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American Red Cross

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MAY 31 2011

City of Nevada City

May 27, 2011

Gene Albaugh
City Manager
City of Nevada City
317 Broad Street
Nevada City, CA 95959

Dear Mr. Albaugh,

The American Red Cross of Northeastern California would like to extend our deepest appreciation for coordinating the activities in Nevada City, for this years statewide Golden Guardian Disaster Exercise. Also thank you so much for allowing the Red Cross to use parking spots in front of the Alpha Building, during this exercise.

Your actions and participation during such exercises, allows our Red Cross volunteers, partners and community members to better prepare for and respond more effectively to actual disasters.

Again your partnership in Disaster Response is greatly appreciated.

Sincerely,

Charles McCaul
Disaster Services Program Director

**American Red Cross
of Northeastern
California**

Administrative Office
Main Office/HQ
2125 East Onstott Rd.
P.O. Box 142
Yuba City, CA
95992
(530) 673-1460
(530) 673-1929 (fax)

Butte/Glenn County Branch
300 Salem Street
Chico, CA 95928
Tel: 530-891-0885

W.Nevada County Branch
P.O. Box 250
Grass Valley, CA 95945
Tel: 530-272-3265

Shasta Branch
20246 Skypark Drive
P.O. Box 991569
Redding, CA 96099
Tel: 530-244-8000

www.arcnec.org

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**Nevada County
Local
Agency
Formation
Commission**

LAFCo
950 Maidu Avenue
Nevada City, CA 95959-8617
Phone 530 265 7180
Toll Free 888 846 7180
Fax 530 265 9862
E mail lafco@co.nevada.ca.us
Webpage nclafco.com

Richard Anderson
Cities

Jeff Bender
Districts

Kurt Grundel
Districts

Paul Norsell
Public

Ted Owens
County

Lisa Swarthout
Cities

Hank Weston, Chair
County

Nate Beason
County Alternate

Ed Beckenbach
Districts Alternate

Robert Bergman
Cities Alternate

Josh Susman
Public Alternate

SR Jones
Executive Officer

P. Scott Browne
Legal Counsel

Katherine E. Hudson
Clerk to the Commission

Kate Duroux
Assistant Clerk

May 24, 2011

TO: Cities, Independent Special Districts, and County of Nevada

RE: Nevada LAFCo Adopted Work Program and Budget for 2011-2012

The final LAFCo budget for fiscal year 2011-2012, adopted by the Commission on May 19, 2011, is attached. It can be accessed online from the LAFCo webpage, at nclafco.com, via the "LAFCo Public Documents" link.

The first sheet summarizes the overall budget, while the second gives details of LAFCo's anticipated expenses.

Also attached are three other documents:

- A balance sheet comparing year-end balances for the previous fiscal year (audited), the current fiscal year (estimated), and the coming fiscal year (projected, based on prior years' experience).
- The Auditor's apportionment spreadsheet showing the estimated cost share to be borne by each agency. As you know, LAFCo costs are shared in thirds among the cities, the independent special districts, and the County. The cities' and districts' shares are proportional to their revenues, as reported by the State Controller. The County Auditor is responsible for apportioning the costs and collecting the funds. The attached spreadsheet reflects the same revenue data used for the 2010-2011 budget, but the State Controller usually issues revised revenue reports in late summer, which will likely change the apportionments. Please bear in mind that amounts shown on the current apportionment spreadsheet are approximations, not firm figures.
- The last attachment is the Commission's work program for 2011-2012, which outlines work to be undertaken in the next fiscal year. It includes a summary of the Commission's schedule of Municipal Service Reviews and Sphere Plan Updates for the next several years. LAFCo's work on MSRs and Sphere Plans is mandated by State law and is not within the Commission's discretion to defer or eliminate for cost-saving purposes.

The Commission recognizes that all governmental agencies face very difficult decisions in the effort to balance revenues and expenses under current economic conditions. All but two LAFCo Commissioners themselves serve on

the governing bodies of affected agencies and are intimately concerned with such decisions. As in the past few years, the Commission has incorporated into its budget a number of cost-saving measures in an effort to minimize the impact of LAFCo expenses on the supporting agencies.

