

# LAFCO

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**Santa Barbara Local Agency Formation Commission**

105 East Anapamu Street ♦ Santa Barbara CA 93101

805/568-3391 ♦ FAX 805/647-7647

www.sblafco.org ♦ lafco@sblafco.org

June 6, 2013 (Agenda)

Local Agency Formation Commission

105 East Anapamu Street, Room 403

Santa Barbara CA 93101

## Final LAFCO Budget for FY 2013-2014

Dear Fellow Commissioners:

### RECOMMENDATION

It is recommended that the Commission:

1. Receive this report, accept public testimony and adopt, with any changes deemed appropriate, the attached Final Budget for Fiscal Year 2013-14.
2. Direct the staff to distribute the Final Budget to the County, cities and special districts as required by Government Code Section 56381.
3. Authorize the County Auditor-Controller to adjust the amounts collected from local agencies based on the actual year-end available fund balance.

### DISCUSSION

The Proposed Budget approved by the Commission on April 4 was distributed to the County Executive, City Managers and Special District Managers and posted on the Commission website.

### Comments Received

The Santa Ynez Community Services District on May 1 posed several questions about LAFCO finances. Our May 15 response is attached (although we are not attaching explanations of each budget line item since that information is part this report to the Commission).

The second attachment, a May 9 letter from the Goleta West Sanitary District, pertains to the LAFCO processing fee schedule and raises two issues:

- There should be a policy to adjust fees annually to account for inflation

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**Commissioners:** Jeff Moorhouse, Chair ♦ Lupe Alvarez ♦ Doreen Farr ♦ Craig Geyer ♦ Bob Orach ♦ Bob Short  
Janet Wolf ♦ Roger Aceves ♦ John Fox ♦ Steve Lavagnino ♦ Roger Welt **Executive Officer:** Bob Braitman

AGENDA ITEM NO. 13

Local Agency Formation Commission  
Final Budget for FY 2013-14  
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- Any refund of processing fees should be based on calculated staff effort expended prior to withdrawal rather than the percent-of-fees-paid formula that now exists.

The Commission on April 4 chose, on a 6-1 vote, to retain the existing processing fee schedule. The matters raised in this letter should be considered the next time the processing fee schedule is to be considered. It is not noticed for this meeting.

Recommended Final Budget

We are not recommending any modifications from the Proposed Budget.

The recommended Final Budget is shown as Attachment A; detailed descriptions of individual accounts are shown in Attachment B.

Appropriations unspent during the fiscal year become part of the available fund balance for the following fiscal year.

Please contact the LAFCO office should you have any questions.

Very truly yours,

A handwritten signature in cursive script that reads "Bob Braitman". The signature is written in black ink and is followed by a horizontal line that extends to the right.

BOB BRAITMAN  
Executive Officer

**SANTA BARBARA LOCAL AGENCY FORMATION COMMISSION**  
 Operating Fund #5320, Santa Barbara LAFCO, Department # 815

**Recommended Final Budget for Fiscal Year 2013-14**

<u>Account name and number.</u>	<u>2012-2013 Adjusted Budget</u>	<u>As of 5/23/13</u>	<u>2013-2014 Rec. Budget</u>	<u>Change</u>
<b>Revenues</b>				
Interest Income - 3380	1 500	389	1 000	- 500
Unrealized Gain/Loss 3381	0	13	0	0
Processing Fee Income - 5738	14 240	23 650	14 240	0
Misc. Revenue – 5909/5860	500	1 941	500	0
Other Gov't Agencies – 4840 *	273 221	256 245	314 520	41 299
Decrease to Retained Earnings– Contingencies	20 000	20 000	0	- 20 000
Decrease to Retained Earnings– Unrestricted**	<u>21 940</u>	<u>0</u>	<u>20 002</u>	<u>-1 938</u>
<b>Total Revenues</b>	331 401	302 238	350 262	18 861

\* This amount to be determined at the end of the fiscal year

\*\* This amount depends on the actual Available Fund Balance at the end of the fiscal year. The current estimate of unrestricted fund balance projects that approximately \$16,194 will be available at the close of the fiscal year.

