
**SAN JOAQUIN
LOCAL AGENCY FORMATION COMMISSION**

LAFCo

44 N SAN JOAQUIN STREET □ SUITE 374 □ STOCKTON, CA 95202

AGENDA

Thursday, February 9, 2023 9:00 A. M.

BOARD OF SUPERVISORS CHAMBERS
44 NORTH SAN JOAQUIN STREET, 6TH FLOOR
STOCKTON, CALIFORNIA

* * * *

Call to Order
Announce Date and Time of Meeting for the Record
Roll Call
Pledge of Allegiance

CONSENT ITEMS

1. MEETING MINUTES OF JANUARY 5, 2023
(Action by All Members)
Approve Summary Minutes of the regular meeting.

2. MEETING MINUTES OF JANUARY 12, 2023
(Action by All Members)
Approve Summary Minutes of the regular meeting

3. OUT-OF-AGENCY SERVICE REQUEST
(Action by Regular Members)
Request from the City of Stockton to provide out-of-agency sewer water supply outside the City boundary under Government Code §56133 to 718 W. Yettner Road in Stockton, CA.

4. DISCUSSION AND POSSIBLE ACTION REGARDING MEETINGS OF THE SAN JOAQUIN LOCAL AGENCY FORMATION COMMISSION UNDER AB 361 USING TELECONFERENCE DURING A PROCLAIMED STATE OF EMERGENCY
(Action by All Members)
Consider Resolution to conduct meetings of the San Joaquin Local Agency Formation Commission using teleconferencing pursuant to Government Code 54953 as amended by Assembly Bill 361 for the period February 9, 2023 to February 28, 2023.

5. CONTINUATION OF RSG CONTRACT IN REGARDS TO MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT
(Action by Regular Members Only)

ACTION ITEMS

6. RECRUITMENT FOR AN ALTERNATE PUBLIC MEMBER
(Action by All Members)
Request to the Commission to initiate the recruitment process for a Public Member to serve on the Commission.

SPECIAL MATTERS

7. MID-FISCAL YEAR BUDGET REPORT

PUBLIC COMMENTS

8. Persons wishing to address the Commission on matters not otherwise on the agenda.

EXECUTIVE OFFICER COMMENTS

9. Comments from the Executive Officer

COMMISSIONER COMMENTS

10. Comments, Reports, or Questions from the LAFCO Commissioners

CLOSED SESSION

11. Open Session Disclosure Regarding Closed Session Items pursuant to Government Code Section 54957.7
12. CLOSED SESSION
 - A. Conference with Legal Counsel-Existing Litigation pursuant to Government Code Section 54956.9(a)
Name of Case: Tracy Rural County Fire Protection District with the City of Tracy as named Real Party of Interest v. San Joaquin LAFCo (San Joaquin County Superior Court Case No. 2019-9687)
13. Open Session Report on Closed Session pursuant to Government Code Section 54957.1

ADJOURNMENT

LAFCo

44 N. SAN JOAQUIN STREET SUITE 374 STOCKTON, CA 95202

**SUMMARY MINUTES OF SPECIAL MEETING
January 5, 2023**

VIDEO CONFERENCE

Chairman Breitenbucher called the meeting to order at 9:00 a.m.

MEMBERS PRESENT	Commissioners, Johnson, Lincoln, and Chairman Breitenbucher.
MEMBERS ABSENT:	None
ALTERNATE MEMBERS PRESENT:	None
ALTERNATE MEMBERS ABSENT:	Commissioner Diallo
OTHERS PRESENT:	J.D. Hightower, Executive Officer; Rod Attebery, Legal Counsel; Tom Terpstra Legal Counsel; and Mitzi Stites, Commission Clerk

CONSENT ITEMS

A motion was made by Commissioner Johnson and seconded by Commissioner Lincoln, to approve the Consent Calendar.

The motion for approval authorizing the San Joaquin Local Agency Formation Commission to conduct meetings using teleconferencing pursuant to Government Code 45953 as amended by AB 361 for the period of January 5, 2023 to February 5, 2023 was passed by a unanimous vote of the regular voting members of the Commission.

PUBLIC COMMENTS

No one came forward.

EXECUTIVE OFFICER COMMENTS

No comments were made.

COMMISSIONER COMMENTS

No comments were made.

The Meeting Adjourned at 9:03 a.m.

LAFCo

44 N. SAN JOAQUIN STREET SUITE 374 STOCKTON, CA 95202

**SUMMARY MINUTES
January 12, 2023**

BOARD OF SUPERVISORS CHAMBERS
44 NORTH SAN JOAQUIN STREET, 6TH FLOOR
STOCKTON, CALIFORNIA

Chairman Breitenbucher called the meeting to order at 9:01 a.m.

MEMBERS PRESENT: Commissioners, Lincoln, Patti, Villapudua, and Chairman Breitenbucher

MEMBERS ABSENT: Commissioner Johnson

ALTERNATE MEMBERS PRESENT: None

ALTERNATE MEMBERS ABSENT: Commissioner, Diallo and Ding

OTHERS PRESENT: J.D. Hightower, Rod Attebery, Legal Counsel, via phone; and Mitzi Stites, Commission Clerk

Chairman Breitenbucher announced the LAFCo Commissioners that would be representing the San Joaquin Board of Supervisors for the 2023 Year. Regular Members will be Supervisors Patti and Villapudua and the Alternate Member will be Steven J. Ding.

CONSENT ITEMS

Chairman Breitenbucher opened the floor for Commissioner Comments.

Chairman Breitenbucher closed the floor to Commissioner Comments.

Chairman Breitenbucher opened the floor for Public Comments.

Chairman Breitenbucher closed Public Comments.

A motion was made by Commissioner Patti and seconded by Commissioner Lincoln to approve the Consent Calendar.

The motion for approval of the Summary Minutes of December 8, 2022 meeting was passed by a unanimous vote of the Commission.

The motion for approval to adopt Resolution No. 1506 authorizing the San Joaquin Local Agency Formation Commission to conduct meetings using teleconferencing pursuant to Government Code 45953 as amended by AB 361 for the period of January 12, 2023 to February 11, 2023, was passed by a unanimous vote of the regular voting members of the Commission.

PUBLIC HEARING ITEMS

3. QUARESMA REORGANIZATION TO THE CITY OF MANTECA (LAFC 39-22)
(Action by Regular Members)
Request to annex approximately 1.68 acres to the City of Manteca.

Mr. J.D. Hightower, Executive Officer, presented a PowerPoint presentation, which provided a background on the City of Manteca's proposal to annex approximately 1.68 acres with concurrent detachments from the Lathrop Manteca Fire District and the San Joaquin County Resource District. This annexation is a lot line adjustment

Staff recommends that the Commission approve Resolution No. 1507 approving the Quaresma Reorganization to the City of Manteca with the concurrent detachments from the Lathrop Manteca Fire District and the San Joaquin Resource Conservation District.

Chairman Breitenbucher opened the floor to Commissioner Comments.

Commissioner Lincoln inquired if the lot line would be pushed back.

Mr. Hightower, Executive Officer, stated that the line would be moved to the east.

Chairman Breitenbucher closed the floor to Commissioner Comments.

Chairman Breitenbucher opened the floor to Public Comments

Ms. Pam Herber, NorthStar Engineering Group, thanked Staff and recommends approval of this project.

The motion was made by Commissioner Villapudua, seconded by Commissioner Lincoln to approve Resolution No. 1507, approving the Quaresma Reorganization to the City of Manteca with concurrent detachment from the Lathrop Manteca Fire District and the San Joaquin County Resource Conservation Center.

Roll Call Vote:

Ayes: Commissioner Lincoln, Patti, Villapudua and Chairman Breitenbucher

Nos: None

Absent: Commissioner Johnson

ACTION ITEMS:

4. DISCUSSION REGARDING MEETINGS OF THE SAN JOAQUIN LOCAL AGENCY FORMATION COMMISSION UNDER AB 2449

The Commission will review and discuss the MSR Report and SOI Update for the City of Lodi.

Mr. Rod Attebery, Legal Counsel, discussed with the Commission AB 2449. AB 2449 allows agencies to conduct teleconferenced meetings with somewhat relaxed noticing requirements, but the legislature has made it clear that AB 2449 is meant to be a temporary measure to be used on a case-by-case basis, not a permanent staple. There are set reasons and regulations to use AB 2449 and The traditional Brown Act teleconferencing requirements remain in effect today, so those are available as an alternative teleconferencing method, but with additional noticing and access requirements. Barring another state of emergency, AB 361 meetings will no longer be available for California agencies once Governor Newsom lifts the state of emergency on February 28, 2023.

Chairman Breitenbucher opened the floor to Commissioner Comments.

No comments were made.

Commission Patti inquired if Mr. Attebery recommends the Commission adopting this policy

Mr. Attebery, Legal Counsel, stated that the Commission dose not need to adopt this. AB 2441 is there if needed.

Chairman Breitenbucher opened the floor to Public Comments.

No one came forward.

Chairman Breitenbucher closed the floor to Public Comments.

5. ELECTION OF CHAIR AND VICE-CHAIR

(Action by All Members)

Election of Chair and Vice-Chair to serve during the 2023 calendar year.

Mr. J. D. Hightower, Executive Officer stated that at the first meeting of the new year the Commission elects a new Chair and Vice Chair. If the Commission decided to continue the rotation than a County Member would be Chair and a City Member would be Vice-Chair.

Chairman Breitenbucher opened the floor to nominations.

Commissioner Villapudua nominated Commissioner Patti for Chairman for the 2023 year. With no other nominations, Chairman Breitenbucher closed nominations.

