

# EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

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## *AGENDA OF MARCH 27, 2024*

### *REGULAR MEETING*

**TO:** Brian Veerkamp, Chair, and  
Members of the El Dorado County Local Agency Formation  
Commission

**FROM:** Shiva Frentzen, Executive Officer

**AGENDA ITEM #2:** Public Hearing to Consider the Draft Proposed Budget and  
Work Plan for Fiscal Year 2024-2025

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#### **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 2024-2025;
3. Receive the information related to the draft Work Plan for Fiscal Year 2024-2025;
4. Receive the information related to the 5 Year Budget Projection;
5. Continue the Public Hearing on this matter to May 22, 2024

#### **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 FY24-25. Subsequently, the Budget Committee has met and reviewed the financial priorities for FY24-25. 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 2024-2025
- Attachment B contains the Work Plan for FY2024-2025
- Attachment C contains the 5-year MSR/SOI Plan for FY2024-2025
- 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 FY24-25 is well defined and follows the proposed "5-year MSR/SOI Plan for FY22-23" that was approved by the Commission. Agency contributions are increased by \$30,000 compared to FY23-24 which is about 5.5% (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 FY24-25 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 FY24-25 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 FY24-25 will stay at the current balance of the Caltrust account as of March 1, 2024 at \$124,259.91 that is approximately 19% of the operating budget.

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

The Carryover/Fund Balance for FY24-25 is set to \$30,000 that is the projected fund balance that was reviewed by the Commission on January 24, 2024 during the Mid-Year Budget Projection for FY23-24 (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 FY24-25 will be the actual fund balance at the end of FY24-25 after the allocation of \$30,000 for the Carryover/Fund Balance in the budget.

**Budget at a Glance**

<b>Budget</b>	<b>FY2024-25</b>	<b>FY2023-24</b>
Employee Expense	\$400,000	\$400,000
Operating Expense	\$200,000	\$200,000
Operating Contingency	\$20,000	\$20,000
<b>Expense Total</b>	<b>\$620,000</b>	<b>\$620,000</b>
Non-Agency Revenues	\$15,000	\$15,000
Agency Contributions	\$575,000	\$545,000
Fund Balance	\$30,000	\$60,000
<b>Revenue Total</b>	<b>\$620,000</b>	<b>\$620,000</b>

Attachments

Attachment A: Draft Proposed Budget for FY2024-2025

Attachment B: Draft Work Plan for FY2024-2025

Attachment C: 5-year MSR/SOI Plan for FY2024-2025

Attachment D: Caltrust account statement

Attachment E: 5 Year Budget Projection



# PROPOSED BUDGET FY 2024-2025

	<i>Fund (or line item)</i>	<i>DESCRIPTION</i>	<i>Proposed FY 2024-2025 LAFCO Budget</i>	<i>Proposed FY 2023-2024 LAFCO Budget</i>
<b>Revenues</b>	4000	Fees	\$ 15,000	\$ 15,000
	4100	Fund Balance	\$ 30,000	\$ 60,000
	4120	Revenue - Agency Payments	\$ 575,000	\$ 545,000
	4500	Revenue - From Reserves	\$ -	\$ -
	4700	Revenue Interest	\$ -	\$ -
	(5)	<b>Sub-Total - Revenues</b>	<b>\$ 620,000</b>	<b>\$ 620,000</b>
<b>Employee Expense</b>	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	<b>Sub-Total Employee Expenses</b>	<b>\$ 400,000</b>	<b>\$ 400,000</b>
<b>Operating Expense</b>	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	\$ 1,000	\$ 1,000
	6020	Accounting Services	\$ 15,000	\$ 15,000
	6030	Annual Audit	\$ 10,000	\$ 10,000
	6040	Cell & Telephone Services	\$ 2,000	\$ 2,000
	6050	Copies	\$ 500	\$ 500
	6060	GIS Maps	\$ 500	\$ 500
	6070	Lease Payment - Building	\$ 27,000	\$ 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	\$ 4,000	\$ 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)	<b>Sub-Total Operating Expense</b>	<b>\$ 200,000</b>	<b>\$ 200,000</b>
	6300	Operating Contingency (10% of operating expenses)	\$ 20,000	\$ 20,000
	(46)	<b>BUDGET TOTAL</b>	<b>\$ 620,000</b>	<b>\$ 620,000</b>

[Policy 2.10.5.c](#) – The Emergency Reserve for FY24-25 will stay at the current balance of the Caltrust account as of March 1, 2024 at \$124,259.91 that is approximately 19% of the operating budget.



