



Local Agency Formation Commission  
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DATE: March 21, 2019  
TO: LAFCO Commissioners  
FROM: Bill Nicholson, Executive Officer *Rh*  
RE: Discussion of Possible Work Program Ideas for the Upcoming FY 2019/20  
Annual Budget Process  
(**Agenda Item VII.C.**)

It is time to initiate the FY 2019/20 Budget process in order to meet the State requirement to adopt a proposed budget by May 1<sup>st</sup>, and a final budget by June 15<sup>th</sup>. In addition, the Commission must transmit the proposed and final budget to the Board of Supervisors, to each city, to the city selection committee, and to each independent special district within the County. This agenda item is intended to initiate discussion about the upcoming budget process and seek direction in the preparation of the proposed work program.

As a brief summary, the total budget for the current fiscal year is \$169,925. The actual expenditures by the end of February were \$66,006, or 39% of the total budget. Application revenue by the end of February was \$14,175, roughly 30% of the anticipated amount of \$38,392. The balance of LAFCO revenues comes from contributions from Merced County and the six incorporated cities in the County.

The main activities have been processing several annexations and a water district formation, completion of the Le Grand-Athlone Municipal Service Review (MSR) and continued work with the district to complete the application paperwork for their proposed 5,800 acre sphere of influence amendment and annexation. An unusual application has been processing the dissolution of two water districts (set for today's public hearing) in compliance with recent State legislation regarding inactive special districts under SB 448.

The longer term project has been working with our consultants EPS and Berkson Associates on completing an update to the urban sewer and water district Municipal Service Review. Current information has been obtained from nine out of thirteen districts, and EPS is working on the Administrative Draft MSR document, which will likely be completed and brought to the Commission after review by the districts early in the next fiscal year.

In terms of schedule, the next MSR to be updated would be for the Agricultural Irrigation Service Providers, originally adopted in 2008. An update to this MSR would be timely given the extensive amount of information generated through the Sustainable Groundwater Management Act (SGMA) and related Groundwater Sustainability Plan activities.

#### Requested Commission Action

Provide LAFCO staff with any desired direction in preparation for the 2019/20 Budget process.