Roll Call Vote:

Ayes: Commissioner Lincoln, Patti, Villapudua and Chairman Breitenbucher

Nos: None

Absent: Commissioner Diallo, Ding and Johnson

Chairman Breitenbucher opened the floor for nominations for Vice-Chair

Commissioner Villapudua nominated Commissioner Lincoln as Vice Chair until his term ends in May of 2023. At that time, a new Vice-Chair will be elected. With no other nominations, Chairman Breitenbucher closed nominations.

Roll Call Vote:

Ayes: Commissioner Lincoln, Patti, Villapudua and Chairman Breitenbucher

Nos: None

Absent: Commissioner Diallo, Ding and Johnson

Mr. Hightower, Executive Officer, handed outgoing Chair Breitenbucher an engraved gavel and thanked him for his service as Chairman for the 2022 year.

SPECIAL MATTERS

6. COMMISSION MEETING CALENDAR FOR 2023

The Commission received the 2023 LAFCo Meeting Schedule

PUBLIC COMMENTS

7. Persons wishing to address the Commission on matters not otherwise on the agenda.

No one came forward

EXECUTIVE OFFICER COMMENTS

8. Comments from the Executive Officer

Mr. Hightower, Executive Officer, stated that on the Commissioner's dais were five maps that consisted of the Reclamation Districts, a County Map with the boundaries and Sphere of Influences of each City, Fire Districts, Irrigation and Conservation Districts, and Water Districts.

COMMISSIONER COMMENTS

9. Comments, Reports, or Questions from the LAFCO Commissioners.

Commissioner Lincoln thanked Chairman Breitenbucher for his service as Chair for last year and congratulated Commissioner Patti on becoming Chair for 2023.

Commissioner Patti thanked Chairman Breitenbucher for his excellent job as Chairman last year.

Commissioner Villapudua thanked Chairman Breitenbucher for his time and dedication as Chairman last year.

CLOSED SESSION

10. Open Session Disclosure Regarding Closed Session Items pursuant to Government Code Section 54957.7

11. CLOSED SESSION

A. Conference with Legal Counsel-Existing Litigation pursuant to Government Code Section 54956.9(a)

Name of Case: Tracy Rural County Fire Protection District with the City of Tracy as named Real Party of Interest v. San Joaquin LAFCo (San Joaquin County Superior Court Case No. 2019-9687)

B. Public Employee Appointment pursuant to Government Code Section 54957(b). Position: Full-Time Analyst / Commission Clerk

11. Open Session Report on Closed Session pursuant to Government Code Section 54957.1

Mr. Attebery, Legal Counsel, stated that the Commission would be going into Closed Session pertaining to Item B. There is nothing to report on Item A at this time.

Commission went into Closed Session at 9:33 a.m.

Commission ended Closed Session at 9:50 a.m.

There were no reportable actions.

Meeting adjourned at 9:51 a.m.

EXECUTIVE OFFICER'S REPORT

February 9, 2023

TO: LAFCo Commissioners

FROM: Jeffery Hightower, Executive Officer

SUBJECT: **CITY OF STOCKTON OUT-OF-AGENCY SERVICE REQUESTS**

Recommendation

It is recommended that the Commission approve the requests from the City of Stockton to provide out-of-agency sewer service under the Government Code §56133 to property located at 718 W. Yetter Road in Stockton.

Background

Government Code Section §56133 states that the Commission may authorize a city or special district to provide new or extended services outside its jurisdictional boundaries but within its sphere of influence in anticipation of a later change of organization and that prior to providing new or extended service, the city or district must first receive approval from LAFCo. The Commission adopted a policy that conditions their approval for out-of-agency service requiring the recordation of an agreement with the landowner consenting to annexation of their property when annexation becomes feasible.

The City of Stockton submitted request for approval to extend sanitary sewer services to single-family residences outside the city limits but within the City's sphere of influence. A vicinity map is attached showing the location of the out-of-agency request. Connections to City sewer lines are available to the property and the property owner has paid the appropriate connection fees to the City. The request for out-of-agency service are in compliance with the Government Code §56133 and Commission policies. Please note that the blue line shows the sewer line and the circle reflect the connection locations. Staff recommends approval of the attached Resolution 1508 approving out-of-agency services.

Attachment: Resolution No. 1508
Vicinity Map

Resolution No. 1508

**BEFORE THE SAN JOAQUIN LOCAL AGENCY FORMATION COMMISSION
APPROVING AN OUT-OF-AGENCY SANITARY SEWER SERVICE FROM THE
CITY OF STOCKTON TO 718 W. YETTER ROAD IN STOCKTON**

WHEREAS, the above-reference requests have been filed with the Executive Officer of the San Joaquin Local Agency Formation Commission pursuant to §56133 of the California Government Code.

NOW THEREFORE, the San Joaquin Local Agency Formation Commission DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

Section 1. Said out-of-agency service request is hereby approved.

Section 2. The proposal is found to be Categorically Exempt from CEQA.

Section 3. The proposal is subject to the following conditions:

- a. Prior to connection to the city sewer or water, the City of Stockton shall record a covenant and agreement with the property owners to annex to the City of Stockton in a form acceptable to the Executive Officer.
- b. This approval and conditions apply to current and future property owners.

PASSED AND ADOPTED this 9th day of February 2023, by the following roll call votes:

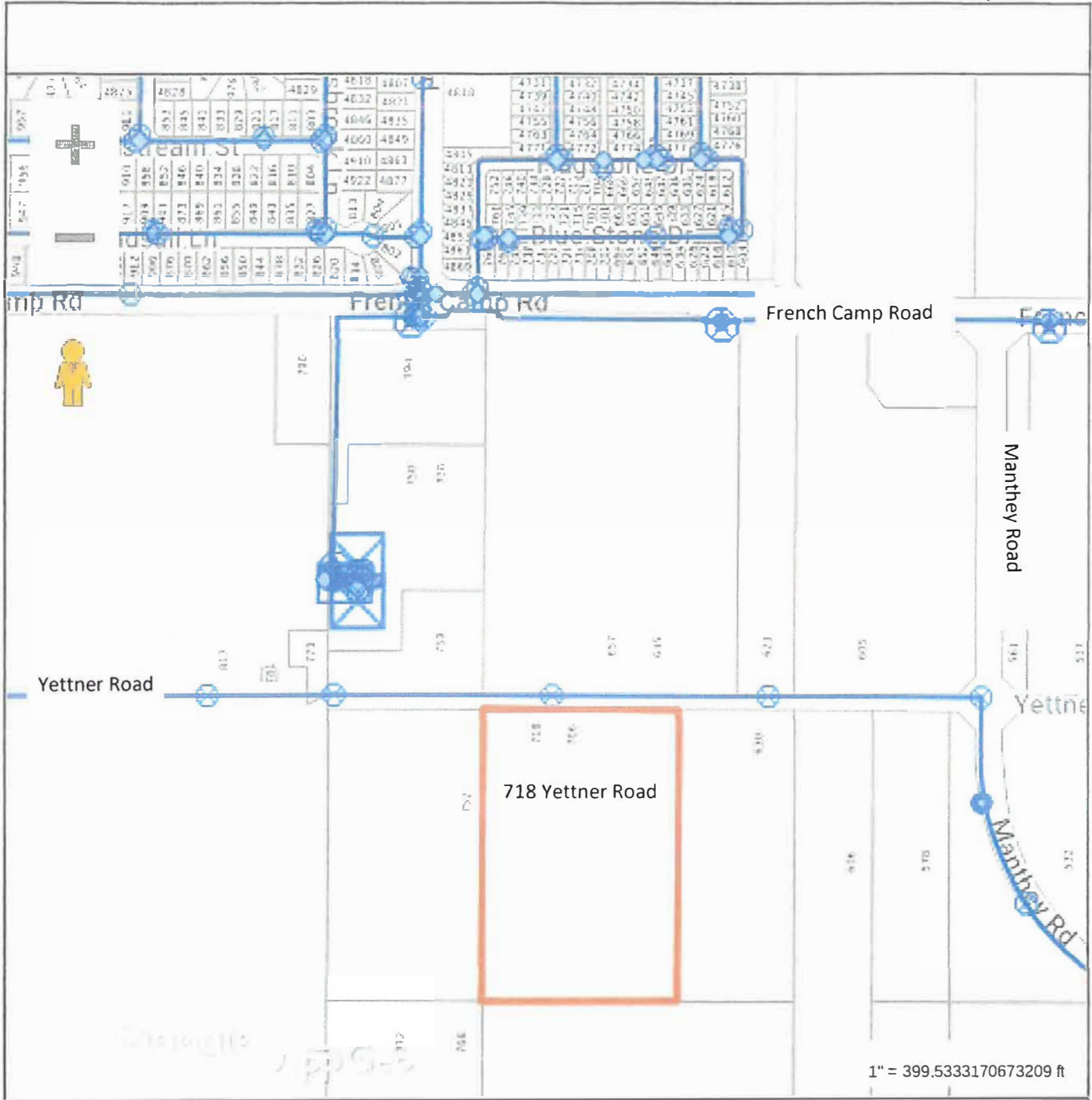
AYES:

NOES:


ABSENT:

TOM PATTI, Chairman
San Joaquin Local Agency
Formation Commission

Res. No. 1508
02-09-23



Property Information	
Property ID	19306030-130059
Location	718 W YETTNER RD
Owner	SINGH MAHANBIR & BANIWAL KULBIR


CITY OF STOCKTON
 MAP FOR REFERENCE ONLY
 NOT A LEGAL DOCUMENT
 City of Stockton, CA makes no claims and no warranties, expressed or implied, concerning the validity or accuracy of the GIS data presented on this map.
 Geometry updated 01/10/2023
 Data updated 01/10/2023

Print map scale is approximate. Critical layout or measurement activities should not be done using this resource.