## Work Plan Fiscal Year 2024-2025

1. Recruit and train proper staffing for the agency
2. Move the El Dorado LAFCO office to a new location and terminate the current lease by October 1, 2024
3. Circulate a 5-year RFP to outsource the Municipal Services District MSR/SOI updates according to the approved "FY23-24 MUNICIPAL SERVICES MSR/SOI Project Cycle"
4. Complete the Targeted MSRs for the Grizzly Flats CSD, Fallen Leaf Lake CSD (fire services), Garden Valley FPD, Mosquito FPD, Pioneer FPD, and Rescue FPD, performed by consultants
5. Complete the Collective Audit RFP and if successful, perform the FY23-24 Audit with the new firm by December 31, 2024
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 Cameron Park CSD to navigate through divestiture of Fire Services and annexation to another Fire Protection District
8. 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
9. 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 "FY23-24 NON-MUNICIPAL SERVICES MSR/SOI Project Cycle"
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





	A	B	C	D	E	F	G
1	<b>MUNICIPAL SERVICES MSR/SOI Project Cycle FY24-25</b>						
2	<b><u>Policies and Guidelines for MSR/SOI Review (Sections 4 and 5)</u></b>						
3	<b>Municipal Services</b>	<b>Service</b>	<b>District</b>	<b>Latest MSR Year</b>	<b>Targeted MSR</b>	<b>Next MSR Year Cycle</b>	<b>Fiscal Year</b>
4	No*	P&R, L&L	<a href="#">El Dorado Hills CSD</a>	2020		2025	FY25-26
5	Yes	Water	<a href="#">El Dorado Irrigation District</a>	2020		2025	FY25-26
6	Yes	Fire	<a href="#">Cameron Park CSD (fire)</a>	2022	2027	2027	FY26-27
7	Yes	Fire	<a href="#">City of South Lake Tahoe (fire)</a>	2022		2027	FY26-27
8	Yes	CSA (EMS)	<a href="#">County Service Area #3</a>	2022		2027	FY26-27
9	Yes	CSA (EMS)	<a href="#">County Service Area #7</a>	2022		2027	FY26-27
10	Yes	Fire	<a href="#">Diamond Springs/El Dorado Fire Protection District</a>	2022		2027	FY26-27
11	Yes	Fire	<a href="#">El Dorado County Fire Protection District</a>	2022		2027	FY26-27
12	Yes	Fire	<a href="#">El Dorado Hills County Water District</a>	2022		2027	FY26-27
13	Yes	Fire	<a href="#">Fallen Leaf Lake Community Services District (fire)</a>	2022	2025 FY24-25	2027	FY26-27
14	Yes	Fire	<a href="#">Garden Valley Fire Protection District</a>	2022	2025 FY24-25	2027	FY26-27
15	Yes	Water	<a href="#">Georgetown Divide PUD</a>	2022		2027	FY27-28
16	Yes	Fire	<a href="#">Georgetown Fire Protection District</a>	2022		2027	FY26-27
17	Yes	Water	<a href="#">Grizzly Flats CSD</a>	2022	2025 FY24-25	2027	FY26-27
18	Yes	Fire	<a href="#">Lake Valley Fire Protection District</a>	2022		2027	FY26-27
19	Yes	Fire	<a href="#">Meeks Bay Fire Protection District</a>	2022		2027	FY26-27
20	Yes	Fire	<a href="#">Mosquito Fire Protection District</a>	2022	2025 FY24-25	2027	FY26-27
21	Yes	Fire	<a href="#">Pioneer Fire Protection District</a>	2022	2025 FY24-25	2027	FY26-27
22	Yes	Fire	<a href="#">Rescue Fire Protection District</a>	2022	2025 FY24-25	2027	FY26-27
23	Yes	Water	<a href="#">South Tahoe PUD</a>	2022		2027	FY27-28
24	No*	P&R, L&L	<a href="#">Cameron Park CSD (non-fire)</a>	2023		2028	FY28-29
25	Yes	City	<a href="#">City of Placerville</a>	2023		2028	FY28-29
26	Yes	City	<a href="#">City of South Lake Tahoe</a>	2023		2028	FY28-29
27	Yes	Wastewater, recreation	<a href="#">Greenstone Country CSD</a>	2023		2028	FY28-29
28	* As identified by the Commission						
29	** Targeted MSR Date						