**Salaries and Benefits**

Commissioner Stipends – 6210	16 500	13 602	16 500	0
FICA Contribution – 6500	1 023	837	1 172	149
FICA/Medicare - 6550	240	196	274	34
Unemployment Insurance – 6700	0	985	0	0
<b>Total Salaries and Benefits</b>	17 763	15 620	17 946	183

**Staff Support** (this account is actually included within the total for Services and Supplies)

Contractual Staff Services – 7510	194 953	167 163	174 588	- 20 365
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**Services and Supplies**

Audit Fees – 7324	5 000	10 200	7 000	2 000
Memberships – 7430	3 102	0	3 102	0
Office Expense – 7450	1 500	380	1 500	0
Postage – 7451	2 000	1 560	2 000	0
Copier Expense - 7453	5 000	4 349	5 000	0
Prof & Spec Services - 7460	30 700	3 388	31 900	1 200

<u>Account name and number.</u>	<u>2012-2013 Adjusted Budget</u>	<u>As of 5/23/13</u>	<u>2013-2014 Rec. Budget</u>	<u>Change</u>
ADP Payroll Fees – 7507	1 125	1 702	1 500	375
Legal Services - 7508	35 000	31 447	35 000	0
Pubs & Legal Notices– 7530	1 000	214	1 000	0
Gen Fund Cost Allocation – 7669	8 783	5 519	21 851	13 068
Training and Travel - 7732	21 000	13 442	21 000	0
<b>Total Services and Supplies</b>	<b>114 210</b>	<b>239 364</b>	<b>130 853</b>	<b>16 643</b>
<b>Other Charges</b>				
Electricity - 7801	700	499	700	0
Natural Gas – 7802	150	86	150	0
Water - 7803	150	93	150	0
Refuse – 7804	75	75	75	0
Utility Services - 7806	50	23	50	0
Liability Insurance - 7895	3 000	2 008	3 000	0
Telephone Services - 7897	350	292	350	0
<b>Total Other Charges</b>	<b>4 475</b>	<b>3 076</b>	<b>4 475</b>	<b>0</b>
<b>Contingency Reserve - 9600</b>			20 000	20 000
<b>Total Contingency Reserve</b>			20 000	20 000
<b>Total Appropriations</b>	<b>331 401</b>	<b>311 401</b>	<b>347 862</b>	<b>16 461</b>

	2012-2013 <u>Adjusted Budget</u>	<u>As of 5/23/13</u>	2013-2014 <u>Rec Budget</u>	<u>Change</u>
<b>REVENUES</b>				
<b>Interest Income - 3380</b>	1 500	389	1 000	- 500
This is revenue from investing available LAFCO funds.				
<b>Unrealized Gain/Loss - 3381</b>	0	13	0	0
<b>Processing Fee Income - 5738</b>	14 240	23 650	14 240	0
This revenue from processing proposals is predicated on the processing fee schedule. It is difficult to predict proposal workload because to some degree new proposals are dependent upon economic activity. Based on recent history we are anticipating receiving seven or eight proposed boundary changes or other applications.				
<b>Miscellaneous Revenue – 5860</b>	500	1 941	500	0
These are revenues from sale of documents, maps etc. Revenue this year results from testimony the Executive Officer provided in a lawsuit concerning school mitigation fees in Santa Maria.				
<b>Other Gov't Agencies – 4840</b>	273 221	256 245	314 520	41 299
Essentially the Commission is funded in equal thirds by the County, cities and independent special districts. Amounts depend on (a) adopted budget, (b) available fund balance at end of fiscal year and (c) projected operational revenues. This amount to be determined at the end of the fiscal year.				
<b>APPROPRIATIONS</b>				
<b>SALARIES AND BENEFITS</b>				
<b>Commissioner Stipends – 6210</b>	16 500	13 602	16 500	0
This account funds Commissioner per diem stipends. The amount is based on 11 Commissioners attending 10 meetings at \$150 per meeting (\$16,500) and four Commissioners attending four meetings of the Standing Committee on Legislation at \$150 per meeting (\$2,400). Funds are expended only if meetings are held.				
<b>FICA Contribution – 6500</b>	1 023	837	1 172	149
Per the County Auditor this account is budgeted at .062% of taxable salaries and benefits.				
<b>FICA/Medicare – 6550</b>	240	196	274	34
Per the County Auditor this account is budgeted at .0145% of taxable salaries and benefits.				
<b>Unemployment Insurance– 6700</b>	0	985	0	0