LAFCo

44 NORTH SAN JOAQUIN STREET, SUITE 374 □ STOCKTON, CA 95202

EXECUTIVE OFFICER'S REPORT

DATE: February 9, 2023

FROM: Rod Attebery, General Counsel

SUBJECT: **Discussion and Possible Action Regarding Meetings of the San Joaquin Agency Formation Commission Under AB 361 Using Teleconference During a Proclaimed State of Emergency**

Recommendation

It is recommended that the Commission approve the attached LAFCo resolution 1498 authorizing Commission to conduct meeting of the San Joaquin Local Agency Formation Commission using teleconferencing pursuant to Government Code 45942 as amended by AB 361 for the period of February 11, 2023 to February 28, 2023.

Background

On September 16, 2021, Governor Gavin Newsom signed Assembly Bill 361 ("AB 361") into law, amending the Ralph M. Brown Act (Gov. Code, § 54950 *et seq.*) (the "Brown Act"). AB 361 codified certain modified requirements for teleconference meetings held by public agencies, similar to those previously authorized and extended by executive order during the COVID-19 State of Emergency.

AB 361 was introduced to provide a longer-term solution for teleconference meetings during states of emergency, effective until January 1, 2024. AB 361 amends Section 54953 of the Government Code to allow the legislative body of a local agency to meet remotely without complying with the normal teleconference rules for agenda posting, physical location access, or quorum rules. To do so, one of three scenarios must exist, all of which require that the Governor has proclaimed a State of Emergency pursuant to Government Code section 8625:

- A. State or local officials have imposed or recommended measures to promote social distancing;
- B. The agency is holding a meeting for the purpose of determining whether meeting in person would present imminent risks to the health or safety of attendees; or
- C. The agency is holding a meeting and has determined that meeting in person would present imminent risks to the health or safety of attendees.

(Gov. Code, § 54953(e)(1).)

An agency and any committee that is required to comply with the Brown Act, that holds a meeting under either of the three scenarios must continue to post its agenda in the time required by the Brown Act, and ensure that the public is able to address the agency or committee directly through teleconference means. (*Id.* at subd. (e)(2). If a disruption prevents the agency or committee from broadcasting the meeting or receiving public comments in real time, the agency or committee cannot take further action until those functions are restored; any actions taken during such a disruption are subject to legal challenge. (*Id.*)

Assuming the State of Emergency remains in effect, if the San Joaquin Local Agency Formation Commission (“LAFCo” or the “Commission”) or LAFCo committees wish to continue meeting under the modified rules, then the Commission, and each committee that wants to continue to meet using teleconference must each individually adopt an initial resolution within 30 days of the first teleconference meeting, and then must adopt an extension resolution at least every 30 days thereafter. (*Id.* at subd. (e)(3).) The resolutions must contain findings stating that the Commission or committee has reconsidered the circumstances of the State of Emergency and either (1) the State of Emergency continues to directly impact the ability of the members to meet safely in person; or (2) State or local officials continue to impose or recommend measures to promote social distancing. (*Id.*)

Where consecutive regular meetings fall outside the 30-day time frame, the Commission or committee should hold a special “AB 361” remote meeting within the 30-day window simply to re-authorize the AB 361 exceptions. Without the AB 361 exceptions, the Commission or committee will be required to return to normal in-person meetings or provide public access at each remote location under the traditional teleconference rules, as of October 1, 2021. Therefore, if the AB 361 authorization lapses and the Commission or a committee wishes to hold a teleconference meeting, it will be required to post agendas and provide public access at each remote location, identify those locations in the agenda, and maintain a quorum of the Commission within agency boundaries. If a meeting is not held in conformity with AB 361, commissioners may not teleconference from their residences or other locations, which are not open and accessible to the public.

FISCAL IMPACT:

None.

Attachment: Resolution 1509

Resolution No. 1509

**BEFORE THE SAN JOAQUIN LOCAL AGENCY FORMATION COMMISSION
AUTHORIZING COMMISSION TO CONDUCT MEETINGS OF THE SAN JOAQUIN
LOCAL AGENCY FORMATION COMMISSION USING TELECONFERENCING
PURSUANT TO GOVERNMENT CODE 54953 AS AMENDED BY AB 361 FOR THE
PERIOD FEBRUARY 9, 2023 TO FEBRUARY 28, 2023**

WHEREAS, the San Joaquin Local Agency Formation Commission (“LAFCo”) is committed to preserving and nurturing public access and participation in meetings of the Commission; and

WHEREAS, all meetings of LAFCo’s legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and watch LAFCo’s legislative bodies conduct their business; and

WHEREAS, the Brown Act, Government Code section 54953(e), as amended by AB 361 (2021), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, on March 4, 2020, the Governor proclaimed a State of Emergency to exist in California as a result of the threat of COVID-19; and

WHEREAS, Cal-OSHA adopted emergency regulations (Section 3205) imposing requirements on California employers, including measures to promote social distancing; and

WHEREAS, an Order of the San Joaquin County Public Health Officer acknowledges that close contact to other persons increases the risk of transmission of COVID-19; and

WHEREAS, currently the dominant strain of COVID-19 in the country, is more transmissible than prior variants of the virus, may cause more severe illness, and that even fully vaccinated individuals can spread the virus to others resulting in rapid and alarming rates of COVID-19 cases and hospitalizations, therefore, meeting in person would present imminent risks to the health or safety of attendees.

NOW, THEREFORE, BE IT RESOLVED, that the San Joaquin Local Agency Formation Commission approves

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Finding of Imminent Risk to Health or Safety of Attendees. LAFCo does hereby find that the current dominant strain of COVID-19 in the country, is more transmissible than prior variants of the virus, may cause more severe illness, and that even fully vaccinated individuals can spread the virus to others resulting in rapid and alarming rates of COVID-19 cases and hospitalizations has caused, and will continue to cause, conditions of peril to the safety of persons, thereby presenting an imminent risk to health and/or safety to LAFCo's employees and attendees of the Commission's public meetings; and

Section 3. Teleconference Meetings. LAFCo does hereby determine as a result of the State of Emergency proclaimed by the Governor, and the recommended measures to promote social distancing made by State and local officials that the Commission may conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e)(1)(A) and (B) of section 54953, and shall comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953; and

Section 4. Direction to Staff. The Executive Officer and LAFCo staff are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption.

PASSED AND APPROVED this 9th day of February 2023, by the following roll call vote:

AYES:

NOES:

ABSENT:

TOM PATTI , Chairman
San Joaquin Local Agency
Formation Commission

SAN JOAQUIN

LOCAL AGENCY FORMATION COMMISSION

AGENDA ITEM NO. 5

LAFCo

44 N. SAN JOAQUIN STREET SUITE 374 □ STOCKTON, CA 95202

EXECUTIVE OFFICER'S REPORT

February 9, 2023

TO: LAFCo Commissioners

FROM: Jeffery Hightower, Executive Officer

SUBJECT: **CONTINUATION OF RSG CONTRACT**

RECOMMENDATION: Adopt a resolution authorizing the Executive Officer to sign a contract with RGS for \$74,100.00 for the completion of the Comprehensive Financial Analysis (CFA).

BACKGROUND: The CFA is a CKH requirement for the incorporation of Mountain House. This requirement has not changed and the proposed contract reflects a continuation of the work effort already performed by RSG on the Mountain House CFA. For a variety of reasons incorporation of Mountain House has not occurred yet while the CFA analysis was performed using FY 20/21 information. The previous contract between RSG and LAFCo expired on December 31, 2022. This new contract will use FY 21/22 for baseline information and has a term until December 31, 2023.

The scope of work proposed with the new contract with RSG will complete an update to the (CFA) that meets the requirements of CKH Section 56800 et. seq. To provide an impartial analysis, the contractual arrangement is that RSG works for LAFCo and in turn LAFCo invoices the Mountain House Community Services for cost plus administration and overhead costs. Because of their familiarity with Mountain House incorporation both LAFCo and Mountain House agree that RSG is uniquely qualified to update the base year of the CFA.

The total cost for the update is \$74,100, to be billed on a time-and-materials basis. There is a contract balance of \$3,331.25 in funds held by LAFCO but not billed by RSG. These funds will be carried over to the new agreement. Therefore, while the contract with LAFCO reflects the total amount to be billed of \$74,100, LAFCO will invoice MHCSO the balance of \$70,768.75 plus administrative and overhead cost.

CKH Section 56800 states that the Executive Officer shall prepare, or cause to be prepared by contract, a comprehensive fiscal analysis. This section further states that data used for the analysis shall be from the most recent fiscal year for which data are available. The LAFCo purchasing policy states that the Commission will approve professional services contracts with consultants.

Attachments:

1. Resolution 1510
2. CFA Scope and Budget

Resolution 1510

Resolution Authorizing the Executive Officer to Execute a Contract with RSG for the Preparation of a Comprehensive Financial Analysis (CFA) for the Incorporation of the Mountain House Community Services District.

