commission and are not required at the time of filing. An exception involves the fee for registered voter lists, which may be required before the Commission takes action on an application if the underlying activity is subject to protest proceedings. Other fees in this section apply to service requests that are not tied to a specific proposal, such as research and photocopying.~~

Fees Made Payable to the County of Napa

• Assessor's <u>Annexation</u> Mapping <u>Service Fee</u>	\$162
• County Surveyor's Review	\$253.09
• Elections' Registered Voter List	\$75 hourly
• Clerk-Recorder's Environmental Filing Fee	\$50
• Clerk-Recorder's Environmental Document Fee	
.....Environmental Impact Report	\$3,343.25
.....Mitigated Negative Declaration	\$2,406.75
.....Negative Declaration	\$2,406.75

Fees Made Payable to LAFCO

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