

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF MARCH 26, 2025

REGULAR MEETING

TO: Tamara Wallace, Chair, and
Members of the El Dorado County Local Agency Formation
Commission

FROM: Shiva Frentzen, Executive Officer

AGENDA ITEM #3: Public Hearing to Consider the Draft Proposed Budget and
Work Plan for Fiscal Year 2025-2026

RECOMMENDATION

Staff and the Budget Committee recommend that the Commission:

1. Open the Public Hearing on this matter
2. Receive the information related to the draft Proposed Budget for Fiscal Year 2025-2026;
3. Receive the information related to the draft Work Plan for Fiscal Year 2025-2026;
4. Receive the information related to the 5 Year Budget Projection;
5. Continue the Public Hearing on this matter to May 28, 2025

REASON FOR RECOMMENDED ACTION

The enclosed LAFCO Budget reflects the financial priorities for the agency for next year under the Cortese-Knox-Hertzberg Act. El Dorado LAFCO adopts its own budget in a two-stage process with notice to all funding agencies. This is the first of two hearings.

BACKGROUND

Summary

This budget contains the initiatives that the Commission wants to prioritize for the coming fiscal year. The Strategic Planning Committee has met and reviewed the Work Plan and agency priorities for FY25-26. Subsequently, the Budget Committee has met and reviewed the financial priorities for FY25-26. The agency will budget to operate with equivalent of 2 full time employees and sufficient funding to hire consultants and part time employees as necessary.

How to Read the Attached Budget:

- Attachment A contains the Draft Proposed Budget for Fiscal Year 2025-2026
- Attachment B contains the Work Plan for FY2025-2026
- Attachment C contains the 5-year MSR/SOI Plan for FY2025-2026
- Attachment D contains the Caltrust account statement
- Attachment E contains the 5 Year Budget Projection

Overall Budget Highlights

As outlined above, the Budget Committee's goal was to plan for the future of the agency to operate with equivalent of 2 full time employees and possible additional part-time staff as necessary so the employee expenses remain at \$400,000 (line item 5100). The Work Plan for FY25-26 is well defined and follows the proposed "5-year MSR/SOI Plan for FY24-25" that was approved by the Commission. Agency contributions are increased by \$30,000 compared to FY24-25 which is about 5% (line item 4120).

Policy Reviews

2.10.5.a - An "Accrued Leave" fund to cover the balance of all employees' vested time off (vacation and sick leave), allocated annually as a line item in the budget. Funds may be expended for the sole purpose of compensating an employee who leaves the agency's employment of the balance of his/her accrued time off, in accordance with applicable Federal and State laws and in conformance with LAFCO's policies. Disbursement of the Accrued Leave is delegated to the Executive Officer.

Accrued Leave for FY25-26 is set to the best estimated amount for vacation and sick leave pay for the employees (line item 6800).

2.10.5.b - An "Operating Contingency" fund set at 10% of total operating expense, allocated annually as a line item in the budget. Funds may be expended to cover increases in cost for other budget items or unexpected expenses within the scope of other items in the budget. Disbursement of the operating contingency is at the discretion of the Executive Officer.

The Operating Contingency for FY25-26 is \$20,000 that is 10% of the total operating expenses at \$200,000 (line item 6300).

2.10.5.c - An "Emergency Reserve" fund set at a minimum of 15% and maximum of 25% of the LAFCO's current year operating budget for the purposes of funding non-budgeted legal expenses that may occur from time-to-time; unexpected catastrophic expenses; or an unexpected drop in revenues. Expenditure of "Emergency Reserve" funds must receive prior approval of the Commission; however, an emergency expense can be authorized from the "Emergency Reserve" with approval of the Executive Officer and either Commission Chair or Vice Chair for an amount totaling less than \$10,000.00 during a monthly period. Assignments into this classification will not be allocated in the budget. Instead, assignments into this fund will come from any carryover monies that are in excess of the estimated carryover amount specified in the final budget. Upon the time the "Emergency Reserve" fund is fully funded in accordance with this policy, the application of any excess carryover monies will be applied per Policies & Guidelines Section 2.7.5. The Executive Officer shall make recommendations to the Commission during adoption of the annual budget for replenishing this fund.