Table of Accounts - Recommended Final Budget – June 6, 2013

	2012-2013		2013-2014	
	<u>Adjusted Budget</u>	<u>As of 5/23/13</u>	<u>Rec Budget</u>	<u>Change</u>

**LAFCO STAFFING** (this account is actually included within Services & Supplies)

<b>Contractual Staff Services – 7510</b>	194 953	167 163	174 588	- 20 365
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The amount of \$20,000 was transferred to this account from the contingency fund to compensate Paul Hood \$5,000 per month for March through June. The contract with Mr. Hood to serve as Executive Officer will be effective July 1, 2013 at the amount of \$14,549 per month.

**SERVICES AND SUPPLIES**

<b>Audit Fees – 7324</b>	5 000	10 200	7 000	2 000
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The Commission finances are subject to annual audit. The amount paid this year includes the prior year audit. Depending on the firm selected to audit the current fiscal year, this amount of this account may need to be further adjusted in the future.

<b>Memberships – 7430</b>	3 102	0	3 102	0
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Membership in the California Association of LAFCOs.

<b>Office Expense – 7450</b>	1 500	380	1 500	0
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This funds supplies and equipment to support Commission activities. It is essential that sufficient funds are budgeted to undertake and complete LAFCO studies and projects.

Consideration is being given to augmenting existing LAFCO space with a small adjacent office. If this is pursued surplus furnishings may be available from the County at very limited cost. This matter is being researched and will be discussed in the Final Budget if it is decided to proceed.

<b>Postage – 7451</b>	2 000	1 560	2 000	0
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This account funds postage and related services. It is essential that sufficient funds are budgeted to distribute LAFCO notices, reports and other mailings to local agencies and interested parties.

<b>Copier Expense - 7453</b>	5 000	4 349	5 000	0
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This account funds printing of notices, reports, resolutions, correspondence and other materials.

<b>Professional &amp; Specialized Services – 7460</b>	30 700	3 388	31 900	1 200
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The account funds services not provided directly by LAFCO staff or legal counsel. These include televising and recording LAFCO meetings, updating the LAFCO website and maintaining city and special district maps in the Commission’s Directory of Public Agencies. The increase is predicated on modifying the maintenance of the Commission’s webpage

	2012-2013 <u>Adjusted Budget</u>	<u>As of 5/23/13</u>	2013-2014 <u>Rec Budget</u>	<u>Change</u>
<b>ADP Payroll Services - 7507</b>	1 125	1 702	1 500	375
This account funds ADP Small Business Services charges to process per diem stipends. It costs approximately \$150 per meeting for payroll processing.				
<b>Legal Services - 7508</b>	35 000	31 447	35 000	0
This account funds estimated legal counsel services. The actual amount charged is adjusted in subsequent years based on General Fund Cost Allocation calculations.				
<b>Publications/Legal Notices-- 7530</b>	1 000	214	1 000	0
Costs to publish legal notices for LAFCO hearings.				
<b>Gen Fund Cost Allocation – 7669</b>	8 783	5 519	21 851	13 068
This account funds services provided by the County. These include support of the County Auditor to keep financial records, make payments and process deposits; the County Treasurer to retain and invest funds; use of office space; and adjustments in legal counsel billings due to actual hours rather than estimates. See the attached Allocation Detail provided by the County Auditor.				
<b>Training and Travel – 7732</b>	21 000	13 442	21 000	0
This account funds expenses for Commissioners and staff to attend LAFCO meetings, CALAFCO conferences and workshops, CALAFCO Board meetings and educational programs. It has been unchanged since FY 2003-04.				
<b>OTHER CHARGES</b>				
The figures in these accounts are provided by the County except for the liability insurance figure which is based on the Commission's policy with Alliant Insurance Services. We are including the same amounts as for the current year, although these may change slightly when new figures are available from the County General Services Department.				
<b>Electricity – 7801</b>	700	499	700	0
<b>Natural Gas – 7802</b>	150	86	150	0
<b>Water – 7803</b>	150	93	150	0
<b>Refuse – 7804</b>	75	75	75	0
<b>Utility Services – 7806</b>	50	23	50	0
<b>Liability Insurance - 7895</b>	3 000	2 008	3 000	0
<b>Telephone Services – 7897</b>	350	292	350	0