You will note that both LAFCo's budgeted expenditures for 2011-2012 and the amount to be funded by agency appropriations are once again lower than the previous year's. This result was achieved through continuation of cost-reduction measures taken previously, as well as reducing the Clerk position from 62.5% to 50%. And the Commission is again funding a portion of projected expenditures from its own resources.

This allocation is reduced by \$10,000, however, from the amount provided last year (from \$75,000 to \$65,000). Further, in its discussion prior to adopting the enclosed budget, the Commission expressed concern that it will no longer be able to support its annual budget at similar levels in future years—and directed staff to clearly communicate that concern to its funding partners.

The enclosed Proforma Balance Sheet shows that next year's unallocated reserves will be approximately \$52,000. Because the supporting agencies are the Commission's only source of funding aside from project fees (which only partially cover project costs), an unexpected demand upon its reserves (e.g., increased workload, litigation) could have serious, unacceptable consequences: inability to fulfill its statutory responsibilities and/or a need to increase its funding requirement on the supporting agencies in the following year.

We look forward to continuing to work in cooperation with all the agencies in Nevada County to serve the interests of its citizens. Your questions and comments are always welcome.

Sincerely,



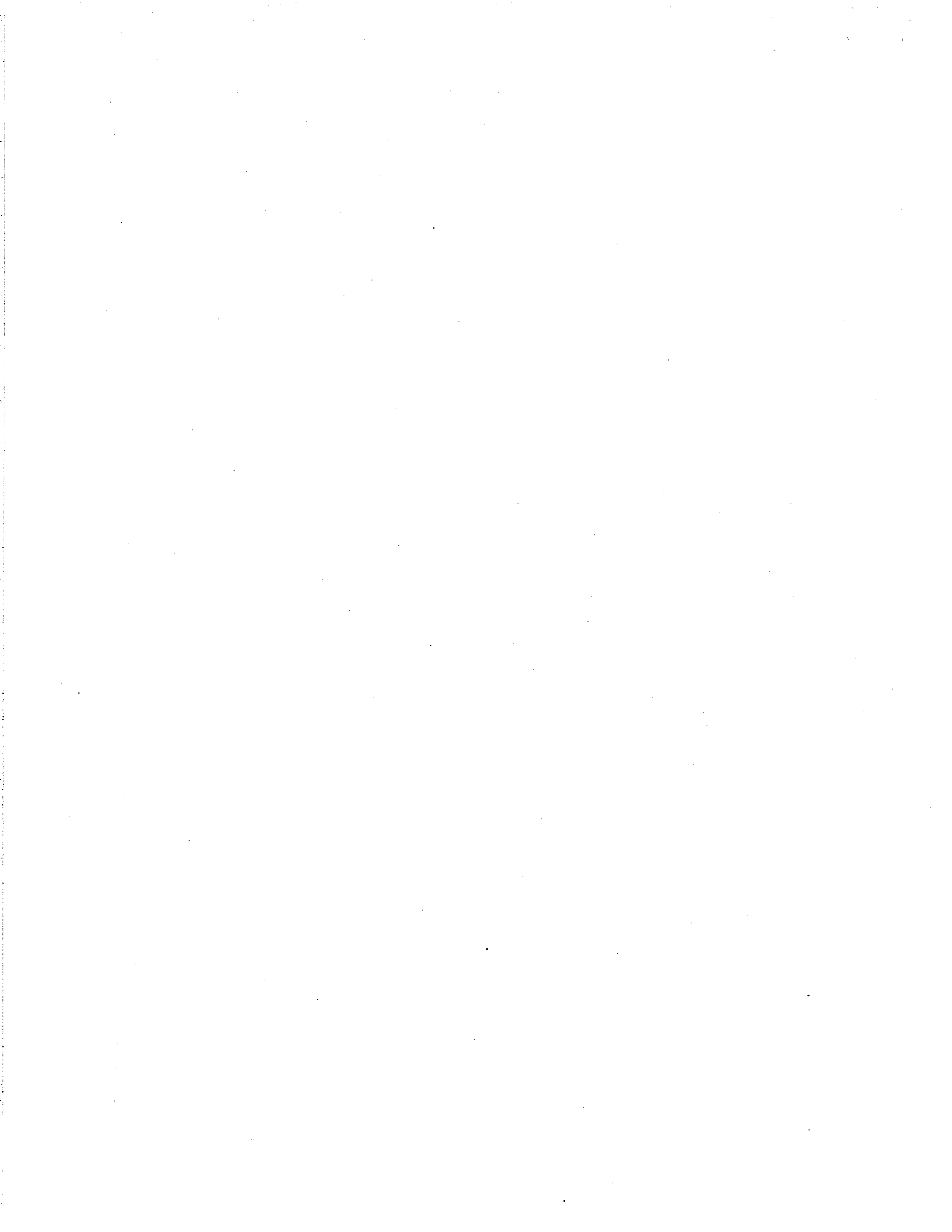
SR Jones, Executive Officer

cc: Hank Weston, Chairman
Paul Norsell, Budget Committee Chair
Board of Supervisors
Marcia Salter, County Auditor/Controller
Clerk & Chair of City Selection Committee

**Nevada LAFCo
 BUDGET SUMMARY
 FISCAL YEAR 2011-2012**

	2009-2010 AUDITED ACTUAL	2010-2011 ADOPTED (Amended) BUDGET	2010-2011 ESTIMATED ACTUAL	2011-2012 ADOPTED BUDGET
REVENUES				
Fee Revenue	12,684	10,000	1,000	10,000
Refunds		(500)	(600)	(500)
Interest	1,682	2,000	1,300	1,500
Cost Recovery		3,500	3,115	200
