

**SACRAMENTO LOCAL AGENCY FORMATION COMMISSION**  
**1112 I Street, Suite #100**  
**Sacramento, California 95814**  
**(916) 874-6458**

March 4, 2009

TO: Sacramento Local Agency Formation Commission  
FROM: Peter Brundage, Executive Officer  
RE: **Draft FY 2009-10 Proposed Budget**

**RECOMMENDATION**

1. Receive and file the FY 2009-10 Proposed Budget.
2. Direct the Executive Officer to distribute the FY 2009-10 Proposed Budget to affected agencies for review and comment.
3. Direct the Executive Officer to schedule a Public Hearing on the FY 2009-10 Proposed Budget for May 6, 2009.

**DISCUSSION**

In light of local government financing considerations, the Proposed Budget is being circulated a month earlier, typically, it is released in April.

This report outlines the Proposed FY 2009-10 Proposed Budget based on available information. LAFCo must adopt a proposed budget by May of each year and a Final Budget by June 15<sup>th</sup>. The final Fund Balance will not be available until late July or early August. Therefore, staff will report back to the Commission in August or September after the Final Fund Balance is available to advise the Commission if any adjustments are required. The Proposed Budget is based on an estimated Fund Balance by projecting Year-End expenditures. Every attempt is made to accurately estimate Fund Balance because it is used as a base funding source for the following year's budget.

The FY 2009-10 Proposed Budget is a status quo budget. Cost increases represent Cost-of-Living Adjustments and/or increases in allocated costs paid by LAFCo for support services provided by County Departments. Salary and Benefit increases are based on information provided by the County and City of Sacramento. These costs are determined by the respective agencies and LAFCo has no control over these cost increases.

The Proposed Budget includes minor reductions to several of the Service and Supply Accounts. These changes are discussed later in this report.

LAFCo consistently makes every effort to comply with County of Sacramento and City of Sacramento budget policies that may be implemented in order address the current economic conditions facing local government.

I have spoken with our contractor's and they have agreed to keep their rates at or below this year's rates. They are reimbursed on a fee-for-service basis i.e., LAFCo is charged only when their services are used.

Also, the FY 2009-10 Budget *does not propose any increase* in the annual assessments from LAFCo's Funding Agencies.

### **Summary FY 2008-09 Proposed Budget**

<b>Appropriations</b>	\$1,601,250
<b>Funding Sources</b>	
Arden Arcade Revenue (Proponents)	121,811
Project Revenues and Interest	601,479
Assessments	686,500
Fund Balance-General	118,000
Fund balance Betterment/Reserves	16,215
Fund Balance-Arden Arcade	<u>57,245</u>
<b>Total Revenue and Assessments</b>	\$1,601,250

### **Affected Agency Assessment**

The proposed budget assumes that contributions from other affected agencies will remain at \$686,500, the same as last year. LAFCo's contribution from the cities, county, and special districts is \$228,833 for each category or 1/3 of \$686,500. The cities and special districts allocation is calculated as a percentage of their revenue compared to the total revenue for their category. Consequently, individual assessments for each affected agency may vary from year to year, however, the 1/3 share of \$228,833 will not change next fiscal year. This calculation is pursuant to State law and uses the most recent State Controller's Report for Cities and Special Districts to make the assessment allocation to each affected agency.

**Summary of Reserves, Year End Fund Balance Estimate, Revenues and Expenditures for FY 2008-09**

**Fund Balance and General Reserves (6-30-08)**

Fund Balance (6-30-08)	\$350,000
Less: General Reserves	<u>(100,000)</u>
Fund Balance (7-1-08)	250,000
Less: Fund Balance Designated for Arden Arcade	57,245
Less: Increase to General Reserve	<u>64,755</u>
Fund Balance (6-30-09)	\$128,000

**Estimated Fund Balance (6-30-09)**

Fund Balance (Undesignated)	\$118,000
Fund Balance (Designated for Arden Arcade)	<u>57,245</u>
Total Fund Balance (6-30-09)	\$175,245

On October 1, 2008, the Commission designated \$57,245 of the 6-30-08 Fund Balance to be designated for LAFCo's remaining contribution to help fund the Arden Arcade Incorporation effort. The following table breaks down LAFCo's contribution:

Balance of LAFCo Matching Funds	\$36,811
LAFCo Share of Burr Adjustment	5,174
Proponent's Cash Deposit-not spent	7,630
LAFCo Match of Proponent's Deposit	<u>7,630</u>
Total Designated Fund Balance	\$57,245

**General Reserves (6-30-09)**

Balance (6-30-08)	\$100,000
FY 08-09 Increase	<u>64,755</u>
Balance (6-30-09)	\$164,755

Currently, the General Reserve Fund Balance has a balance of \$164,755. This amount has been set aside for unanticipated expenditures or revenue shortfalls. These funds cannot be spent without Commission approval. At this time, I am not recommending any change (increase or decrease) in the Reserve Account.

**Estimated Year-End Fund Balance**

The attached worksheet calculates year-end expenses and revenues based on available information. Year-end projections attempt to accurately reflect projected expenses and projected revenues during the next several months. Every effort has been made to make a realistic estimate. It is also consistent with prior year fund balances. However, Final Fund Balance will not be available until late July, 2009. If the actual Fund Balance is

lower than the estimate, it will be necessary to amend the Final Budget by either drawing down reserves or reducing expenditures. In the event Fund Balance is higher, the betterment should be used to increase Reserves.

The total year-end Fund Balance for June 30, 2009 is estimated to be \$175,245; the Unrestricted Fund Balance is estimated to be \$118,000 and the Restricted Fund Balance for Arden Arcade is \$57,245. The following table summarizes the estimated Fund Balance as of June 30, 2009:

Estimated Year-End Fund Balance	\$175,245
Set Aside for Incorporation	(57,245)
Estimated Available Fund Balance	\$118,000

### **FY 2009-10 Proposed Budget**

No significant changes are proposed for the proposed base budget. Project revenue and project expenses are based on anticipated projects for FY 2009-10. The project costs are estimates and could change as would the revenue estimates when additional information becomes available.

The estimated Unrestricted Fund Balance does not provide sufficient funding to balance the budget. It appears that Fund Balance is short by \$16,251. I have made an adjustment to add a line item called Fund Balance Betterment/Reserves. This line item will be adjusted once the actual Fund Balance is available. If Unrestricted Year-End Fund Balance is greater than the estimate, then it will not be necessary to draw down Reserves or further reduce expenditures to balance the budget. This adjustment would be made in August or September 2009.

### **Salary and Benefits**

Salary and Benefits have increased based on COLA and equity adjustments pursuant to the County of Sacramento and City of Sacramento Personnel Budget Reports. Salary and Benefit adjustments require the approval of either the Sacramento City Council or County Board of Supervisors.

This account does not reflect any increase. The FY 2008-09 Final Budget contained a retroactive COLA and equity adjustment for the Assistant Executive Officer position which covered a two year period. Because the adjustment was for a two year period, it appears that this years COLA adjustments for staffing have been offset by the prior adjustment. This will need to be double checked and I will report back if this is not the case.

### Service and Supply Accounts

It is estimated that service and supply accounts will decrease by approximately \$3,250 from last year's base budget largely attributable to the change in insurance carrier and reduced copier lease cost. The following table summarizes the increases and decreases in the Service and Supply accounts:

Liability Insurance	\$(6,000)
CALAFo Dues	250
Copier Lease	(3,000)
IT Support	1,900
Security Alarm	100
Office Lease	<u>3,500</u>
Total Net Decrease	\$(3,250)

### Contract Costs and Revenue

LAFCo contracts for legal services, surveyor to review legal descriptions, and an environmental consultant to advise staff on environmental issues. These contracts include both reimbursable and non-reimbursable expenses. The reimbursable expenses are related to project and/or applications. The non-reimbursable expenses do not relate to specific projects or applications and therefore the costs cannot be recovered.

The following contract amounts represent non-reimbursable expenditures. These accounts have not increased in several years and remain the same as previous years. For example, legal expenditures may include charges for legal opinions that may be requested by Commissioners, general legal counsel advice, and information that is needed that is not related to a specific project.

	<u>Non-Project</u>
Legal	\$60,000
Environmental Services	20,000
Surveyor	<u>0</u>
Total Net Cost	\$80,000

### Contingencies

The Proposed Budget recommends that \$25,000 be budgeted in contingencies to offset unanticipated expenses or revenue shortfalls that may occur during the budget year. This minimal amount remains unchanged from previous years. If it is not needed it is a savings that contributes to year-end carryover and Fund Balance.