The Emergency Reserve for FY25-26 will stay at the current balance of the Caltrust account as of March 1, 2025 at \$130,446.83 that is approximately 21% of the operating budget.

2.10.5.d - Carryover/Fund Balance amounts, as defined in Policy 2.1.

There is no Carryover/Fund Balance for FY25-26 and the projected fund balance was reviewed by the Commission on January 22, 2025 during the Mid-Year Budget Projection for FY24-25 (line item 4100).

2.10.5.e - An “Operating Reserve” fund set at 30% of LAFCO’s current year operating budget for the purpose of cash flow management with the timing of agency contribution reimbursement from El Dorado County. Disbursement of the “Operating Reserve” is at the discretion of the Executive Officer. Replenishment of the “Operating Reserve” for disbursement made in the same fiscal year is at the discretion of the Executive Officer. Assignments into this classification will not be allocated in the budget. Instead, assignments into this fund will come from any carryover monies that are in excess of the estimated carryover amount specified in the final budget. The Executive Officer makes recommendations to the Commission during adoption of the annual budget for replenishing this fund.

The Operating Reserve for FY25-26 will be the actual funds in the Umpqua Bank Money Market account at the end of FY24-25 which is estimated at \$276,000 that is approximately 45% of the operating budget.

Budget at a Glance

Budget	FY2025-26	FY2024-25
Employee Expense	\$400,000	\$400,000
Operating Expense	\$200,000	\$200,000
Operating Contingency	\$20,000	\$20,000
Expense Total	\$620,000	\$620,000
Non-Agency Revenues	\$15,000	\$15,000
Agency Contributions	\$605,000	\$575,000
Fund Balance	\$0	\$30,000
Revenue Total	\$620,000	\$620,000

Attachments

Attachment A: Draft Proposed Budget for FY2025-2026

Attachment B: Draft Work Plan for FY2025-2026

Attachment C: 5-year MSR/SOI Plan for FY2025-2026

Attachment D: Caltrust account statement

Attachment E: 5 Year Budget Projection

PROPOSED BUDGET FY 2025-2026

	<i>Fund (or line item)</i>	<i>DESCRIPTION</i>	<i>Proposed FY 2025-2026 LAFCO Budget</i>	<i>Proposed FY 2024-2025 LAFCO Budget</i>
Revenues	4000	Fees	\$ 15,000	\$ 15,000
	4100	Fund Balance	\$ -	\$ 30,000
	4120	Revenue - Agency Payments	\$ 605,000	\$ 575,000
	4500	Revenue - From Reserves	\$ -	\$ -
	4700	Revenue Interest	\$ -	\$ -
	(5)	Sub-Total - Revenues	\$ 620,000	\$ 620,000
Employee Expense	5200	Employee Wage - Regular	\$ 300,000	\$ 300,000
	5210	Employee Wage - Temporary	\$ -	\$ -
	5230	Employee Wage - Overtime	\$ -	\$ -
	5310	Flex Benefits	\$ -	\$ -
	5311	Employee Assistance	\$ 500	\$ 500
	5320	Health Insurance (Less In Lieu)	\$ 30,000	\$ 30,000
	5340	Retirement - CALPERS	\$ 30,000	\$ 30,000
	5350	In-Lieu Health Insurance	\$ 4,500	\$ 4,500
	5400	Payroll Tax - Medicare (1.45% of Base)	\$ 3,500	\$ 3,500
	5420	Payroll Tax - SUI/ETT	\$ 1,500	\$ 1,500
	5440	Disability Insurance (.53% of Base)	\$ 1,500	\$ 1,500
	6800	Accrued Leave	\$ 28,500	\$ 28,500
		Additional wages for 3rd full time employee and EO	\$ -	\$ -
	5100	Sub-Total Employee Expenses	\$ 400,000	\$ 400,000
Operating Expense	5450	Workers Comp Insurance	\$ 2,000	\$ 2,000
	5460	General Liability Insurance	\$ 30,000	\$ 30,000
	6000	Information Services	\$ 20,000	\$ 20,000
	6010	County Clerk Fee	\$ 500	\$ 1,000
	6020	Accounting Services	\$ 15,000	\$ 15,000
	6030	Annual Audit	\$ 12,000	\$ 10,000
	6040	Cell & Telephone Services	\$ 2,000	\$ 2,000
	6050	Copies	\$ 500	\$ 500
	6060	GIS Maps	\$ 500	\$ 500
	6070	Lease Payment - Building	\$ 25,000	\$ 27,000
	6080	Legal Notices	\$ 1,000	\$ 1,000
	6090	Legal Services	\$ 24,000	\$ 24,000
	6100	Memberships	\$ 2,000	\$ 2,000
	6105	Memberships - CALAFCO	\$ 4,500	\$ 4,000
	6210	Office Expense	\$ 2,000	\$ 2,000
	6400	Postage	\$ 1,000	\$ 1,000
	6501	Professional Services	\$ 30,000	\$ 30,000
	6600	Publications	\$ 500	\$ 500
	6705	Rents/Lease - Equipment	\$ 3,000	\$ 3,000
	6710	Utilities	\$ 3,000	\$ 3,000
	6750	Staff Development (incl. Commissioner Development)	\$ 15,000	\$ 15,000
	6770	Transportation	\$ 6,500	\$ 6,500
	(44)	Sub-Total Operating Expense	\$ 200,000	\$ 200,000
	6300	Operating Contingency (10% of operating expenses)	\$ 20,000	\$ 20,000
	(46)	BUDGET TOTAL	\$ 620,000	\$ 620,000