Apportionment from Funding Agencies	258,652	231,699	231,699	214,870
TOTAL	273,018	246,699	236,514	226,070
EXPENDITURES				
Supplies and Services	58,169	47,544	51,214	52,745
Personnel	196,286	192,755	187,425	190,020
Professional Services	26,696	66,100	87,636	34,405
Contingency	-	15,300	-	13,900
TOTAL	281,151	321,699	326,275	291,070
Increase (Decrease) in Net Assets	(8,133)	(75,000)	(89,761)	(65,000)

Amount to be funded from Net Assets:		\$75,000	89,761	65,000
	(Year in which \$64,000 was approved to fund consulting contracts.)			



NEVADA LAFCo 2011-2012 Expenditures Budget

	2009-2010 ACTUAL	2010-2011 APPROVED BUDGET	2010-2011 ESTIMATED ACTUAL	2011-2012 ADOPTED BUDGET
SUPPLIES & SERVICES				
Information Technology (phone, fax, computers, software)	10,954	13,750	11,500	12,000
Memberships	1,501	1,550	1,571	1,575
Office Supplies & Services	1,133	1,360	1,120	1,150
Postage and Copying	3,112	4,500	10,450	7,990
Rent	17,098	14,154	17,098	17,185
Notices and Publications	930	1,000	1,125	1,325
Stipends - Commission (\$50)	4,500	3,300	2,400	3,300
Mileage, Development & Travel	7,410	7,930	5,950	8,220
Capital Expenses - Durable Goods	-	-	-	-
Depreciation Expense - noncash	4,069	1,818	1,818	1,200
Total Supplies & Services	50,707	47,544	51,214	52,745
PERSONNEL				
Executive Officer				
Clerk/Analyst				
Asst. Clerk				
Benefits, Taxes, Adjustments	196,286		187,425	190,020
Total Personnel	196,286	192,755	187,425	190,020
PROFESSIONAL SERVICES				
Consulting Contracts - MSRs	-	-	-	-
Consulting Contracts - Sphere Assistance	11,825	41,438	66,237	10,782
CPA	1,600	2,500	1,100	1,800
Audit	6,310	6,500	6,295	6,500
Payroll Accounting	720	660	720	720
Project Professional Services	(841)	1,000	500	800
Legal Services - Projects & Administration	7,005	6,000	5,000	6,000
Legal Services - Litigation	77	-	-	-
Administrative Support (County Auditor Services)	4,362	4,800	4,500	4,500
Insurance - Liability	3,100	3,200	3,284	3,300
Total Professional Services	34,158	66,100	87,636	34,405
OTHER				
Contingency		15,300		13,900
Total Other	-	15,300	-	13,900
GRAND TOTAL	281,151	321,699	326,275	291,070

