

# Item 5a Public Hearing

## Fiscal Year 2023-24 Proposed Budget & Work Program

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COMMISSION MEETING

MAY 1, 2023

# LAFCo Budget Statutes & Policies

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## Annual Budget (CKH 56381(a))

- Budget  $\geq$  previous fiscal year unless finding that a reduction in staffing or program expenses will nevertheless allow the Commission to fulfill its purposes and programs

## Mendocino LAFCo Policy 5.1 Budget

- March – Preliminary Budget/Work Program submitted to Executive Committee
- April – Proposed Budget/Work Program presented to Commission
- June 15 – Final Budget/Work Program adopted by Commission

# Budget Development

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## Expense Categories

- 1) Basic Services (EO/Analyst/Clerk)
- 2) Services and Supplies
- 3) Work Plan (MSR/SOI Updates)

## Revenues

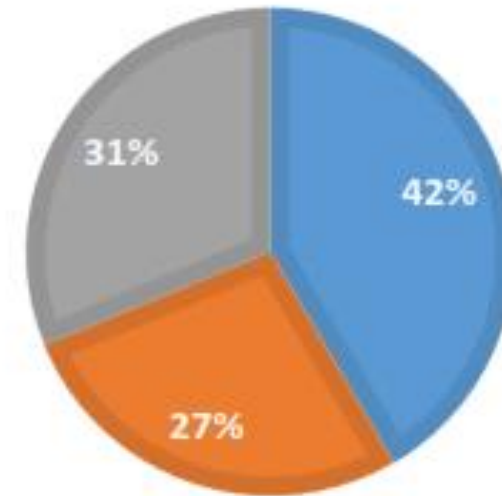
- 1) Apportionment fees
- 2) Unreserved equity/cash balance
- 3) Service fees (applications)
- 4) Interest

# Expenditures

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1. Basic Services (staffing)
  - EO, Analyst, Clerk/Admin Assistant
2. Services and Supplies
  - Typical office operations and training
  - Legal Counsel
3. Work Plan (MSR/SOI Updates)
  - 7 coast region water/wastewater districts
  - 10 mutual water companies

**Figure 1 Proposed FY 2023-24 Budget**



■ Staffing ■ Services and Supplies ■ Work Plan

# Work Program

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Basic Services + Work Plan budget accounts

Basic Services (Staffing)

- Budget development, Commission and Committee meetings, carrying out Commission direction, office administration and operations, public inquiries, etc.
- Development of policies and procedures
- Organizational improvements

Work Plan

- Schedule of MSR/SOI studies identified for the year

# Services & Supplies

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Office expenses

Memberships

Conferences/Trainings

Contract Services (GIS, IS)

Legal Counsel

- New contract
- Increase utilization of expertise (CEQA reviews/comments, legal opinions, etc.)

# Proposed Work Plan

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Table 2. Coast Region Water & Wastewater Districts and Mutual Water Companies		
#	Water Districts	Mutual Water Companies
1	Gualala Community Services District	Albion Mutual Water Company
2	Caspar South Water District	Anchor Bay Water Works
3	Elk County Water District	Big River Vista Mutual Water Company
4	Irish Beach Water District	Caspar South Service Company
5	Mendocino County Water Works District No. 2 <sup>1</sup>	Hills Ranch Mutual Water Company
6	Pacific Reefs California Water District	North Gualala Water Company
7	Westport County Water District	Point Arena Water Works
8		Point of View Mutual Water Company
9		Seafair Road and Water Company
10		Surfwood Mutual Water Corporation
Notes:		
<sup>1</sup> First round MSR/SOI study for the district.		

# Work Plan Implementation

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## Current practice

- In-house preparation of high quality studies
- Less expensive and more time consuming

## Alternative

- Outsource studies
- More expensive, free up staff for prioritized workload

## Proposed

1. Outsource the MSR/SOI work plan and related CEQA reviews
2. Continue to budget work plan contingencies to cover #1
3. Develop a streamlined review procedure to apply on 5-year schedule (policy/procedures)



# FY 2023-24 Proposed Budget

Table 1. Summary of FY 2022-23 and Proposed FY 2023-24 Operating Expenditures			
	FY 2022-23 Adopted (\$)	FY 2023-24 Proposed (\$)	Difference
<b>EXPENDITURES</b>			
Basic Services (Staffing)	125,100	133,000	7,900
Services and Supplies	68,700	87,000	18,300
Work Plan	70,000	100,000	30,000
<b>Expenditures Total</b>	<b>263,800</b>	<b>320,000</b>	56,200
Reserves – increase/(decrease)	1,300	14,025	
Work Plan Contingency - increase/(decrease)	30,810	6,975	
<b>Total Appropriations</b>	<b>295,910</b>	<b>341,000</b>	
<b>REVENUES</b>			
<i>Anticipated Cash Balance</i>	<i>30,810</i>	<i>56,000</i>	
Apportionments	265,000	275,000	10,000
Fees/Reimbursements/Interest	100	10,000	9,900
<b>Revenues Total</b>	<b>295,910</b>	<b>341,000</b>	
<b>Net Financial Impact</b>	<b>0</b>	<b>0</b>	