[Policy 2.10.5.c](#) – The Emergency Reserve for FY25-26 will stay at the current balance of the Caltrust account as of March 1, 2025 at \$130,446.83 that is approximately 21% of the operating budget.

[Policy 2.10.5.e](#) – The Operating Reserve for FY25-26 is the current balance of the Umpqua money market account as of March 1, 2025 at \$276,837.60 that is approximately 45% of the operating budget.

Work Plan Fiscal Year 2025-2026

1. Recruit and train proper staffing for the agency
2. Circulate RFP to outsource the Municipal Services District MSR/SOI updates according to the approved "FY25-26 MUNICIPAL SERVICES MSR/SOI Project Cycle" for El Dorado Hills CSD and El Dorado Irrigation District
3. Complete the Targeted MSR for Grizzly Flats CSD
4. Complete the MSR/SOI update follow-up with Cameron Park CSD to review their finances and plans for providing Fire and Park & Recreation services
5. Meet with the Non-Municipal Services District Boards of the Lakeview CSD, Knolls Property Owners CSD, and Rising Hill Road CSD according to the approved "FY25-26 NON-MUNICIPAL SERVICES MSR/SOI Project Cycle"
6. Process the El Dorado County FPD and Diamond Springs-El Dorado FPD reorganization, annexations for the City of South Lake Tahoe, and any other projects submitted
7. Work closely with the individuals, groups, agencies, and Special Districts for the El Dorado Hills incorporation project
8. Work closely with the Cameron Park CSD to navigate through divestiture of Fire Services and annexation to another Fire Protection District
9. Work closely with the Strategic Planning Committee to strategize and continue the efforts for the Fire Summit that is recommended as the result of the Fire MSRs
10. Propose a five-year budget projection and MSR project plan
11. Work closely with the Budget Committee and Strategic Planning Committee to update Commission's Policies and Guidelines as necessary
12. Train staff and commissioners and attend the annual CALAFCO Conference and Workshop
13. Review, evaluate and update internal work procedures
14. Coordinate with the County as needed on its preparation of environmental documents for various upcoming projects requiring future LAFCO action