Nevada LAFCo
PROFORMA BALANCE SHEET
FISCAL YEAR 2011-2012

	6/30/2010 AUDITED ACTUAL	6/30/2011 ESTIMATED ACTUAL	6/30/2012 ADOPTED BUDGET
ASSETS			
Cash	\$ 350,612	\$ 267,800	\$ 206,400
Prepaid Insurance	0	3,285	3,300
Accounts Receivable	7,595	4,500	4,900
Total Current Assets	<u>358,207</u>	<u>275,585</u>	<u>214,600</u>
Non-Current Assets			
Capital Assets - net of depreciation	<u>12,618</u>	<u>10,800</u>	<u>9,600</u>
Total Assets	<u>\$ 370,825</u>	<u>\$ 286,385</u>	<u>\$ 224,200</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts Payable	\$ 8,694	\$ 8,500	8,500
Accrued Payroll	8,448	6,603	6,600
Accrued Vacation	6,482	12,211	12,500
Deferred Revenue	883	2,500	5,000
Total Current Liabilities	<u>24,507</u>	<u>29,814</u>	<u>32,600</u>
Net Assets			
Invested in Capital Assets	12,618	10,800	9,600
Fund Balance (unrestricted) - allocated (see schedule)	82,485	107,532	129,315
Fund Balance (unrestricted) - undesignated	251,215	138,239	52,685
Total Net Assets	<u>346,318</u>	<u>256,571</u>	<u>191,600</u>
Total Liabilities and Net Assets	<u>\$ 370,825</u>	<u>\$ 286,385</u>	<u>\$ 224,200</u>
Schedule of Allocated Net Assets			
MSR & Sphere Updates (includes estimated interest earnings)	\$ 36,360	\$ 66,150	96,415
Capital Asset Replacement	14,300	10,600	12,900
In-force Contracts	11,825	10,782	-
CEQA & Other Studies	20,000	20,000	20,000
Total Allocated Net Assets	<u>\$ 82,485</u>	<u>\$ 107,532</u>	<u>\$ 129,315</u>

NOTES TO THE BALANCE SHEET:

Cash – Prior year ending cash balance adjusted by adding the expected revenues, subtracting expected expenses, and adjusting for cash still on hand to pay Accounts Payable and Accrued Payroll.

Capital Assets Net of Depreciation – Carried forward from Capital Assets worksheet,, which tracks depreciation of equipment and improvements.

Accounts Payable – Estimate of current year budgeted expenses which will be unpaid at the end of the FY.

