



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

1030 Seminary Street, Suite B
Napa, California 94559
Telephone: (707) 259-8645
Facsimile: (707) 251-1053
www.napa.lafco.ca.gov

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

December 3, 2012
Agenda Item No. 7b (Action)

November 27, 2012

TO: Local Agency Formation Commission

FROM: Committee on Policies and Procedures (Luce, Rodeno, and Simonds)

**SUBJECT: Amendments to Policy on Preparing an Annual Budget /
Budget Committee Appointments**

The Commission will consider two separate actions concerning the preparation of an annual budget for the agency. The first action proposes minor amendments to the Commission's adopted policy on preparing an annual budget to reflect existing practices. The second action requests appointments of two members to serve with the Executive Officer on the 2013-2014 Budget Committee.

Local Agency Formation Commissions (LAFCOs) are political subdivisions of the State of California and tasked with providing regional growth management services in all 58 counties. These growth management services are anchored by exercising delegated regulatory and planning responsibilities to oversee the formation and development of cities and special districts under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. This legislation, notably, directs LAFCOs to establish written policies and procedures in exercising their delegated responsibilities in a consistent and transparent manner.

A. Background

LAFCO of Napa County ("Commission") maintains several policies prescribing various procedures relating to the agency's administrative operations. This includes a policy on the preparation of an annual budget; a budget that under State law needs to be adopted in proposed and final forms no later than May 1st and June 15th, respectively. The policy – adopted in August 2001 and last amended in January 2003 – directs the Commission to establish an ad hoc budget committee at the last meeting of the calendar year to make recommendations for operating expenses for the upcoming fiscal year. The policy also prescribes the composition of the budget committee shall consist of two appointed Commissioners and the Executive Officer.

Lewis Chilton, Chair
Councilmember, Town of Yountville

Joan Bennett, Commissioner
Councilmember, City of American Canyon

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

Brad Wagenknecht, Vice Chair
County of Napa Supervisor, 1st District

Bill Dodd, Commissioner
County of Napa Supervisor, 4th 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

Proposed Policy Amendments

The need to make appointments for the 2013-2014 Budget Committee offers the Commission the opportunity to also consider adopting amendments to the underlying policy, which was last amended in January 2003. The Policy Committee (Luce, Rodeno, and Simonds), accordingly, has reviewed the underlying policy and believes several amendments are warranted to reflect existing practices and preferences. The Policy Committee believes the proposed amendments are relatively minor and highlighted by three specific changes as summarized below.

- Establish a declaration statement orienting the preparation of an annual budget to ensure the Commission is appropriately funded to meet its prescribed duties while striving to control costs whenever possible to limit impact on funding agencies.
- Memorialize the Commission's existing policy intention to maintain sufficient reserves to be equal to no less than one-fourth of adopted operating expenses. This policy intention was established by the Commission in adopting a budget for 2010-2011 as part of a decision to eliminate the past practice of issuing credits.
- Delineate procedures consistent with current practice for the annual budget to be prepared in three distinct phases: draft proposed; proposed; and final. Notably, the current policy only contemplates the preparation of a proposed and final budget. The Policy Committee believes formalizing the practice of also preparing a draft proposed budget is important with respect to providing the funding agencies advance notice of their probable allocation amounts in order to inform their own budget processes.

Budget Committee Appointments

As referenced, and irrespective of taking action on the recommended policy amendments, the Commission is directed to appoint to Commissioners to serve with the Executive Officer on the 2013-2014 Budget Committee. The Budget Committee's primary task will be to will review and make recommendations on baseline expenditures to maintain or adjust current agency service levels as deemed appropriate and based on input provided by the Commission. No special or otherwise unique funding issues for 2013-2014 are anticipated at this time. Recent appointments are listed below.

Term	Appointee	Appointee
2012-2013	Brian J. Kelly	Lewis Chilton
2011-2012	Brian J. Kelly	Lewis Chilton
2010-2011	Brian J. Kelly	Lewis Chilton
2009-2010	Brian J. Kelly	Jack Gingles
2008-2009	Brian J. Kelly	Jack Gingles

With respect to time commitments, it is anticipated the Budget Committee will conduct a noticed public meeting during the second full week of January during the early afternoon. Additional meetings will be scheduled thereafter as needed. Meetings generally last one hour and will be held in the Board Chambers.

C. Recommendation

The Policy Committee recommends the Commission approve the proposed amendments to the policy on preparing an annual budget as identified in the preceding section. It is also recommended the Commission appoint two of its members to serve on the Budget Committee for 2013-2014. Appointees – among other considerations – should be available for a meeting for the second full week of January (14th-18th).

D. Alternatives for Action

The following alternative actions are available to the Commission.