## Summary of Project Costs and Revenues

### Arden Arcade Proposal: Estimated Costs and Revenue to Complete Studies

The following table summarizes the estimated and amended costs to complete the Arden Arcade Incorporation studies:

#### Amended Contracts to Complete the Arden Arcade Incorporation Studies

EIR	\$70,685
CFA	90,000
Legal	<u>17,836</u>
<b>Total</b>	<b>\$178,521</b>

#### Current Funding Sources

Total Estimated Costs Remaining	\$178,521
Current money on deposit including LAFCo match	(15,260)
Remaining LAFCo Match	(36,811)
LAFCo Share of Burr Adjustment	(5,174)
Proponents Payment Balance	<u>\$121,811</u>
<b>Estimated Surplus</b>	<b>535</b>

Note: the estimated contract amounts do not include any funding for contingencies, contract amendments resulting from comments on the Draft EIR or CFA, filing fees, or the preparation of a legal description. The proponents will be required to pay for these charges as they are incurred, in order maintain the project schedule.

#### Other Potential Projects

The following table highlights possible projects that will commence in the next fiscal year. The estimated cost of these projects will be entirely offset by revenue.

#### Estimated Project Costs

City of Elk Grove Sphere of Influence	\$150,000
Sutter Pointe SOI (SRCSD)	60,000
Natomas Joint Vision Sphere of Influence	70,000
Galt Sphere of Influence	60,000
Camino Norte Sphere of Influence	140,000
Arden Arcade Incorporation Studies	178,521
Greenbriar Litigation	<u>101,479</u>
<b>Total</b>	<b>\$760,000</b>

**Estimated Project Revenue**

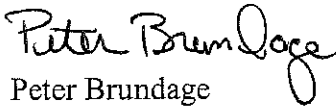
Project Fees and Revenue	\$703,290
Restricted Fund Balance (6-30-09)	<u>56,710</u>
<b>Total</b>	<b>\$760,000</b>

**Conclusion and Recommendation**

Based on the estimated year-end Fund Balance, the FY 2009-10 Proposed Budget *should not require any change in the annual assessment*. The attached spreadsheets provide detailed information related to the year-end Fund Balance estimate and the FY 2009-10 Proposed Budget. These spreadsheets show the appropriations, revenue, and fund balance by line item accounts.

I will report back in April or May if additional information becomes available that would require adjustments to the FY 2009-10 Proposed Budget.

Respectfully Submitted,

  
Peter Brundage  
Executive Officer

PB  
Attachment  
(FY 2009-10 Proposed Budget March, 2009)

## Sacramento Local Agency Formation Commission

Estimated Year End Actuals FY 2008-09 (March, 2009)