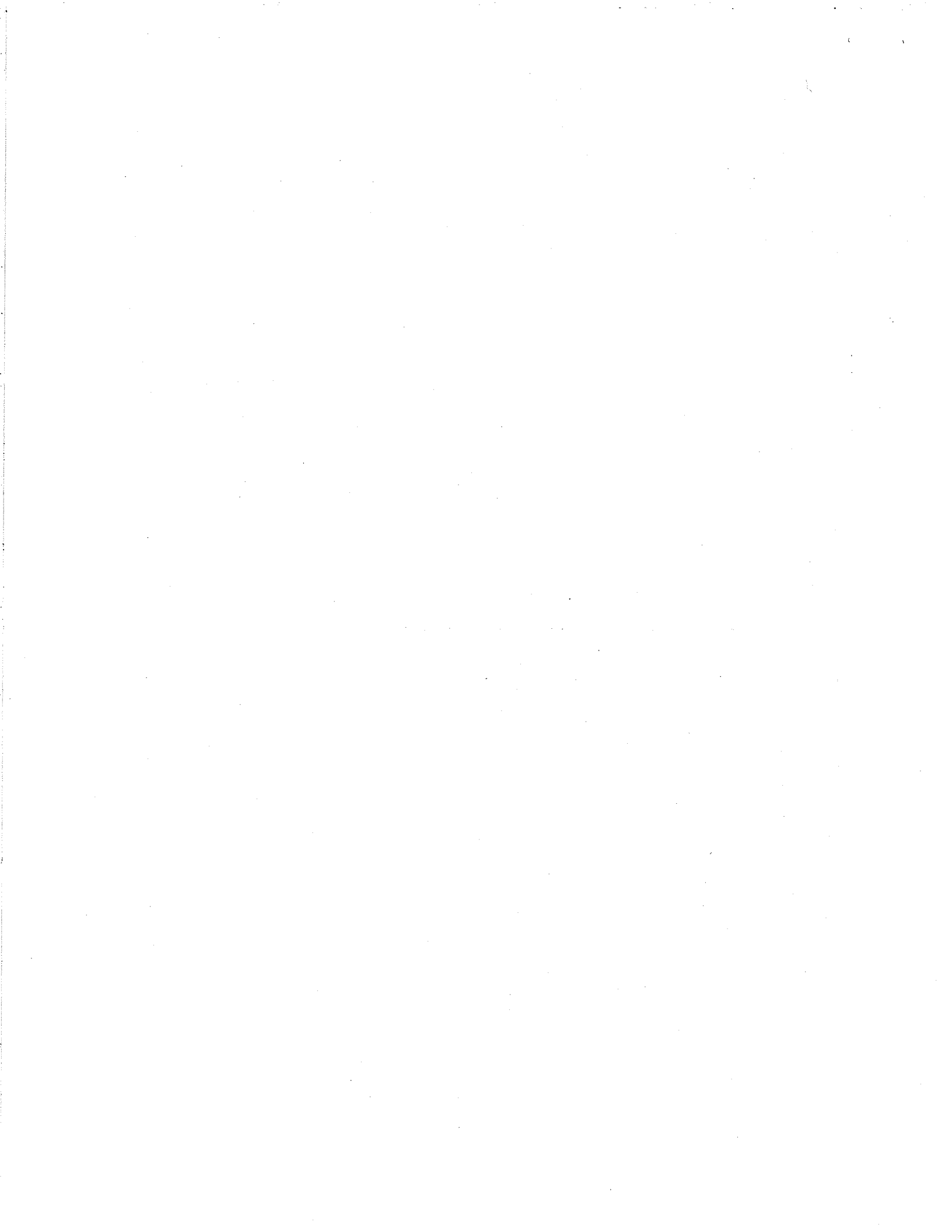
Accrued Payroll – Estimate of current year budgeted payroll which will be unpaid at the end of the FY.

Accrued Vacation – Estimate of audit accrual.

Deferred Revenue – Estimate of unexpended deposits at end of the fiscal year.

Capital Assets – Carried from net amount above in asset section; required component of net asset balance.

Total Net Assets – Total Assets less Total Liabilities equals net assets.



Agency	Share of LAFCo Budget	Apportionment Factor	LAFCo Services	Prior year Allocation to LAFCo	Auditor-Controller Services	Amount Due	Agency Revenues	Reference
County:								
County of Nevada	33.3333%		71,623	77,233	333	\$71,956		
Cities:								
City of Grass Valley	33.3333%	28.276%	20,254	21,840	94	\$20,347	10,042,453 p83	
City of Nevada City		8.719%	6,245	6,734	29	\$6,274	3,096,401 p153	
Town of Truckee		63.003%	45,125	48,659	210	\$45,335	22,374,514 p230	
			71,623	77,233	333	71,956	35,513,366	Total Cities
Special Districts:								
Nevada Cemetery District	33.3333%	0.373%	267	288	1	\$268	387,320 p644	
Truckee Cemetery District		0.146%	104	113	0	\$104	155,551 p734	
Bayers Lane Community Service District		0.013%	9	10	0	\$9	13,898 p444	
Kingsbury Green Community Service District		0.020%	14	15	0	\$14	21,049 p603	
Lake of the Pines Ranchos Road Community Service District		0.056%	40	43	0	\$40	58,976 p606	
Mystic Mine Road Community Service District		0.011%	8	8	0	\$8	11,726 p643	
Higgins Fire District		1.540%	1,103	1,189	5	\$1,108	1,642,207 p592	
Nevada County Consolidated Fire District		4.755%	3,405	3,672	16	\$3,421	5,086,884 p644	
North San Juan Fire District		0.279%	200	216	1	\$201	287,743 p649	
Ophir Hill Fire District		0.846%	463	499	2	\$465	688,178 p655	
Peardale-Chicago Park Fire District		0.350%	251	271	1	\$252	373,699 p661	
Penn Valley Fire District		1.421%	1,018	1,098	5	\$1,023	1,515,322 p662	
Rough and Ready Fire District		0.305%	218	235	1	\$219	324,747 p683	
Truckee Fire District		8.573%	6,140	6,621	29	\$6,189	9,140,986 p734	
Truckee-Donner Recreation and Park District		5.043%	3,612	3,895	17	\$3,629	5,377,024 p734	
Western Gateway Regional Recreation and Park District		0.405%	280	312	1	\$291	431,336 p747	
Bear River Recreation and Park District		0.252%	181	195	1	\$182	269,173 p441	
Truckee Sanitary District		6.744%	4,830	5,209	22	\$4,852	7,191,123 p323	
Nevada County Resource Conservation District		0.264%	189	204	1	\$190	281,648 p644	
Truckee Donner Public Utility District		29.905%	21,419	23,096	101	\$21,520	31,887,622 p225	
San Juan Ridge County Water		0.019%	14	15	0	\$14	20,542 p702	
Washington County Water		0.114%	82	88	0	\$82	121,387 p411,743	
Nevada Irrigation District		38.768%	27,788	29,942	130	\$27,898	41,338,141 p246,382	
		100.000%	71,625	77,234	334	71,959	106,630,293	Total Districts