January 2025

	A	B	C	D	E	F	G
1	MUNICIPAL SERVICES MSR/SOI Project Cycle FY25-26						
2	<u>Policies and Guidelines for MSR/SOI Review (Sections 4 and 5)</u>						
3	Municipal Services	Service	District	Latest MSR Year	Targeted MSR	Next MSR Year Cycle	Fiscal Year
4	No*	P&R, L&L	El Dorado Hills CSD	2020		2025	FY25-26
5	Yes	Water	El Dorado Irrigation District	2020		2025	FY25-26
6	Yes	Fire	Cameron Park CSD (fire)	2022	2027	2027	FY26-27
7	Yes	Fire	City of South Lake Tahoe (fire)	2022		2027	FY26-27
8	Yes	CSA (EMS)	County Service Area #3	2022		2027	FY26-27
9	Yes	CSA (EMS)	County Service Area #7	2022		2027	FY26-27
10	Yes	Fire	Diamond Springs/El Dorado Fire Protection District	2022		2027	FY26-27
11	Yes	Fire	El Dorado County Fire Protection District	2022		2027	FY26-27
12	Yes	Fire	El Dorado Hills County Water District	2022		2027	FY26-27
13	Yes	Fire	Fallen Leaf Lake Community Services District (fire)	2022		2027	FY26-27
14	Yes	Fire	Garden Valley Fire Protection District	2022		2027	FY26-27
15	Yes	Fire	Georgetown Fire Protection District	2022		2027	FY26-27
16	Yes	Water	Grizzly Flats CSD	2022	2025 FY25-26	2027	FY26-27
17	Yes	Fire	Lake Valley Fire Protection District	2022		2027	FY26-27
18	Yes	Fire	Mosquito Fire Protection District	2022		2027	FY26-27
19	Yes	Fire	Pioneer Fire Protection District	2022		2027	FY26-27
20	Yes	Fire	Rescue Fire Protection District	2022		2027	FY26-27
21	Yes	Water	Georgetown Divide PUD	2022		2027	FY27-28
22	Yes	Water	South Tahoe PUD	2022		2027	FY27-28
23	No*	P&R, L&L	Cameron Park CSD (non-fire)	2023		2028	FY28-29
24	Yes	City	City of Placerville	2023		2028	FY28-29
25	Yes	City	City of South Lake Tahoe	2023		2028	FY28-29
26	Yes	Wastewater, recreation	Greenstone Country CSD	2023		2028	FY28-29
27	* As identified by the Commission						
28	** Targeted MSR Date						

January 2025

	A	B	C	D	E	F	G
29	NON-MUNICIPAL SERVICES MSR/SOI Project Cycle FY25-26						
30	Municipal Services	Service	District	Latest MSR Year	Non-Municipal Services Analysis Report	Next SOI Year Cycle	Executive Officer Board Visit
31	No	Road	Sierra Oaks CSD	2021	2022	2024 (FY 23-24)	2023 (9)
32	No	Road	Arroyo Vista CSD	2018	2022	2024 (FY 23-24)	2024 (2)
33	No	Road	Knolls Property Owners CSD	2009	2022	2024 (FY 24-25)	
34	No	Road	Lakeview CSD	2019	2022	2024 (FY 24-25)	
35	No	Road	Rising Hill Road CSD	2007	2022	2024 (FY 24-25)	
36	No	Road	Audubon Hills CSD	2010	2022	As Necessary	
37	No	Road	Cameron Estates CSD	2018	2022	As Necessary	
38	No	Airport	Cameron Park Airport District	2010	2022	As Necessary	
39	No	Road	Connie Lane CSD	2016	2022	As Necessary	
40	No	Road	Cosumnes River CSD	2017	2022	As Necessary	
41	No	Road	East China Hill CSD	2007	2022	As Necessary	
42	No	RCD	El Dorado County Resource Conservation District	2020	2022	As Necessary	
43	No	P&R	Fallen Leaf Lake Community Services District (non-fire)	2013	2022	As Necessary	
44	No	Road	Garden Valley Ranch Estates CSD	2021	2022	As Necessary	
45	No	Rec	Georgetown Divide Recreation District	2011	2022	As Necessary	
46	No	RCD	Georgetown Divide Resource Conservation District	2020	2022	As Necessary	
47	No	Road	Golden West CSD	2016	2022	As Necessary	
48	No	Cemetery	Happy Homestead Cemetery District	2007	2022	As Necessary	
49	No	Road	Hickok Road CSD	2021	2022	As Necessary	
50	No	Road	Hillwood CSD	2016	2022	As Necessary	
51	No	P&R	Holiday Lake CSD (public/private ownership issue)	2018	2022	As Necessary	
52	No	Cemetery	Kelsey Cemetery District	2009	2022	As Necessary	

