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*City Member*

May 13, 2009 (Agenda)

May 13, 2009  
Agenda Item 9

Contra Costa Local Agency Formation Commission  
651 Pine Street, Sixth Floor  
Martinez, CA 94553

**Final FY 2009-10 LAFCO Budget**

Dear Members of the Commission:

RECOMMENDATIONS

It is recommended that the Commission:

1. Receive this report, accept any public testimony, and approve the Final Budget as presented for Fiscal Year 2009-10, with any desired changes, and
2. Authorize LAFCO staff to distribute the Final Budget to the County, cities and special districts as required by statute.

DISCUSSION

On March 11, the Commission adopted the Proposed Budget and Work Plan for Fiscal Year 2009-10 (available on the LAFCO website at [www.contracostalafco.org](http://www.contracostalafco.org)). The proposed budget was distributed to the County, cities and special districts for their review. We have received no comments from local agencies or members of the public regarding the proposed budget.

The Final Budget for FY 2009-10 as shown in Attachment A is comparable to the Proposed Budget presented in March 2009 with several revisions, including the following:

- Estimated increase in General & Professional Liability Insurance as a result of the County recently informing LAFCO that it can no longer cover LAFCO under the County’s umbrella policies given LAFCO’s status as an independent agency, and
- Projected increases in various services and supplies due to cost of living increases.

In addition, the FY 2008-09 estimates have been updated to reflect an additional three months of actual expenses and revenues and estimated year end projections. It should be noted that revenues are projected to come in below budgeted amounts due to a decline in application activity and significantly low interest earnings – both of which reflect the current economic climate.

The FY 2009-10 budget reflects an overall decrease of approximately 9% as compared to the FY 2008-09 budget. The decrease is primarily due to the following: completion of various municipal service reviews (MSRs) and special studies, and reductions in employee retirement contributions and workers compensation insurance rates.

FY 2009-10 appropriations include personnel costs, services and supplies and a contingency reserve. Personnel costs are expected to decrease (6%) due to anticipated costs savings in retirement and workers compensation insurance rates. Services and supplies are expected to increase (15%) due primarily to an increase in general/professional liability insurance, increases in mapping and Assessor services, and ongoing costs associated with MSRs.

In addition, the Final Budget includes an \$80,000 designation as a contingency fund consistent with prior budgets.

FY 2009-10 revenues include charges for services, interest earnings, available fund balance, and contributions from the funding agencies (i.e., County, cities, independent special districts).

It is anticipated that charges for services and interest earnings will be less than the current year budget due to the economic decline. It is also anticipated that LAFCO will have an available fund balance at year end of approximately \$120,000. As discussed with the Commission in March, the available fund balance will be used to offset costs to the funding agencies.

After charges for services, miscellaneous revenues and available fund balance, the balance of LAFCO's financing comes from local government agencies. Agency contributions represent the most significant LAFCO revenue source. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires that the net operational costs of LAFCO be apportioned one-third to the County, one-third to the cities, and one-third to the independent special districts. Government Code §56381 describes how the County Auditor is to make the apportionment and collect the revenues following adoption of the final LAFCO budget.

The Final Budget, as presented, will enable the Commission to perform its core responsibilities effectively, continue to complete the baseline and second round MSRs/SOI updates, and fulfill its statutory responsibilities.

In conclusion, the Commission and LAFCO staff recognizes the economic realities and current financial constraints on local government, and will continue to exercise fiscal prudence.

Please contact the LAFCO office if you have questions.