	A	B	C	D	E	F	G
30	<b>NON-MUNICIPAL SERVICES MSR/SOI Project Cycle FY24-25</b>						
31	<b>Municipal Services</b>	<b>Service</b>	<b>District</b>	<b>Latest MSR Year</b>	<b>Non-Municipal Services Analysis Report</b>	<b>Next SOI Year Cycle</b>	<b>Executive Officer Board Visit</b>
32	No	Road	<a href="#">Sierra Oaks CSD</a>	2021	2022	2024 (FY 23-24)	2023 (9)
33	No	Road	<a href="#">Arroyo Vista CSD</a>	2018	2022	2024 (FY 23-24)	2024 (2)
34	No	Road	<a href="#">Knolls Property Owners CSD</a>	2009	2022	2024 (FY 24-25)	
35	No	Road	<a href="#">Lakeview CSD</a>	2019	2022	2024 (FY 24-25)	
36	No	Road	<a href="#">Rising Hill Road CSD</a>	2007	2022	2024 (FY 24-25)	
37	No	Road	<a href="#">Audubon Hills CSD</a>	2010	2022	As Necessary	
38	No	Road	<a href="#">Cameron Estates CSD</a>	2018	2022	As Necessary	
39	No	Airport	<a href="#">Cameron Park Airport District</a>	2010	2022	As Necessary	
40	No	Road	<a href="#">Connie Lane CSD</a>	2016	2022	As Necessary	
41	No	Road	<a href="#">Cosumnes River CSD</a>	2017	2022	As Necessary	
42	No	Road	<a href="#">East China Hill CSD</a>	2007	2022	As Necessary	
43	No	RCD	<a href="#">El Dorado County Resource Conservation District</a>	2020	2022	As Necessary	
44	No	P&R	<a href="#">Fallen Leaf Lake Community Services District (non-fire)</a>	2013	2022	As Necessary	
45	No	Road	<a href="#">Garden Valley Ranch Estates CSD</a>	2021	2022	As Necessary	
46	No	Rec	<a href="#">Georgetown Divide Recreation District</a>	2011	2022	As Necessary	
47	No	RCD	<a href="#">Georgetown Divide Resource Conservation District</a>	2020	2022	As Necessary	
48	No	Road	<a href="#">Golden West CSD</a>	2016	2022	As Necessary	
49	No	Cemetery	<a href="#">Happy Homestead Cemetery District</a>	2007	2022	As Necessary	
50	No	Road	<a href="#">Hickok Road CSD</a>	2021	2022	As Necessary	
51	No	Road	<a href="#">Hillwood CSD</a>	2016	2022	As Necessary	
52	No	P&R	<a href="#">Holiday Lake CSD (public/private ownership issue)</a>	2018	2022	As Necessary	
53	No	Cemetery	<a href="#">Kelsey Cemetery District</a>	2009	2022	As Necessary	