January 2025

	A	B	C	D	E	F	G
53	NON-MUNICIPAL SERVICES MSR/SOI Project Cycle FY25-26						
54	Municipal Services	Service	District	Latest MSR Year	Non-Municipal Services Analysis Report	Next SOI Year Cycle	
55	No	Road	Marble Mountain Homeowners CSD	2017	2022	As Necessary	
56	No	Road	Mortara Circle CSD	2009	2022	As Necessary	
57	No	Road	Nashville Trail CSD	2017	2022	As Necessary	
58	No	Road	Rolling Hills CSD	2018	2022	As Necessary	
59	No	CSA(Library)	Service Area #10	2007	2022	As Necessary	
60	No	CSA(Road)	Service Area #2	2010	2022	As Necessary	
61	No	CSA(Drainage)	Service Area #5	2008	2022	As Necessary	
62	No	CSA(Road/Cemetery)	Service Area #9	2020	2022	As Necessary	
63	No	Road	Showcase Ranches CSD	2020	2022	As Necessary	
64	No	P&R	Tahoe Paradise Park & Recreation District	2017	2022	As Necessary	
65	No	RCD	Tahoe Resource Conservation District	2020	2022	As Necessary	
66	No	Road	West El Largo CSD	2010	2022	As Necessary	
67							

Investment Account Summary

02/01/2025 through 02/28/2025



CalTRUST
 PO Box 2709
 Granite Bay, CA 95746
 www.caltrust.org
 Email: admin@caltrust.org
 Fax: 402-963-9094
 Phone: 833-CALTRUST (225-8787)

SUMMARY OF INVESTMENTS

Fund	Account Number	Total Shares Owned	Net Asset Value per Share on Feb 28 (\$)	Value on Feb 28 (\$)	Average Cost Amount (\$)	Cumulative Change in Value (\$)
EL DORADO LOCAL AGENCY FORMATION COMMISSION						
CalTRUST Liquidity Fund		130,446.830	1.00	130,446.83	130,446.83	0.00
Portfolios Total value as of 02/28/2025				130,446.83		

DETAIL OF TRANSACTION ACTIVITY

Activity Description	Activity Date	Amount (\$)	Amount in Shares	Balance in Shares	Price per Share (\$)	Balance (\$)	Average Cost Amt (\$)	Realized Gain/(Loss) (\$)
CalTRUST Liquidity Fund		EL DORADO LOCAL AGENCY FORMATION COMMISSION						
Beginning Balance	02/01/2025			130,007.940	1.00	130,007.94		
Accrual Income Div Rein vestment	02/28/2025	438.89	438.890	130,446.830	1.00	130,446.83	0.00	0.00
Change in Value						0.00		
Closing Balance as of	Feb 28			130,446.830	1.00	130,446.83		

5 Year Budget Projection

Budget	FY25-26	FY26-27	FY27-28	FY28-29	FY28-29
Employee Expenses	\$400,000	\$420,000	\$440,000	\$450,000	\$470,000
Operating Expenses	\$200,000	\$300,000*	\$300,000*	\$200,000	\$200,000
Operating Contingency	\$20,000	\$30,000	\$30,000	\$20,000	\$20,000
Expense Total	\$620,000	\$750,000	\$770,000	\$670,000	\$690,000

Assumptions:

- Employee expenses are increased for the next 5 years. This entails operating the agency with the equivalent of 2 full-time employees and hiring additional part-time help as needed.
- Operating expenses stay the same by streamlining the processes and implementing efficiencies in the operations of the agency.
- The full MSR for El Dorado Irrigation District and El Dorado Hills CSD to be outsourced in FY25-26 using the funding in the Professional Services portion of the Operating Expenses.
- * The Full MSR for the Fire Districts to be outsourced for FY26-27 with an additional \$100K for Professional Services in the Operating Expenses and the Operating Reserves.
- * The full MSR for the small water districts, two cities and the Cameron Park CSD to be outsourced in FY27-28 with an additional \$100K for Professional Services in the Operating Expenses and the Operating Reserves.