WHEREAS, the Mountain House Community Services District has filed an application for incorporation with LAFCo; and

WHEREAS, CKH Section 56800 states that upon receipt of an application for incorporation, the Executive Officer shall prepare, or cause to be prepared by contract, a CFA and that the data used for the CFA shall be from the most recent fiscal year for which data are available; and

WHEREAS, the CFA is a feasibility study for possible future incorporation of Mountain House which the Commission has not approved, adopted, or funded and does not require the preparation of an EIR or negative declaration but does require consideration of environmental factors pursuant to the CEQA Guidelines Section 15262; and

WHEREAS, on October 15, 2021, the Executive Officer executed a contract for professional services with RSG for the preparation of the CFA to evaluate the incorporation of Mountain House; and

WHEREAS, RSG did perform a CFA using Fiscal Year 2020/2021; and

WHEREAS, for reasons out of control of RSG the Mountain House incorporation application and evaluation was not completed or adopted by the contract termination date of December 31, 2022; and

WHEREAS, RSG has gained information and knowledge throughout the preparation of the FY 20/21 CFA and RSG has met the expectations of both LAFCo and Mountain House Community Services District staff; and

NOW, THEREFORE, the San Joaquin Local Agency Formation Commission DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

Section 1. That the Mountain House CFA is exempt from further environmental analysis pursuant to the California Code of Regulations, CEQA Guidelines, Section 15262, Feasibility and Planning Studies.

Section 2. RSG is uniquely qualified to perform the CFA to evaluate the incorporation of the Mountain House Community Services District pursuant to Section 56800 of the State Government Code.

Section 3. The Executive Officer is authorized to execute a contract with RSG for the preparation of a CFA update using information from the Fiscal Year 2021/2022 in compliance with California Government Code Section 56800 in an amount of \$74,100 upon receipt of funds from the Mountain House Community Services District.

PASSED AND APPROVED this 9th day of February 2023, by the following roll call vote:

AYES:

NOES:

ABSENT:

TOM PATTI, Chairman
San Joaquin Local Agency
Formation Commission



17872 GILLETTE AVE.
SUITE 350
IRVINE, CA 92614

714 541 4585
INFO@WEBRSG.COM
WEBRSG.COM

January 19, 2023

Via Electronic Mail

JD Hightower, Executive Officer
SAN JOAQUIN LAFCO
44 North San Joaquin Street, Suite 374
Stockton, CA 95202

**SCOPE OF WORK / BUDGET TO COMPLETE UPDATED COMPREHENSIVE FISCAL ANALYSIS
MOUNTAIN HOUSE INCORPORATION APPLICATION**

Dear Mr. Hightower:

At your request, RSG has prepared the enclosed scope of work and budget to prepare an updated CFA for the application to incorporate the community of Mountain House. The update is necessary for the new base year (FY 2021-22) and to capture additional property within the proposed city limits, as per the request of the proponents in their email to LAFCO of November 3, 2022.

The total cost for the update is \$74,100, to be billed on a time-and-materials basis. Based on our prior contract that expired on December 31, 2022, there is a contract balance of \$3,331.25 in funds held by LAFCO but not billed by RSG that LAFCO would carry over into the new agreement. Therefore, while the contract with LAFCO reflects the total amount to be billed of \$74,100, LAFCO itself will only need to request the balance of \$70,768.75.

This letter transmits the scope of work and draft contract for the Commission's consideration on Thursday, February 9, 2023.

Please let me know if you have any questions.

Sincerely,

James C. Simon, Principal

Enclosures: Draft Agreement and Scope of Work

IRVINE

BERKELEY

VISTA

AGREEMENT FOR PROFESSIONAL SERVICES

THIS AGREEMENT is entered into this 9th day of February, 2023, by and between the San Joaquin Local Agency Formation Commission (hereinafter referred to as "CLIENT") and the RSG, Inc. (hereinafter referred to as "CONSULTANT").

WITNESSETH

The parties hereto do agree as follows:

SECTION 1. RECITALS. This Agreement is made and entered into with respect to the following facts:

(a) The CLIENT desires to undertake certain activities pursuant to Division 24 of the Health and Safety Code (the "Act") necessary for the planning, development and execution of projects thereunder; and

(b) The CLIENT desires a highly qualified CONSULTANT to provide technical assistance in the area of fiscal consulting consulting; and

(c) The CONSULTANT represents that it is qualified to perform such services and has agreed to do so pursuant to this Agreement; and

(d) The CLIENT desires to contract with the CONSULTANT on the basis of the following terms and conditions.

SECTION 2. EMPLOYMENT. The CLIENT hereby employs the CONSULTANT and the CONSULTANT hereby accepts such employment, as CONSULTANT to the CLIENT, for purposes of providing a updated comprehensive fiscal analysis for the application to incorporate the community of Mountain House, as well as services to assist the CLIENT with facilitating revenue neutrality negotiations between the County of San Joaquin and the proponents (representatives of Mountain House Community Services District), and support to the Executive Officer developing terms and conditions for approval if appropriate and as directed by the CLIENT.

SECTION 3. SCOPE OF SERVICES. The CONSULTANT will diligently perform the tasks and prepare the documents necessary to complete the scope of work as described in the CONSULTANT'S proposal dated January 19, 2023, fully incorporated herewith as Exhibit 1.

SECTION 4. TERM. The term of this Agreement shall be the period from the date of this Agreement as first shown above until December 31, 2023 or until its abandonment by the CLIENT, whichever occurs first. The schedule of performance shall be as outlined in the preliminary schedule prepared by the CONSULTANT. If necessary, the schedule may be modified upon approval of the CLIENT staff.

SECTION 5. CONSULTANT PROJECT TEAM. James Simon, Principal will be designated as the responsible party for the CONSULTANT. Other CONSULTANT staff may be assigned as needed.

SECTION 6. COMPENSATION. The CONSULTANT will perform those tasks and deliver the products pursuant to Section 3 of this AGREEMENT on a time-and-materials basis for a fee not to exceed SEVENTY FOUR THOUSAND ONE HUNDRED DOLLARS (\$74,100).

https://rosenowspvacekgroup.sharepoint.com/sites/Marketing/Shared Documents/Current SOQ_Proposals/Proposals and SOQs/Fiscal Health/San Joaquin LAFCO - Mountain House CSD 07-21js/Standard Contract 2023 CFA.docx

Reimbursable expenses shall mean necessary out-of-pocket expenses incurred by the CONSULTANT in the performance of this Agreement for postage, printing and duplication costs, and messenger costs. Reimbursable expenses shall be billable at the actual costs reasonably incurred therefor plus a 10% surcharge.

Within ten (10) days after the last day of any month, the CONSULTANT shall submit an invoice to the CLIENT itemizing tasks performed and related reimbursable expenses. The hourly rates for professional services rendered pursuant to this Agreement shall be those presented below.

Principal/Director	\$ 235
Senior Associate	\$ 180
Associate	\$ 160
Senior Analyst	\$ 135
Analyst	\$ 125
Research Assistant	\$ 110
Technician	\$ 80
Clerical	\$ 60

SECTION 7. PAYMENT PERIOD. The CLIENT shall review the invoices submitted by CONSULTANT to determine whether the nature and extent of the services performed are consistent with this Agreement. Payment shall be made within thirty-five (35) days following receipt of the invoice by the CLIENT or CLIENT shall give to CONSULTANT a written notice objecting to charges, including a statement of reasons for such objections.

SECTION 8. RIGHT OF TERMINATION. This Agreement may be terminated by the CLIENT, with or without cause, in its sole discretion, on ten (10) days written notice to the CONSULTANT.

In such event, the CONSULTANT shall, on the CLIENT's request, promptly surrender to the CLIENT all completed work and work in progress, and all materials, records, and notes procured or produced pursuant to this Agreement. The CONSULTANT may retain copies of such work products as a part of its record of professional activity. The CONSULTANT is cognizant of the fact that all information and material obtained by the CONSULTANT from the CLIENT during the performance of this Agreement shall be treated as strictly confidential, and shall not be used by the CONSULTANT for any purpose other than the performance of this Agreement. The CONSULTANT shall be reimbursed for all expenses incurred to the date of termination.

SECTION 9. REPORTS AND DOCUMENTS. All reports, agreements and other documents prepared by the CONSULTANT pursuant to this Agreement are the property of the CLIENT and shall be turned over to the CLIENT upon expiration or termination of this Agreement.

The CLIENT may use, duplicate, disclose, and/or disseminate, in whole or in part, in any manner it deems appropriate, all papers, writings, documents, reports and other materials of whatever kind prepared, produced or procured in the performance of this Agreement, which are delivered to or acquired by CLIENT.

SECTION 10. INDEPENDENT CONTRACTOR. The parties hereby acknowledge that the CONSULTANT is an independent contractor and shall not be considered to be an employee of the CLIENT.

SECTION 11. INDEMNITY. CONSULTANT hereby agrees to and does indemnify, defend and hold harmless the CLIENT, and any and all of their respective officers, employees,

and representatives from any and all claims, liabilities and expenses, including attorney fees and costs that arise out of CONSULTANT'S performance of this Agreement. However, if the CONSULTANT is joined in any legal action taken against the CLIENT except actions based on the negligent or wrongful acts of the CONSULTANT, the CLIENT will indemnify, defend and hold harmless the CONSULTANT.

SECTION 12. NOTICES. Notices pursuant to this Agreement shall be given by personal service or by deposit of the same in the custody of the United States Postal Service, postage prepaid, addressed as follows:

TO CLIENT: JD HIGHTOWER, Executive Officer
San Joaquin Local Agency Formation Commission
44 North San Joaquin Street, Suite 374
Stockton, CA 95202

TO CONSULTANT: James C. Simon, Principal
RSG, Inc.
17872 Gillette Avenue, Suite 350
Irvine, CA 92614

Notices shall be deemed to be given as of the date of personal service, or two (2) days following the deposit of the same in the course of transmission of the United States Postal Service.

SECTION 13. BINDING EFFECT. This Agreement shall be binding upon the parties hereto and their successors in interest.