Acct	Description	Final Budget	Year End	Change
		08-09	Estimates 08-09	
1000	Total Salaries & Benefits	465,000	462,000	(3,000)
1005	Secretary Part time	42,000	25,000	(17,000)
1124	Commission Reimbursement	9,000	6,000	(3,000)
1240	Worker's Comp	500	500	0
1250	Unemployment	0	0	0
<b>Total 1000's Account</b>		<b>516,500</b>	<b>493,500</b>	<b>(23,000)</b>
2005	Advertising-public notice, meetings etc.	7,500	4,500	(3,000)
2022	Periodicals, Books, Subs	2,000	1,500	(500)
2029	Business & Conf Expenses	12,000	11,660	(340)
2035	Education/Training	2,200	1,000	(1,200)
2039	Employee Transportation	200	100	(100)
2051	Liability Insurance for Commission	13,000	4,645	(8,355)
2061	Membership CaLAFCo Dues	7,000	7,000	0
2076	Office Supplies	8,000	5,500	(2,500)
2081	Postage	5,000	4,500	(500)
2275	Rents/Leases Equipment-Copier	21,000	17,500	(3,500)
2505	Accounting/Audit Fees	10,000	0	(10,000)
2531	Legal Costs projects Greenbriar Lit)	100,000	100,000	0
2531	Legal-General	60,000	40,000	(20,000)
2591	Other Professional Services	30,000	10,000	(20,000)
2591	Incorporation Studies	200,000	0	(200,000)
2591	Misc Billable Project	340,000	0	(340,000)
2911	System Dev Svc Web & Desktop Supp	25,000	25,000	0
2912	System Dev Sup Maintence	1,500	1,500	0
2915	Compass Costs	2,500	1,000	(1,500)
2917	Security Alarm Monitoring	2,700	2,700	0
2921	Printing Services/Duplication	3,000	1,500	(1,500)
2923	GS Messenger Services	2,700	2,700	0
2926	GS Stores	1,000	500	(500)
2934	P/W Charges	8,000	0	(8,000)
2943	Lease Facility Charges	63,200	63,200	0
2987	Telephone	15,000	12,000	(3,000)
2990	GS Other Dept Svc	500	250	(250)
<b>Total 2000's Account</b>		<b>943,000</b>	<b>318,255</b>	<b>(624,745)</b>
7900	Contingency Base	25,000	0	(25,000)
7901	Contingency Surplus	0	0	0
General Purpose Reserve		0	0	0
		<b>25,000</b>	<b>0</b>	<b>(25,000)</b>
<b>TOTAL APPROPRIATIONS/CONTINGENCY</b>		<b>1,484,500</b>	<b>811,755</b>	<b>(672,745)</b>
Less: Project Revenue-Variou		15,000	15,000	0
Revenue Reimbursement-Projects		600,000	100,000	(500,000)
Interest Earnings		5,000	7,500	2,500
Fund Balance/Carryover		128,000	128,000	0
Fund Balance Restricted for Arden Arcade		50,000	50,000	0
Contributions from Others-06-07 Base		686,500	686,500	0
		0	0	0
<b>TOTAL FUNDING</b>		<b>1,484,500</b>	<b>987,000</b>	<b>(497,500)</b>
<b>Estimated Surplus/Shortfall</b>		<b>0</b>	<b>175,245</b>	<b>175,245</b>



# Sacramento Local Agency Formation Commission

Proposed Budget FY 2009-10 (March, 2009)

## Proposed Base Budget with Projects

Acct	Description	Final Budget	Proposed Budget	Change
		08-09	09-10	Increase/(Decrease)
<b>Salary and Benefit Accounts</b>				
1000	Total Salaries & Benefits	465,000	465,000	0
1005	Secretary Part time	42,000	42,000	0
1124	Commission Reimbursement	9,000	9,000	0
1240	Worker's Comp	500	500	0
1250	Unemployment	0	0	0
<b>Total 1000's Account</b>		<b>516,500</b>	<b>516,500</b>	<b>0</b>
<b>Service and Supply Accounts</b>				
2005	Advertising-public notice, meetings etc.	7,500	7,500	0
2022	Periodicals, Books, Subs	2,000	2,000	0
2029	Business & Conf Expenses	12,000	12,000	0
2035	Education/Training	2,200	2,200	0
2039	Employee Transportation	200	200	0
2051	Liability Insurance for Commission	13,000	7,000	(6,000)
2061	Membership CaLAFCo Dues	7,000	7,250	250
2076	Office Supplies	8,000	8,000	0
2081	Postage	5,000	5,000	0
2275	Rents/Leases Equipment-Copier	21,000	18,000	(3,000)
2505	Accounting/Audit Fees	10,000	10,000	0
2531	Legal Costs projects	100,000	0	(100,000)
2531	Legal-General	60,000	60,000	0
2591	Other Professional Services	30,000	30,000	0
2591	Incorporation Studies	200,000	178,521	(21,479)
2591	Misc Billable Project	340,000	581,479	241,479
2911	System Dev Sve Web & Desktop Suppo	25,000	25,000	0
2912	System Dev Sup Maintenance	1,500	1,500	0
2916	WAN Wide Area Network	2,500	4,400	1,900
2917	Security Alarm Monitoring	2,700	2,800	100
2921	Printing Services/Duplication	3,000	3,000	0
2923	GS Messenger Services	2,700	2,700	0
2926	GS Stores	1,000	1,000	0
2934	P/W Charges	8,000	8,000	0
2943	Lease Facility Charges	63,200	66,700	3,500
2987	Telephone	15,000	15,000	0
2990	GS Other Dept Svc	500	500	0
<b>Total 2000's Account</b>		<b>943,000</b>	<b>1,059,750</b>	<b>116,750</b>
7900	Contingency Base	25,000	25,000	0
7901	Contingency Surplus		0	0
	General Purpose Reserve		0	0
<b>Total Contingency</b>		<b>25,000</b>	<b>25,000</b>	<b>0</b>
<b>Total Appropriations and Contingency</b>		<b>1,484,500</b>	<b>1,601,250</b>	<b>116,750</b>
	Less: Project Revenue-Variou	15,000	15,000	0
	Revenue Reimbursement-Projects	800,000	581,479	(18,521)
	Interest Earnings	5,000	5,000	0
	Fund Balance/Carryover	128,000	118,000	(10,000)
	Fund Balance restricted for Arden Arcade	50,000	57,245	7,245
	Reserve or Fund Balance Betterment-Adjustment		16,215	
	Assessments from Contributing Agencies	686,500	686,500	0
	Incorporation Revenue from Proponents		121,811	121,811
<b>Total Funding</b>		<b>1,484,500</b>	<b>1,601,250</b>	<b>116,750</b>
<b>Estimated Surplus/Shortfall</b>		<b>0</b>	<b>0</b>	<b>0</b>