Alternative Action One (Recommended):

Approve by motion to (a) approve the proposed amendments with any desired changes to the policy on preparing an annual budget as provided in Attachment Two and (b) appoint two members to serve on the Budget Committee for 2013-2014.

Alternative Action Two:

Approve by motion a continuance to a future meeting and provide direction to staff with respect to additional information requests as needed.

E. Procedures for Consideration

This item has been agenzized for action. The following procedures are recommended with respect to the Commission's continued consideration of this item:

- 1) Receive verbal report from the Policy Committee;
- 2) Invite comments from any interested audience members (voluntary); and
- 3) Discuss item and consider action on recommendation.

Respectfully submitted on behalf of the Policy Committee,

Keene Simonds
Executive Officer

Attachments:

- 1) Current Policy on Preparing an Annual Budget
- 2) Proposed Policy on Preparing an Annual Budget

Local Agency Formation Commission of Napa County

Policy on the Preparation of the LAFCO Budget
(Adopted: August 9, 2001; Last amended: January 9, 2003)

To facilitate the adoption of the LAFCO budget pursuant to Government Code §56381, it is the policy of the Commission that:

1. There shall be a LAFCO budget committee, composed of two members of the Commission and the Executive Officer. At the last regular Commission meeting of each calendar year, the Chair shall appoint two members to serve on the budget committee.
2. It is the responsibility of the budget committee to prepare a draft preliminary budget for circulation to the Commission, those agencies statutorily required to contribute to the LAFCO budget and all interested parties.
3. The draft preliminary budget shall be circulated no less than 30 days prior to the meeting at which it shall be considered and adopted.
4. Following the adoption of the preliminary budget, the Executive Officer shall prepare a draft final budget.
5. The draft final budget shall be circulated no less than 30 days prior to the meeting at which it shall be considered and adopted.



LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

Budget Policy

Adopted: August 9, 2001

Last Amended: *****

I. Background

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 specifies the Commission shall annually adopt proposed and final budgets no later than May 1st June 15th, respectively. State law specifies the proposed and final budgets shall – at a minimum – be equal to the budget adopted for the previous fiscal year unless the Commission adopts a finding the reduced costs will nevertheless allow the agency to fulfill its prescribed duties. The Commission must adopt proposed and final budgets at noticed public hearings.

II. Objective

The objective of this policy is to guide the Commission in preparing and adopting an annual operating budget in a consistent and transparent manner.

III. Declaration

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 and cities, hereafter referred to as the “funding agencies,” whenever possible and appropriate.

III. Guidelines

A. Minimum Fund Balance

- 1) It is the policy of the Commission to maintain an undesignated/unreserved fund balance equal to no less than one-fourth of adopted operating expenses.

B. Budget Committee

- 1) The Commission shall establish a budget committee at the last meeting of each calendar year.
- 2) The budget committee shall be comprised of two members of the Commission and the Executive Officer.
- 3) The term of each budget committee shall commence upon the establishment and appointment of members and terminate at the time a final budget has been adopted by the Commission.

- 4) The budget committee will conduct noticed public meetings as needed in fulfilling its responsibilities as provided under this policy.
- 5) Commissioners appointed to a budget committee shall receive a regular per diem payment for each meeting attended.

C. Preparation of the Annual Budget

- 1) The annual budget shall be prepared in three distinct phases: draft proposed; proposed; and final.
- 2) The following procedures shall guide the preparation of a draft proposed budget:
 - (a) The budget committee shall prepare a draft proposed budget for Commission review and approval no later than February 15th.
 - (b) The approved draft proposed budget shall be circulated to all funding agencies for review and comment for no less than 21 days.
 - (c) The approved draft proposed budget shall also be posted on the Commission's website for review and comment for no less than 21 days.
- 3) The following procedures shall guide the preparation of a proposed budget:
 - (a) The budget committee shall prepare a proposed budget for Commission review and adoption at a noticed public hearing no later than May 1st.
 - (b) The adopted proposed budget shall be circulated to all funding agencies for review and comment for no less than 21 days.
 - (c) The adopted proposed budget shall also be posted on the Commission's website for review and comment for no less than 21 days.
- 4) The following procedures shall guide the preparation of a final budget:
 - (a) The budget committee shall prepare a final budget for Commission review and adoption at a noticed public hearing no later than June 15th.
 - (b) The Executive Officer shall provide immediate notice of the adopted final budget to all funding agencies.
 - (c) The Executive Officer shall request the County of Napa Auditor's Office prepare invoices for all funding agencies' annual contributions consistent with the adopted final budget no less than 20 business days from the Commission's adoption.
 - (d) The adopted final budget shall be posted on the Commission's website for public viewing for the entirety of the affected fiscal year.