1,000

214,870

LAFCo 2010-11 net budget.

Multiple Function Utilities	Water Utility	Electric Utility	Ambulance	Fire Protection
Truckee Donner Public Utility District	10,112,355	21,775,267		15,599.00
Washington County Water	105,798			937,984.00
Penn Valley Fire Prot. District				577,338
Nevada Irrigation District	30,073,288	11,264,853		



2011-2012 Projects and Staff Activity

Summary

Project application numbers and development-related project activity are expected to remain flattened next year because of the current economic and development slow-down. There have been some indications of an increase in planning activity that could result in several proposals in the current or 2011-2012 fiscal year. Administrative activity is not expected to change in any significant respect.

LAFCo will continue to focus on updating Sphere of Influence Plans and updating Municipal Service Reviews in order to comply with the legislative requirement to review and/or update all spheres every five years. In 2007 the Commission developed a comprehensive plan, schedule, and savings program to complete the current round of sphere updates and move forward with the following round of MSR and sphere updates. A summary of the schedule, updated and adjusted, is attached. Updates of the spheres of Grass Valley, Truckee Sanitary District and Truckee Donner Public Utility District should be completed either before FYE 2010-2011 or during FY 2011-2012.

Update of the Municipal Service Review for Fire Protection and Emergency Services (Countywide) is scheduled for FY 2011-2012, as is a sphere review/update for Truckee Fire District. Similarly, the two Cemetery Districts have been scheduled for MSR and Sphere of Influence updates in 2011-2012. Finally, the MSRs on Western County Water and Western County Wastewater services have been shifted to 2012-2013 (they had been scheduled for 2011-2012) to be available "just in time" for use in the updates of the Nevada City and Grass Valley spheres of influence (FYE 2014 and 2017, respectively).

Applications

Proposals (including city and district annexations) 2-4

Planning

Municipal Service Reviews 2

- Countywide Fire and Emergency Services
- Countywide Cemetery Services

Sphere Updates 1-3

- Countywide Fire Districts (including Truckee Fire Protection District)
- Countywide Cemetery Districts
- Truckee Donner Public Utility District (in progress)
- Truckee Sanitary District (in progress)

Administrative Projects and Operational Activity

Budget Development and Control

Communication

- Conduct annual organizational LAFCo workshops
- Conduct project-oriented and related subject workshops, as appropriate

Commissioner and Staff Development

- CALAFCo Conference (Proposed budget provides funding for one or two attendees.)
- CALAFCo Staff Workshop
- Seminars and classes, as offered

Nevada LAFCo
2011-2012 Work Program

Public Education

- Utilize media and speaking opportunities
- Submit articles to journals and newspapers
- Issue press releases on substantive actions
- Update agencies on LAFCo Commission membership
- Encourage agencies to request regular LAFCo meeting agendas
- Quarterly newsletter

Resource Development

- Monitor relevant legislation