**Arden Arcade Incorporation Estimated FY 2009-10 Budget**

**Summary of Arden Arcade Estimated Total Project Budget**

<b>Task</b>	<b>Cost</b>	<b>Adjustment</b>	<b>Total Estimated Costs</b>
Draft CFA	90,000	0	90,000
Draft EIR	144,880	14,400	159,280
Legal	30,000	0	30,000
Contingency	0	0	0
<b>Total</b>	<b>264,880</b>	<b>14,400</b>	<b>279,280</b>

**Summary of Arden Arcade Contract Expenditures as of March, 2009**

<b>Task</b>	<b>Contract</b>	<b>Spent</b>	<b>Balance</b>
Draft CFA	90,000	0	90,000
Draft EIR	159,280	88,595	70,685
Legal	30,000	12,164	17,836
Contingency	0	0	0
<b>Total</b>	<b>279,280</b>	<b>100,759</b>	<b>178,521</b>

**Summary of FY 2009-10 Funding Requirements & Sources**

<b>Estimated FY 2009-10 Project Costs:</b>	178,521
<b>Funding Sources:</b>	
Proponent's Share of Cost due by July 1, 2009	(101,358)
Proponents' Share of Cost due by October 1, 2009	(20,453)
Funds included in Fund Balance (6-30-09)	(57,245)
<b>Total Estimated Surplus</b>	<b>(535)</b>

**Summary of LAFCo Fund Balance  
Restricted for Arden Arcade Incorporation**

LAFCo Match	36,811
LAFCo Match for Deposit	7,630
Proponent Deposit	7,630
Burr Adj (1/2 LAFCo share)	5,174
<b>Total</b>	<u><u>57,245</u></u>

**FY 2009-10 Estimated Project Costs and Revenue**

<b>Project</b>	<b>Cost</b>	<b>Revenue</b>	<b>LAFCo Share</b>
City of ElkGrove SOI	150,000	150,000	0
Sutter Pointe SOI	60,000	60,000	0
City of Sacramento SOI	70,000	70,000	0
Camino Norte SOI	140,000	140,000	0
Galt SOI	60,000	60,000	0
Greenbriar Litigation	101,479	101,479	0
Arden Arcade Incorporation	178,521	121,811	56,710
<b>Total</b>	<b>760,000</b>	<b>703,290</b>	<b>56,710</b>

**FY 2009-10 Estimated Project Costs by Function**

<b>Project</b>	<b>Legal</b>	<b>Enviornmental</b>	<b>Consultants/ LAFCo Staff</b>	<b>Total</b>
City of Elk Grove SOI	40,000	100,000	10,000	150,000
Sutter Pointe SOI	30,000	10,000	20,000	60,000
City of Sacramento SOI	50,000	10,000	10,000	70,000
Camino Norte SOI	20,000	100,000	20,000	140,000
Galt SOI	30,000	10,000	20,000	60,000
Greenbriar Litigation	101,479	0	0	101,479
Arden Arcade Incorporation	17,836	70,685	90,000	178,521
<b>Total</b>	<b>289,315</b>	<b>300,685</b>	<b>170,000</b>	<b>760,000</b>