Respectfully submitted,

LOU ANN TEXEIRA  
EXECUTIVE OFFICER

Attachment A – Final FY 2009-10 LAFCO Budget

c: Bob Campbell, County Auditor's Office

**CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION  
FINAL BUDGET FOR FISCAL YEAR 2009-10**

| <u>Account name and number</u>             | <u>FY 2008-09<br/>Final Budget<br/>(Adjusted)</u> | <u>FY 2008-09<br/>Estimated</u> | <u>FY 2009-10<br/>Recommended</u> |
|--|---|---------------------------------|-----------------------------------|
| <b>Salaries and Employee Benefits</b>      |   |                                 |                                   |
| Permanent Salaries- 1011                   | \$ 192,485  | \$ 175,339                      | \$ 181,845                        |
| Deferred Comp Cty Contribution - 1015      | \$ 100  |                                 |                                   |
| FICA- 1042                                 | \$ 13,178   | \$ 13,178                       | \$ 12,517                         |
| Retirement - Pre 1997 Employee - 1043      | \$ 900  |                                 |                                   |
| Retirement expense- 1044                   | \$ 68,848   | \$ 63,072                       | \$ 56,783                         |
| Employee Group Insurance- 1060             | \$ 31,224   | \$ 33,861                       | \$ 36,733                         |
| Retiree Health Insurance- 1061             | \$ 22,551   | \$ 22,811                       | \$ 24,278                         |
| Unemployment Insurance- 1063               | \$ 356  | \$ 365                          | \$ 364                            |
| Workers Comp Insurance- 1070               | \$ 2,636  | \$ 2,494                        | \$ 1,151                          |
| <b>Total Salaries and Benefits</b>         | <b>\$ 332,278</b>                                 | <b>\$ 311,120</b>               | <b>\$ 313,671</b>                 |
| <b>Services and Supplies</b>               |   |                                 |                                   |
| Office Expense- 2100                       | \$ 6,700  | \$ 9,179                        | \$ 9,000                          |
| Publications -2102                         | \$ 300  | \$ 160                          | \$ 300                            |
| Postage -2103                              | \$ 3,000  | \$ 2,640                        | \$ 3,000                          |
| Communications - 2110                      | \$ 220  | \$ 385                          | \$ 870                            |
| Tele Exchange Services 2111                | \$ 1,100  | \$ 855                          | \$ 900                            |
| Minor Comp Equipment - 2132                | \$ 1,000  | \$ 300                          | \$ 1,000                          |
| Pubs & Legal Notices 2190                  | \$ 3,000  | \$ 3,860                        | \$ 3,500                          |
| Memberships - 2200                         | \$ 7,000  | \$ 7,776                        | \$ 8,100                          |
| Bldg Occupancy Costs - 2262                | \$ 8,800  | \$ 7,280                        | \$ 8,800                          |
| Auto Mileage Emp. - 2301                   | \$ -  | \$ 148                          | \$ 200                            |
| Other Travel Employees - 2303              | \$ 21,000   | \$ 17,836                       | \$ 8,000                          |
| Prof & Spec Services - 2310                | \$ 236,700  | \$ 261,051                      | \$ 269,195                        |
| Contracted Temp Help - 2314 (Web)          | \$ 1,980  | \$ 2,010                        | \$ 2,040                          |
| Data Processing Services - 2315            | \$ 4,000  | \$ 1,943                        | \$ 4,000                          |
| Data Processing Security - 2326            | \$ 147  | \$ 135                          | \$ 156                            |
| Courier - 2331                             |   |                                 | \$ 2,000                          |
| Other Inter-Dept Costs - 2340              | \$ 360  | \$ 360                          |                                   |
| NOE Filings - 2490                         | \$ 500  | \$ 1,500                        | \$ 500                            |
| Liability/E&O Insurance - 2360             |   |                                 | \$ 4,622                          |
| Training/Registrations - 2467              |   |                                 | \$ 14,250                         |
| <b>Total Services &amp; Supplies</b>       | <b>\$ 295,807</b>                                 | <b>\$ 317,418</b>               | <b>\$ 340,433</b>                 |
| <b>Other Charges</b>                       |   |                                 |                                   |
| Alamo (CFA/CEQA)                           | \$ 34,750   | \$ 44,856                       |                                   |
| SOI Initial Study                          | \$ 56,000   | \$ 56,000                       |                                   |
| <b>Total Expenditures</b>                  | <b>\$ 718,835</b>                                 | <b>\$ 729,394</b>               | <b>\$ 654,104</b>                 |
| <b>Contingency Reserve</b>                 | <b>\$ 80,000</b>                                  | <b>\$ -</b>                     | <b>\$ 80,000</b>                  |
| <b>TOTAL APPROPRIATIONS</b>                | <b>\$ 798,835</b>                                 | <b>\$ 729,394</b>               | <b>\$ 734,104</b>                 |
| <b>Revenues</b>                            |   |                                 |                                   |
| Agency contributions - 9500 & 9800         | \$ 540,163  | \$ 539,697                      | \$ 560,783                        |
| Application & other fees                   | \$ 60,000   | \$ 55,721                       | \$ 50,000                         |
| Interest Earnings                          | \$ 13,000   | \$ 2,255                        | \$ 2,000                          |
| Alamo (CFA/CEQA)                           | \$ 34,750   | \$ 44,857                       |                                   |
| SOI Initial Study                          | \$ 56,000   | \$ 56,000                       |                                   |
| Fund Balance                               | \$ 94,922   | \$ 30,864                       | \$ 121,321                        |
| <b>TOTAL FINANCE SOURCES &amp; REVENUE</b> | <b>\$ 798,835</b>                                 | <b>\$ 729,394</b>               | <b>\$ 734,104</b>                 |