SECTION 14. ASSIGNMENT. CONSULTANT shall not be permitted to assign any of its rights or obligations hereunder, except to subconsultants as approved by the CLIENT and except for the payment of funds due from the CLIENT, without prior written consent of the CLIENT. The consent of the CLIENT to an assignment shall not be unreasonably withheld, but prior to approving any assignment involving the performance of any obligations pursuant to this Agreement, the CLIENT shall be satisfied by competent evidence that the assignee is financially able and technically qualified to perform those services proposed to be assigned. In the event of such assignment, the CLIENT may condition the same so as to ensure compliance with the provisions of this Agreement.

SECTION 15. COMPLIANCE WITH LAWS. CONSULTANT shall comply with all applicable laws in performing its obligations under this Agreement.

SECTION 16. CONFIDENTIALITY. Information and materials obtained by the CONSULTANT from the CLIENT during the performances of this Agreement shall be treated as strictly confidential, and shall not be used by the CONSULTANT for any purpose other than the performance of this Agreement.

SECTION 17. CONSULTANT'S LIABILITY AND INSURANCE, PUBLIC LIABILITY AND PROPERTY DAMAGE INSURANCE. The CONSULTANT shall assume all responsibility for damages to property or injuries to persons, including accidental death, which may be caused by the CONSULTANT'S performance of a contract, whether such performance be by himself, his subcontractor, or anyone directly or indirectly employed by him and whether such damage shall accrue or be discovered before or after termination of contract. The CLIENT shall be provided a certificate of insurance verifying the CONSULTANT'S liability insurance coverage.

SECTION 18. WORKERS' COMPENSATION INSURANCE. The CONSULTANT agrees to maintain at its expense, during the term of this Agreement, all necessary insurance for its employees engaged in the performance of this Agreement, including, but not limited to, workers' compensation insurance, and to provide the CLIENT with satisfactory evidence of such insurance coverage upon the CLIENT'S request.

SECTION 19. DISCRIMINATION. The CONSULTANT agrees that no person shall be excluded from employment in the performance of this Agreement on grounds of race, creed, color, sex, age, marital status, or place of national origin. In this connection, the CONSULTANT agrees to comply with all County, State and Federal laws relating to equal employment opportunity rights.

SECTION 20. WAIVER. The failure of either party to enforce any term or provision of this agreement shall not constitute a waiver of the right to enforce the same term or provision or any other term or provision thereafter.

SECTION 21. SEVERABILITY. In the event any clause, sentence term, condition, or provision of this agreement shall be held by any court of competent jurisdiction to be illegal, invalid, or unenforceable for any reason, the remaining portions of this agreement shall nonetheless remain in full force and effect.

SECTION 22. CONSUMMATION. The parties agree to execute all instruments and documents and to take all actions require to facilitate and effectuate this agreement.

SECTION 23. JURISDICTION AND VENUE. This agreement and its terms and conditions shall be considered, review and decided in accordance with the law of the State of California. The negotiations, terms and final agreement were made and entered into in the County of Orange. Performance of this agreement is deemed to have happened in the County of Orange. If a legal dispute occurs over the terms and conditions of this agreement, including its enforcement, the venue for redress of such claims will be in the County of Orange, State of California.

SECTION 24. AMENDMENT. No amendment or modification of this agreement shall be valid or binding upon the parties unless made in writing and duly signed on behalf of each of the parties by their respective authorized representatives.

SECTION 25. RECOVERY OF LITIGATION COSTS. If any legal or equitable action or any arbitration or other proceeding is brought for the enforcement or interpretation of this Agreement or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party in such action or proceeding shall be entitled to recover reasonable attorneys' fees and other costs incurred in such action or proceeding in addition to any other relief to which such party may be entitled.

SECTION 26. ENTIRE AGREEMENT. This document constitutes the sole and entire agreement between the parties with respect to the rendering of Professional Services and/or an amendment to a professional services agreement. Any and all prior or contemporaneous agreements, understandings, negotiations, and discussions, whether oral or written, with respect to the subject matter hereof, are hereby superseded.

IN WITNESS WHEREOF, this Agreement has been duly authorized and executed by the parties hereto on the day and year first herein above written.

SAN JOAQUIN LOCAL AGENCY FORMATION COMMISSION ("CLIENT")

By: _____

ATTEST:

RSG, INC.

By: _____
James Simon, Principal,

EXHIBIT 1



QUOTE

Attention: JD Hightower
 San Joaquin LAFCO
 44 N. San Joaquin Street, Suite 374
 Stockton
 CA 95202

Date
 19 January 2023

Quote Number
 Q003106/2

Job Number

RSG, Inc.
 17872 Gillette Ave.
 Suite 350
 Irvine, CA 92614

2021-22 Base Year Update to CFA

Update draft Comprehensive Fiscal Analysis to include new base year (2021-22) data including updated growth assumptions, a larger area that presumes the timely and successful approval of annexation of the Sandhu, Ravanni, and Neighborhood A-7 properties, and make other updates as necessary for a complete and accurate CFA for consideration and use by LAFCO, the proponents, and the County of San Joaquin.

Quote Number **Q003106/2**
Quote Name **2021-22 Base Year Update to CFA**

Description: Update draft Comprehensive Fiscal Analysis to include new base year (2021-22) data including updated growth assumptions, a larger area that presumes the timely and successful approval of annexation of the Sandhu, Ravanni, and Neighborhood A-7 properties, and make other updates as necessary for a complete and accurate CFA for consideration and use by LAFCO, the proponents, and the County of San Joaquin.

Folders - Collect Updated Base Year Data

Tasks	Time	Rate	Amount
Draft Documents - Prepare Request for Information Review prior responses and data collected, refine RFI needs to fit what we expect to receive.	29.00		3,920.00
Mapping - Update Maps of Proposed and Alternative Study Area	8.00	125.00	1,000.00
Coordination - Follow up with Agencies to Collect RFI Phone calls to follow up on requests, review responses, provide assistance for thorough replies	41.00		5,755.00
Preparation and Meetings - Weekly Project Meetings with Client Virtual check in meetings to coordinate (4 assumed during data collection phase), including recap of actions and agreements	18.00		2,750.00
Costs			
Costs	Quantity	Rate	Amount
San Joaquin County Secured and Unsecured Assessment Roll	1.00	650.00	650.00
Travel Costs for Site Visit	3.00	200.00	600.00
		Subtotal - Collect Updated Base Year Data	\$ 14,675.00

Folders - Prepare Updated Model and Admin Draft CFA

Tasks	Time	Rate	Amount
Research - Update Demographics, Peer Cities, Growth Forecast	60.00		8,900.00
Financial Calculations/Project - Update CFA Model Update Plan for Services, Forecast, Assumption and Analysis Tables	86.00		11,910.00

Tasks	Time	Rate	Amount
Draft Documents - Prepare Admin Draft CFA	78.00		11,030.00
Preparation and Meetings - Weekly Meetings with Client Weekly Check In Meetings with Client (4 Assumed)	18.00		2,750.00
Costs			
		Subtotal - Prepare Updated Model and Admin Draft CFA	\$ 34,590.00

Folders - Review and Finalize CFA

Tasks	Time	Rate	Amount
Draft Documents - Revisions to Administrative Draft CFA Confer with client and make revisions to CFA based on internal review by Executive Officer and LAFCO Special Counsel	30.00		4,450.00
Finalize Documents - Review and Revise Screencheck Draft CFA Confer with Proponents and LAFCO on screencheck draft CFA, revise as directed by client	26.00		4,210.00
Costs			
		Subtotal - Review and Finalize CFA	\$ 8,660.00

Folders - Advisory Services

Tasks	Time	Rate	Amount
Advisory Services - Revenue Neutrality Negotiations Allowance for support services to LAFCO to coordinate discussions with affected agencies (County of San Joaquin and Tracy Rural Fire Protection District) that may seek revenue neutrality	30.00		6,050.00
Advisory Services - Terms and Conditions Preparation Provide template draft of terms and conditions for Commission consideration	31.00		4,465.00
Costs			
		Subtotal - Advisory Services	\$ 10,515.00

Folders - Public Meetings

Tasks	Time	Rate	Amount
Preparation and Meetings - Public Workshop One virtual public workshop, including preparation of presentation, coordination with client	10.00		1,910.00
Preparation and Meetings - Commission Public Hearing Prepare presentation and attend Commission Public Hearing including coordination and preparation with client	18.00		3,350.00
Costs			
Costs	Quantity	Rate	Amount
Travel cost for Public Hearing	2.00	200.00	400.00
		Subtotal - Public Meetings	\$ 5,660.00

Subtotal	74,100.00
Tax	0.00
Total	74,100.00

Valid To: 19 February 2023

Valid To: 19 February 2023

APPROVED AND AUTHORIZED TO PROCEED:

SIGNATURE: _____

PRINTED NAME: _____

TITLE: _____

DATE: _____

LAFCo

44 N. San Joaquin Street Suite 374 STOCKTON, CA 95202

EXECUTIVE OFFICER'S REPORT

February 9, 2023

TO: LAFCo Commissioners
FROM: J.D. Hightower
SUBJECT: **Alternate Public Member Recruitment**

According to the Commission policy for regular and alternate public members, a public member can serve for a term of four years and a person may serve no more than two four-year terms as either a Public or an Alternate Public Member.

The procedure to initiate recruitment of an Alternate Public Member is for the Commission to direct the Executive Officer to announce that applications would be accepted. Availability of the Alternate Public Member seat will be announced by posting and a mailing to all local agencies, and a notice on the LAFCo website. If directed by the Commission, the Executive Officer will also issue a press release. The results of the recruitment effort will be placed on the Commission agenda and final appointment to fill a vacancy may not be made for 21 days after posting notice.

Attached for your information is the Alternate Public Member Application and a sample press release. Staff will keep the Commission apprised on the recruitment process.