	A	B	C	D	E	F	G
54	<b>NON-MUNICIPAL SERVICES MSR/SOI Project Cycle FY24-25</b>						
55	<b>Municipal Services</b>	<b>Service</b>	<b>District</b>	<b>Latest MSR Year</b>	<b>Non-Municipal Services Analysis Report</b>	<b>Next SOI Year Cycle</b>	
56	No	Road	<a href="#">Marble Mountain Homeowners CSD</a>	2017	2022	As Necessary	
57	No	Road	<a href="#">Mortara Circle CSD</a>	2009	2022	As Necessary	
58	No	Road	<a href="#">Nashville Trail CSD</a>	2017	2022	As Necessary	
59	No	Road	<a href="#">Rolling Hills CSD</a>	2018	2022	As Necessary	
60	No	CSA(Library)	<a href="#">Service Area #10</a>	2007	2022	As Necessary	
61	No	CSA(Road)	<a href="#">Service Area #2</a>	2010	2022	As Necessary	
62	No	CSA(Drainage)	<a href="#">Service Area #5</a>	2008	2022	As Necessary	
63	No	CSA(Road/Cemetery)	<a href="#">Service Area #9</a>	2020	2022	As Necessary	
64	No	Road	<a href="#">Showcase Ranches CSD</a>	2020	2022	As Necessary	
65	No	P&R	<a href="#">Tahoe Paradise Park &amp; Recreation District</a>	2017	2022	As Necessary	
66	No	RCD	<a href="#">Tahoe Resource Conservation District</a>	2020	2022	As Necessary	
67	No	Road	<a href="#">West El Largo CSD</a>	2010	2022	As Necessary	
68							





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# Investment Account Summary

02/01/2024 through 02/29/2024

## SUMMARY OF INVESTMENTS

Fund	Account Number	Total Shares Owned	Net Asset Value per Share on Feb 29 (\$)	Value on Feb 29 (\$)	Average Cost Amount (\$)	Cumulative Change in Value (\$)
<b>EL DORADO LOCAL AGENCY FORMATION COMMISSION</b>						
CalTRUST Short Term Fund		7,937.565	10.03	79,613.78	79,485.06	128.72
CalTRUST Medium Term Fund		4,561.592	9.75	44,475.52	45,507.20	(1,031.68)
<b>Portfolios Total value as of 02/29/2024</b>				<b>124,089.30</b>		

## 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) (\$)
<b>CalTRUST Short Term Fund</b>		<b>EL DORADO LOCAL AGENCY FORMATION COMMISSION</b>						
Beginning Balance	02/01/2024			7,906.569	10.06	79,540.08		
Accrual Income Div Reinvestment Change in Value	02/29/2024	310.89	30.996	7,937.565	10.03	79,613.78 (237.19)	0.00	0.00
Closing Balance as of	Feb 29			7,937.565	10.03	79,613.78		
<b>CalTRUST Medium Term Fund</b>		<b>EL DORADO LOCAL AGENCY FORMATION COMMISSION</b>						
Beginning Balance	02/01/2024			4,547.385	9.82	44,655.32		
Accrual Income Div Reinvestment Change in Value	02/29/2024	138.52	14.207	4,561.592	9.75	44,475.52 (318.32)	0.00	0.00
Closing Balance as of	Feb 29			4,561.592	9.75	44,475.52		

Please note that this information should not be construed as tax advice and it is recommended that you consult with a tax professional regarding your account.



## 5 Year Budget Projection

<b>Budget</b>	<b>FY24-25</b>	<b>FY25-26</b>	<b>FY26-27</b>	<b>FY27-28</b>	<b>FY28-29</b>
Employee Expenses	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Operating Expenses	\$200,000	\$200,000	\$300,000	\$300,000*	\$200,000
Operating Contingency	\$20,000	\$20,000	\$30,000	\$30,000	\$20,000
<b>Expense Total</b>	<b>\$620,000</b>	<b>\$620,000</b>	<b>\$730,000</b>	<b>\$730,000</b>	<b>\$620,000</b>

### Assumptions:

- Employee expenses stay the same 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 targeted MSR updates for the Grizzly Flats CSD, Fallen Leaf FPD, Garden Valley FPD, Mosquito FPD, Pioneer FPD, and Rescue FPD to be outsourced in FY24-25 using the funding in the Professional Services portion of the Operating Expenses.
- 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.
- \* 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.