# Revenue

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- 1) Unreserved Equity /Cash Balance
- 2) Apportionment fees
  - Established by the Commission with adoption of annual budget
  - County Auditor - formula established pursuant to GC 56381
  - 1/3 equal split (County, Cities, Special Districts)
- 3) Service Fees Overhead
- 4) Interest

# Reserves and Contingencies

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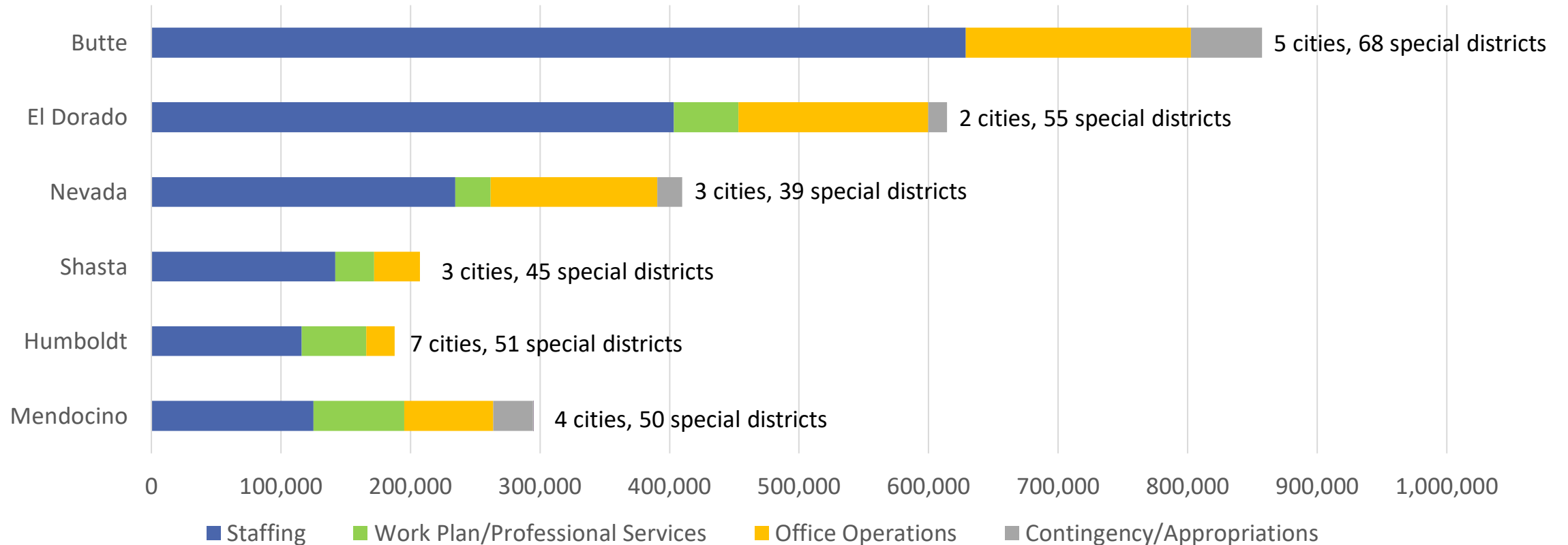
- Legal Reserves
  - \$50,000
  - No change
- Operating Reserves
  - 25% of operating budget
  - \$80,000
- Work Plan Contingency
  - Accumulation of unused work plan budget (unreserved equity)
  - \$37,635
  - Flexibility in implementing the Work Plan

# Summary of Apportionment Options

Table 3. Summary of FY 2023-24 apportionment options and impacts to reserves			
	Projected FY 2022-23 (\$)	Proposed Revenue FY 2023-24 (\$)	
<b>Operating Expenditures</b>	<b>215,500</b>	<b>320,000</b>	
<b>Revenue/Funds</b>			
(1) Unreserved equity (cash balance)	0	56,000	56,000
(2) Apportionment fees	265,000	265,000	275,000
(3) Service fees overhead <sup>1</sup>	9,000	9,500	9,500
(4) Interest <sup>2</sup>	100	500	500
Total Revenue/Funds	274,000	331,000	341,000
<i>Difference</i>	<i>58,500</i>	<i>11,000</i>	<i>21,000</i>
<b>Reserves</b>			
Funds balance at beginning of FY <sup>3</sup>	144,260	146,760	146,760
Target Reserves balance per policy	115,950	130,000	130,000
Work Plan contingency	30,810	27,760	37,760
Estimated cash balance at FY end	56,000	0	0

# Comparison of Similar LAFCo Budgets

Comparison of Similar LAFCos - FY 2022-23



# Staff Recommendations

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Adopt Resolution No. 2022-23-11 approving the Proposed Budget and Work Program for FY 2023-24 and direct staff as follows:

- a) Distribute the adopted Proposed Budget and Work Program to the 55 funding agencies.
- b) Schedule a public hearing for June 5, 2023 to consider and adopt the Final Budget and Work Program.

Budget Step	Schedule
Workshop – Preliminary Budget and Work Program (Optional)	April 3
Public Hearing – Proposed Budget and Work Program	May 1
Public Hearing – Final Budget and Work Program	June 5