Attachments

**PRESS RELEASE
FOR IMMEDIATE DISTRIBUTION**

**SAN JOAQUIN LOCAL AGENCY FORMATION COMMISSION
SEEKS ALTERNATE PUBLIC MEMBER**

Applications are being accepted for appointment of Alternate Public Member on the San Joaquin Local Agency Formation Commission (LAFCo). The appointment will be for a four-year term. The LAFCo Meetings are held on the second Thursday of each month, 9 a.m. at the San Joaquin Board of Supervisors Chambers.

Application forms are available from the LAFCo Office at 44 N. San Joaquin Street, Suite #374, Stockton, CA 95202 or from the LAFCo website at www.sjgov.org/commission/lafco/home. Applications must be completed and returned by (Deadline date). Applicants will be invited to attend the Commission meeting and briefly present their qualifications to the Commission.

Those interested must be a county resident and may not be an officer or employee of the county or any city or special district within the county at their time of appointment.

LAFCo meets monthly to review, among various applications, annexation proposals to change boundaries of cities and special districts. The Commission conducts municipal service reviews and sphere of influence studies to plan for the future boundaries of cities and special districts.

For more details on the appointment, please call J.D. Hightower, Executive Officer at 209-468-3198.

**APPLICATION FOR ALTERNATE PUBLIC MEMBER
ON THE SAN JOAQUIN LOCAL AGENCY FORMATION COMMISSION**

Name: _____

Telephone: _____ (Residence) _____ (Business)

Residence
Address: _____

Business
Address: _____

Occupation: _____

Please state briefly your reason for wanting to serve on this Commission:

Please state briefly your experience which you feel will be helpful when you serve on this Commission:

Other information you would like to submit (A Resume may be attached if you wish):

Applicants must be a County resident. No person appointed as an Alternate Public Member shall be an officer or employee of the County or any City or special district at the time of appointment. Return application by (Due Date) to San Joaquin LAFCo.

SIGNATURE

Date

PHONE 209-468-3198

E-MAIL jhightower@sjgov.org

WEB SITE www.sjgov.org/commission/lafco/home

LAFCo

44 N. SAN JOAQUIN STREET SUITE 374 STOCKTON, CA 95202

EXECUTIVE OFFICER'S REPORT

February 9, 2023

TO: LAFCo Commissioners
FROM: J.D. Hightower, Executive Officer
SUBJECT: **Six Month Budget Report for 2022-2023**

Background

On June 9, 2022, the Commission adopted a final budget for fiscal year 2022-2023. The adopted FY 2022-2023 budget anticipated revenues in the amount of \$511,440.00 from the following sources: \$248,220.00 contribution from the County; \$248,220.00 contribution from the seven cities; \$15,000 from application filing fees; and \$5,000 interest revenue. Actual revenue generation for the FY is anticipated to be greater than expected and overall operative. The budget anticipated that the costs for staffing and operations at the time the budget was approved were to be approximately \$826,819 and that the Commission will transfer \$310,379 from its existing Contingency/Reserve fund (estimated at \$1,289,237.23) to continue agency operations to the end of the fiscal year if all line items would be expended at the close of the fiscal year.

Six-Month Summary

Revenues:

At the mid-point of FY 22-23, LAFCo has received revenues of \$567,414.00, within one percent of total FY 22-23 projected revenue. . In August LAFCo received \$36,684 from application filing fees. During the month of September 2023, LAFCo received its City and County contributions of \$248,670.00 each.

The Commission anticipated receiving \$15,000 in application filing fees during the fiscal year. At the end of December 2022, LAFCo had received \$64,784.00. These included application fees from 20 projects including reorganizations, municipal service reviews, a consolidation and out of agency requests. The table below shows the budgeted amount, actual amount received, projected fiscal year end revenues and percent of budget using data from the first six months of the fiscal year. The average application fees received by LAFCo was \$5,565 per month for a total forecasted application fee generation of \$98,174.00. This accounts for the vast majority of the greater than anticipated revenue generation.

	FY 22-23 budget	Actual 12/31/2022	Projected Year End	% of Revenue
Filing Fees	\$ 15,000.00	\$ 64,784.00	\$ 98,174.00	16%
County Contributi	\$ 248,220.00	\$ 248,670.00	\$ 248,670.00	41%
Cities Contribution:	\$ 248,220.00	\$ 248,670.00	\$ 248,670.00	41%
Interest	\$ 5,000.00	\$ 5,290.00	\$ 5,290.00	1%
Total Revenue	\$ 516,440.00	\$ 567,414.00	\$ 600,804.00	100%

The County and its cities contribute one-half share of LAFCo's anticipated operational costs. The Cities share is based upon the proportionate share of the total county population living within cities. Using the January 2021 population data from the State Department of Finance, the city contributions were as follows: Stockton \$126,670.96; Tracy \$37,256.22; Manteca \$34,772.67; Lodi \$27,321.03; Lathrop \$12,418.74; Ripon \$7,451.64; and Escalon \$2,778.73

Expenditures:

Salaries and Benefits

The FY 22-23 budget included a staff of 2.6 Full Time Employees staff salaries for one (1 FTE) full-time Executive Officer, one (1 FTE) full-time LAFCo Analyst, a part-time (0.6) Commission Clerk and Commissioner stipends. The Commission contracts with the County for retirement and health benefits for the full-time staff. Estimates for benefit costs are provided by the County during each budget cycle and are incorporated into the LAFCo budget. As of December the LAFCo Staff consisted one (1) full time position and two part time employees. The Analyst position was being filled by a part-time employee and did not receive the additional benefits.

The Commission budgeted \$521,800.00 for staff salaries and benefits for FY 22-23. As of October 31, 2022, the Executive Officer retired and the position has been filled. Per the arrangement with the former Executive Officer, LAFCo at the time of separation from service paid the former EO for unused leave time that had been accrued, totaling \$182,346.19. To ensure that this type of non-anticipated cost does not occur again, current positions have caps on the pay-out of remaining leave upon separation of service.

Adding to staff salaries was the six (6) week transitional period that LAFCo paid the salary of two (2) full time Executive Officers.

The overall projected staff costs are projected to exceed the budgeted amount by approximately \$30,803. The funds necessary to cover the cost exceedance is recommended to come from the reserve account. The largest cost exceedance in projected cost to the end of the fiscal year created by the un-anticipated leave buy-out of the former director. That un-anticipated cost of \$182,346.19 is projected to be reduced by through on-going cost savings of \$26,374.19 for a total projected shortfall of \$155,972.00 within the salaries/staff and commissioner line item. Staff anticipates a savings of approximately \$125,000 in the benefits line item so that overall the Salaries and Benefits category of expenditures is expected to be approximately \$30,800 to the reserve account at the end of the fiscal year. T

	FY 22-23	Actual as of 12/31./22	Projected Staff Costs 6/30/23	Amount Over / Under Budget	% of Budget
Salaries / Staff & Commissioners	\$311,791	\$370,665.50	\$467,763.00	(\$155,972.00)	85%
Benefits	\$210,009	\$26,581.69	\$84,840.00	\$125,169.00	15%
Total	\$521,800	\$397,247.19	\$552,603.00	(\$30,803.00)	100%

Services and Supplies:

The Commission contracts with Neumiller and Beardslee for legal services and with the County for specific services including payroll, auditor services, information technology, computers, communications, and mailroom services.

At the mid-point of the FY 22-23 Fiscal Year actual Services and Supplies expenses for LAFCo totaled \$87,264.21 or 28% of the FY 22-23 budget. It is forecasted that LAFCo Services and Supplies expenses will be \$105,371.14, \$204,377.86 under the approved FY 22-23 budget. The largest difference was the savings in recruiting costs for filling the Executive Officer position with a line item savings of \$184,925.51 compared to the budgeted amount to Bob Murray and Associates.

Services and Supplies	FY 22-23 Budget	Actual 12/31/22	Projected 6/30/23	Over/Under Budget
Professional Services -- Nuemiller & Beardslee	\$ 15,000.00	\$ 23,393.00	\$ 30,086.75	\$ (15,086.75)
Office Expense-General	\$ 5,500.00	\$ 2,869.89	\$ 5,739.78	\$ (239.78)
Communications	\$ 3,000.00	\$ 1,212.40	\$ 2,424.80	\$ 575.20
CALAFCo Membership	\$ 11,287.00	\$ 11,287.00	\$ 11,287.00	\$ -
Copy Machine	\$ 300.00	\$ -	\$ -	\$ 300.00
Rents and Leases County Computers	\$ 1,885.00	\$ 942.78	\$ 1,885.56	\$ (0.56)
CALAFCo Conference Commissioners	\$ 15,170.00	\$ 9,225.09	\$ 9,225.09	\$ 5,944.91
CALAFCo Conference Staff	\$ 8,040.00	\$ 3,765.72	\$ 6,825.72	\$ 1,214.28
Data Processing Charges	\$ 14,569.00	\$ 3,283.22	\$ 6,566.44	\$ 8,002.56
Auditor Payroll and A/P Charges	\$ 500.00	\$ -	\$ 500.00	\$ -
Register of Voter Charges	\$ 200.00	\$ -	\$ 200.00	\$ -
Publications and Legal Notices	\$ 3,000.00	\$ 1,133.35	\$ 2,266.70	\$ 733.30
Recorders Office	\$ 500.00	\$ -	\$ 500.00	\$ -
Insurance -- Workers Comp	\$ 378.00	\$ 378.00	\$ 378.00	\$ -
Insurance -- Special Property	\$ 1,850.00	\$ 1,554.78	\$ 3,109.56	\$ (1,259.56)
Insurance -- Liability	\$ 6,370.00	\$ 5,888.24	\$ 5,888.24	\$ 481.76
Office Space /Utilities	\$ 22,200.00	\$ 9,243.75	\$ 18,487.50	\$ 3,712.50
Bob Murray & Associates	\$ 200,000.00	\$ 13,086.99	\$ 15,074.49	\$ 184,925.51
Total Services and Supplies	\$ 309,749.00	\$ 87,264.21	\$ 105,371.14	\$ 204,377.86

Budget Discussion

An agency budget enables the Commission to perform its core responsibilities effectively and to continue its work on municipal service review and sphere of influence updates, processing change of organization applications, and policy development. As in previous budget years, the Commission's budget anticipates overall expenditures would be more than its revenues. The Commission and staff, however, has continues to exercise fiscal prudence. Since December, The LAFCo Analyst has retired and the Commission Clerk has been promoted to the full time position of Analyst / Commission Clerk. LAFCo is in the process of recruiting a part time Administrative Assistant. It is anticipated that the project cost savings from the promotion and reclassification of position will have a positive long-term budget outlook.

The continued efficiencies of LAFCo operations is expected to have a positive impact on the contingency account with a forecasted \$257,938.86 going to the contingency fund at the end of

this fiscal year. This will result in a forecasted contingency fund balance of \$1,621,579.59 at the end of FY 2022-2023, primarily coming from greater than forecasted revenues and savings in the services and supplies category primarily via savings in the recruitment effort to fill the Executive Officer position. With the exception of the one-time pay-off of leave, expenses are in line with the approved budget.

FY 22-23 Revenues and Expenditures	Through Mid FY 22-23	Projected FY 22-23	FY 22/23 Approved Budget	Delta Approved v. Projected
Total Revenues	\$ 567,414.00	\$ 600,804.00	\$ 516,440.00	\$ 84,364.00
Total Salaries and Benefits	\$ 397,247.19	\$ 552,603.00	\$ 521,800.00	\$ (30,803.00)
Total Services and Supplies	\$ 87,264.21	\$ 105,371.14	\$ 309,749.00	\$ 204,377.86
Projected Transfer to Contingency				\$ 257,938.86
Contingency Fund Balance	\$ 1,363,640.83	\$ 1,621,579.69	\$ 1,305,844.00	\$ 315,735.69

Work Program

During the first six months of the fiscal year, the LAFCo Commission completed the following projects:

- Mountain House MSR /SOI
- City of Lathrop MSR / SOI
- City of Lodi MSR / SOI
- Lumina Reorganization to the City of Manteca
- Miller Annexation to San Joaquin Irrigation District
- G & E Te Velde Annexation to San Joaquin Irrigation District
- Thornton Road Reorganization to the City of Stockton
- Time Extension for Gudel Annexation to CSA 29 and since been finalized
- Protest Hearing for Lumina Reorganization to the City of Manteca
- Out of Agency Service Requests

LAFCo continued to expend considerable resources defending litigation filed by Tracy Rural Fire Protection District and the City of Tracy. The Commission completed the Quaresma Reorganization to the City of Manteca in January and is scheduled to hear the Tracy Hills Reorganization to the City of Tracy March. Staff continues to provide technical assistance to the Stockton East Water District and Central San Joaquin Water Conservation District to consolidate, incorporation of Mountain House Community Services District as well as the City of Escalon for their MSR / SOI Update.

LAFCo

44 N. SAN JOAQUIN STREET SUITE 374 STOCKTON, CA 95202

EXECUTIVE OFFICER'S REPORT

February 9, 2023

TO: LAFCo Commissioners
FROM: J.D. Hightower, Executive Officer
SUBJECT: **Six Month Budget Report for 2022-2023**

Background

On June 9, 2022, the Commission adopted a final budget for fiscal year 2022-2023. The adopted FY 2022-2023 budget anticipated revenues in the amount of \$511,440.00 from the following sources: \$248,220.00 contribution from the County; \$248,220.00 contribution from the seven cities; \$15,000 from application filing fees; and \$5,000 interest revenue. Actual revenue generation for the FY is anticipated to be greater than expected and overall operation costs are under anticipated costs. The one exception being a one time staff expense created with the former Executive Officer separation of service. The budget anticipated that the costs for staffing and operations at the time the budget was approved were to be approximately \$826,819 and that the Commission would transfer \$310,379 from its existing Contingency/Reserve fund (currently reported at \$1,363,640.83) if all line items were expended at the close of the fiscal year.

Six-Month Summary

Revenues:

At the mid-point of FY 22-23, LAFCo has received revenues of \$567,414.00, within one percent of total FY 22-23 projected revenue. . In August LAFCo received \$36,684 from application filing fees. During the month of September 2023, LAFCo received its City and County contributions of \$248,670.00 each.

The Commission anticipated receiving \$15,000 in application filing fees during the fiscal year. At the end of December 2022. LAFCO had received \$64,784.00. These included application fees from 20 projects including reorganizations, municipal service reviews, a consolidation and out of agency requests. The table below shows the budgeted amount, actual amount received, projected fiscal year end revenues and percent of budget using data from the first six months of the fiscal year. The average application fees received by LAFCo was \$5,565 per month for a total forecasted application fee generation of \$98,174.00. This accounts for the vast majority of the greater than anticipated revenue generation.

	FY 22-23 budget	Actual 12/31/2022	Projected Year End	% of Revenue
Filing Fees	\$ 15,000.00	\$ 64,784.00	\$ 98,174.00	16%
County Contribution	\$ 248,220.00	\$ 248,670.00	\$ 248,670.00	41%
Cities Contributions	\$ 248,220.00	\$ 248,670.00	\$ 248,670.00	41%
Interest	\$ 5,000.00	\$ 5,290.00	\$ 5,290.00	1%
Total Revenue	\$ 516,440.00	\$ 567,414.00	\$ 600,804.00	100%

The County and its cities contribute one-half share of LAFCo's anticipated operational costs. The Cities share is based upon the proportionate share of the total county population living within cities. Using the January 2021 population data from the State Department of Finance, the city contributions were as follows: Stockton \$126,670.96; Tracy \$37,256.22; Manteca \$34,772.67; Lodi \$27,321.03; Lathrop \$12,418.74; Ripon \$7,451.64; and Escalon \$2,778.73

Expenditures:

Salaries and Benefits

The FY 22-23 budget included a staff of 2.6 Full Time Employees staff salaries for one (1 FTE) full-time Executive Officer, one (1 FTE) full-time LAFCo Analyst, a part-time (0.6) Commission Clerk and Commissioner stipends. The Commission contracts with the County for retirement and health benefits for the full-time staff. Estimates for benefit costs are provided by the County during each budget cycle and are incorporated into the LAFCo budget. As of December the LAFCo Staff consisted one (1) full time position and two part time employees. The Analyst position was being filled by a part-time employee and did not receive the additional benefits.

The Commission budgeted \$521,800.00 for staff salaries and benefits for FY 22-23. As of October 31, 2022, the Executive Officer retired and the position has been filled. Per the arrangement with the former Executive Officer, LAFCo at the time of separation from service paid the former EO for unused leave time that had been accrued, totaling \$182,346.19. To ensure that this type of non-anticipated cost does not occur again, current positions have caps on the pay-out of remaining leave upon separation of service.

Adding to staff salaries was the six (6) week transitional period that LAFCo paid the salary of two (2) full time Executive Officers.

The overall projected staff costs are projected to exceed the budgeted amount by approximately \$30,803. The funds necessary to cover the cost exceedance is recommended to come from the reserve account. The largest cost exceedance in the approved FY 2022-2023 budget was created by the un-anticipated leave buy-out of the former director. That un-anticipated cost of \$182,346.19 is projected to be reduced through on-going cost savings of \$26,374.19 for a total projected shortfall of \$155,972.00 within the salaries/staff and commissioner line item. Staff anticipates a savings of approximately \$125,000 in the benefits line item so that overall the Salaries and Benefits category of expenditures is expected to be approximately \$30,800 over the approved FY 2022-2023 budget at the end of the fiscal year. T

	FY 22-23	Actual as of 12/31./22	Projected Staff Costs 6/30/23	Amount Over / Under Budget	% of Budget
Salaries / Staff & Commissioners	\$311,791	\$370,665.50	\$467,763.00	(\$155,972.00)	85%
Benefits	\$210,009	\$26,581.69	\$84,840.00	\$125,169.00	15%
Total	\$521,800	\$397,247.19	\$552,603.00	(\$30,803.00)	100%

Services and Supplies:

The Commission contracts with Neumiller and Beardslee for legal services and with the County for specific services including payroll, auditor services, information technology, computers, communications, and mailroom services.

At the mid-point of the FY 22-23 Fiscal Year actual Services and Supplies expenses for LAFCo totaled \$87,264.21 or 28% of the FY 22-23 budget. It is forecasted that LAFCo Services and Supplies expenses will be \$105,371.14. This represents a savings of \$204,377.86 within the approved FY 22-23 budget. The largest difference was the savings in recruiting costs for filling the Executive Officer position with a line item savings of \$184,925.51 compared to the budgeted amount to Bob Murray and Associates.

Services and Supplies	FY 22-23 Budget	Actual 12/31/22	Projected 6/30/23	Over/Under Budget
Professional Services -- Nuemiller & Beardslee	\$ 15,000.00	\$ 23,393.00	\$ 30,086.75	\$ (15,086.75)
Office Expense-General	\$ 5,500.00	\$ 2,869.89	\$ 5,739.78	\$ (239.78)
Communications	\$ 3,000.00	\$ 1,212.40	\$ 2,424.80	\$ 575.20
CALAFCo Membership	\$ 11,287.00	\$ 11,287.00	\$ 11,287.00	\$ -
Copy Machine	\$ 300.00	\$ -	\$ -	\$ 300.00
Rents and Leases County Computers	\$ 1,885.00	\$ 942.78	\$ 1,885.56	\$ (0.56)
CALAFCo Conference Commissioners	\$ 15,170.00	\$ 9,225.09	\$ 9,225.09	\$ 5,944.91
CALAFCo Conference Staff	\$ 8,040.00	\$ 3,765.72	\$ 6,825.72	\$ 1,214.28
Data Processing Charges	\$ 14,569.00	\$ 3,283.22	\$ 6,566.44	\$ 8,002.56
Auditor Payroll and A/P Charges	\$ 500.00	\$ -	\$ 500.00	\$ -
Register of Voter Charges	\$ 200.00	\$ -	\$ 200.00	\$ -
Publications and Legal Notices	\$ 3,000.00	\$ 1,133.35	\$ 2,266.70	\$ 733.30
Recorders Office	\$ 500.00	\$ -	\$ 500.00	\$ -
Insurance -- Workers Comp	\$ 378.00	\$ 378.00	\$ 378.00	\$ -
Insurance -- Special Property	\$ 1,850.00	\$ 1,554.78	\$ 3,109.56	\$ (1,259.56)
Insurance -- Liability	\$ 6,370.00	\$ 5,888.24	\$ 5,888.24	\$ 481.76
Office Space /Utilities	\$ 22,200.00	\$ 9,243.75	\$ 18,487.50	\$ 3,712.50
Bob Murray & Associates	\$ 200,000.00	\$ 13,086.99	\$ 15,074.49	\$ 184,925.51
Total Services and Supplies	\$ 309,749.00	\$ 87,264.21	\$ 105,371.14	\$ 204,377.86

Budget Discussion

An agency budget enables the Commission to perform its core responsibilities effectively and to continue its work on municipal service review and sphere of influence updates, processing change of organization applications, and policy development. As in previous budget years, the Commission's budget anticipates overall expenditures would be more than its revenues. The Commission and staff, however, has continues to exercise fiscal prudence. Since December, The LAFCo Analyst has retired and the Commission Clerk has been promoted to the full time position of Analyst / Commission Clerk. LAFCo is in the process of recruiting a part time Administrative Assistant. It is anticipated that the project cost savings from the promotion and reclassification of position will have a positive long-term budget outlook.

The continued efficiencies of LAFCo operations is expected to have a positive impact on the contingency account with a forecasted \$257,938.86 going to the contingency fund at the end of

this fiscal year. This will result in a forecasted contingency fund balance of \$1,621,579.59 at the end of FY 2022-2023, primarily coming from greater than forecasted revenues and savings in the services and supplies category primarily via savings in the recruitment effort to fill the Executive Officer position. With the exception of the one-time pay-off of leave, expenses are in line with the approved budget.

FY 22-23 Revenues and Expenditures	Through Mid FY 22-23	Projected FY 22-23	FY 22/23 Approved Budget	Delta Approved v. Projected
Total Revenues	\$ 567,414.00	\$ 600,804.00	\$ 516,440.00	\$ 84,364.00
Total Salaries and Benefits	\$ 397,247.19	\$ 552,603.00	\$ 521,800.00	\$ (30,803.00)
Total Services and Supplies	\$ 87,264.21	\$ 105,371.14	\$ 309,749.00	\$ 204,377.86
Projected Transfer to Contingency				\$ 257,938.86
Contingency Fund Balance	\$ 1,363,640.83	\$ 1,621,579.69	\$ 1,305,844.00	\$ 315,735.69

Work Program

During the first six months of the fiscal year, the LAFCo Commission completed the following projects:

- Mountain House MSR /SOI
- City of Lathrop MSR / SOI
- City of Lodi MSR / SOI
- Lumina Reorganization to the City of Manteca
- Miller Annexation to San Joaquin Irrigation District
- G & E Te Velde Annexation to San Joaquin Irrigation District
- Thornton Road Reorganization to the City of Stockton
- Time Extension for Gudel Annexation to CSA 29 and since been finalized
- Protest Hearing for Lumina Reorganization to the City of Manteca
- Out of Agency Service Requests

LAFCo continued to expend considerable resources defending litigation filed by Tracy Rural Fire Protection District and the City of Tracy. The Commission completed the Quaresma Reorganization to the City of Manteca in January and is scheduled to hear the Tracy Hiills Reorganization to the City of Tracy March. Staff continues to provide technical assistance to the Stockton East Water District and Central San Joaquin Water Conservation District to consolidate, incorporation of Mountain House Community Services District as well as the City of Escalon for their MSR / SOI Update.

Fiscal Year 2022-23 Mid-Year Report

San Joaquin Local Agency Formation Commission

February 9, 2023

Work Program to Date

- ▶ Mountain House MSR / SOI
- ▶ City of Lathrop MSR / SOI
- ▶ City of Lodi MSR / SOI
- ▶ Quaresma Reorganization to City of Manteca
- ▶ Lumina Reorganization to the City of Manteca
- ▶ Miller Annexation to San Joaquin Irrigation District
- ▶ G & E Te Velde Annexation to San Joaquin Irrigation District
- ▶ Thornton Road Reorganization to the City of Stockton
- ▶ Mariposa Industrial Park Reorganization to the City of Stockton
- ▶ Time Extension for Gudel Annexation to CSA 29 and since been finalized
- ▶ Protest Hearing for Lumina Reorganization to the City of Manteca
- ▶ Out of Agency Service Requests

Revenues

	FY 22-23 budget	Actual 12/31/2022	Projected Year End	% of Revenue
Filing Fees	\$ 15,000.00	\$ 64,784.00	\$ 98,174.00	16%
County Contributi	\$ 248,220.00	\$ 248,670.00	\$ 248,670.00	41%
Cities Contribution:	\$ 248,220.00	\$ 248,670.00	\$ 248,670.00	41%
Interest	\$ 5,000.00	\$ 5,290.00	\$ 5,290.00	1%
Total Revenue	\$ 516,440.00	\$ 567,414.00	\$ 600,804.00	100%

Salaries and Benefits

	FY 22-23	Actual as of 12/31/22	Projected Staff Costs 6/30/23	Amount Over / Under Budget	% of Budget
Salaries / Staff & Commissioners	\$311,791	\$370,665.50	\$467,763.00	(\$155,972.00)	85%
Benefits	\$210,009	\$26,581.69	\$84,840.00	\$125,169.00	15%
Total	\$521,800	\$397,247.19	\$552,603.00	(\$30,803.00)	100%

Services and Supplies

Services and Supplies	FY 22-23 Budget	Actual 12/31/22	Projected 6/30/23	Over/Under Budget
Professional Services -- Nuemiller & Beardslee	\$ 15,000.00	\$ 23,393.00	\$ 30,086.75	\$ (15,086.75)
Office Expense-General	\$ 5,500.00	\$ 2,869.89	\$ 5,739.78	\$ (239.78)
Communications	\$ 3,000.00	\$ 1,212.40	\$ 2,424.80	\$ 575.20
CALAFCo Membership	\$ 11,287.00	\$ 11,287.00	\$ 11,287.00	\$ -
Copy Machine	\$ 300.00	\$ -	\$ -	\$ 300.00
Rents and Leases County Computers	\$ 1,885.00	\$ 942.78	\$ 1,885.56	\$ (0.56)
CALAFCo Conference Commissioners	\$ 15,170.00	\$ 9,225.09	\$ 9,225.09	\$ 5,944.91
CALAFCo Conference Staff	\$ 8,040.00	\$ 3,765.72	\$ 6,825.72	\$ 1,214.28
Data Processing Charges	\$ 14,569.00	\$ 3,283.22	\$ 6,566.44	\$ 8,002.56
Auditor Payroll and A/P Charges	\$ 500.00	\$ -	\$ 500.00	\$ -
Register of Voter Charges	\$ 200.00	\$ -	\$ 200.00	\$ -
Publications and Legal Notices	\$ 3,000.00	\$ 1,133.35	\$ 2,266.70	\$ 733.30
Recorders Office	\$ 500.00	\$ -	\$ 500.00	\$ -
Insurance -- Workers Comp	\$ 378.00	\$ 378.00	\$ 378.00	\$ -
Insurance -- Special Property	\$ 1,850.00	\$ 1,554.78	\$ 3,109.56	\$ (1,259.56)
Insurance -- Liability	\$ 6,370.00	\$ 5,888.24	\$ 5,888.24	\$ 481.76
Office Space /Utilities	\$ 22,200.00	\$ 9,243.75	\$ 18,487.50	\$ 3,712.50
Bob Murray & Associates	\$ 200,000.00	\$ 13,086.99	\$ 15,074.49	\$ 184,925.51
Total Services and Supplies	\$ 309,749.00	\$ 87,264.21	\$ 105,371.14	\$ 204,377.86

Overall Budget

FY 22-23 Revenues and Expenditures	Through Mid FY 22-23	Projected FY 22-23	FY 22/23 Approved Budget	Delta Approved v. Projected
Total Revenues	\$ 567,414.00	\$ 600,804.00	\$ 516,440.00	\$ 84,364.00
Total Salaries and Benefits	\$ 397,247.19	\$ 552,603.00	\$ 521,800.00	\$ (30,803.00)
Total Services and Supplies	\$ 87,264.21	\$ 105,371.14	\$ 309,749.00	\$ 204,377.86
Projected Transfer to Contingency				\$ 257,938.86
Contingency Fund Balance	\$ 1,363,640.83	\$ 1,621,579.69	\$ 1,305,844.00	\$ 315,735.69