Table of Accounts - Recommended Final Budget – June 6, 2013

# SANTA YNEZ COMMUNITY SERVICES DISTRICT

Mailing Address: P.O. Box 667, Santa Ynez, CA 93460-0667 • (805) 688-3008

May 1, 2013

Local Agency Formation Commission  
Bob Braitman, Executive Director  
1005 East Anapamu Street  
Santa Barbara, CA 93101

Re: Proposed Budget 2013-2014

Dear Bob:

I have some questions and comments on the proposed budget:

- It would be helpful if an explanation of each line item was attached.
- It appears that you are planning on transferring \$20,000 into reserves from the 2013-2014 revenue?
- I assume that the commissioners are given financial statements. Are they also available to the other agencies?
- How much is held in reserves? Is it only held for cash flow and/or budget adjustments?
- If the budget adopted on June 6th is the "final" budget, when are the adjustments made for the contingencies and unrestricted fund balance?
- Does the commissioners see the allocation detail by the County Auditor?
- When the budget is approved on June 6th, will the commissioners receive a financial report of expenses through May 31st?
- The budget doesn't balance, \$2,400 more in revenue.

Thank you for giving me the opportunity to comment on the 2013-2014 proposed budget.

Best regards,



Bobbie Martin  
General Manager



# LAFCO

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**Santa Barbara Local Agency Formation Commission**

105 East Anapamu Street ♦ Santa Barbara CA 93101

805/568-3391 ♦ FAX 805/647-7647

www.sblafco.org ♦ lafco@sblafco.org

May 15, 2013

Bobbie Martin  
General Manager  
Santa Ynez Community Services District  
PO Box 667  
Santa Ynez CA 93460-0667

## **Proposed LAFCO Budget for FY 2013-2014**

Dear Bobbie:

I am responding to your letter regarding the LAFCO budget. Since other local agencies may have similar questions I am sending a copy of this letter to the County Executive and each city manager and each independent special district manager.

Following are your comments, followed by our responses.

- It would be helpful if an explanation of each line item was attached.

A detailed explanation of each line item was presented to the Commission when it considered the budget and that information is available on the LAFCO website. Nevertheless we are attaching an explanation of each line item to this letter.

- It appears you are planning on transferring \$20,000 into reserves from the 2013-14 revenue?

The Commission maintains an annual \$40,000 reserve for unanticipated expenses. This year half of that amount was used to fund a partial year contract with Paul Hood who will become the Executive Officer on July 1. This appropriation is to replace the \$20,000 so the reserve is maintained at \$40,000.

- I assume the commissioners are given financial statements. Are they also available to other agencies?

The Commission receives periodic financial statements of appropriations, expenditures to date, projected revenue and amounts received to date. Those reports are placed on the Commission's meeting agenda and are available to local agencies on the LAFCO website.

- How much is held in reserves? Is it only held for cash flow and/or budget adjustments?

A reserve consisting of \$40,000 is available only for unanticipated expenses and its use requires specific Commission approval.

For the years that LAFCO was included in the County General Fund there no need for a separate reserve. However, beginning in 2001 when LAFCO was beginning to be funded in equal thirds by the County, cities and special districts, it was no longer part of the General Fund and a separate, stand-alone fund was established. This fund contains the \$40,000 reserve for unanticipated expenses.

- If the budget adopted on June 6<sup>th</sup> is the "final" budget, when are the adjustments made for the contingencies and unrestricted fund balance?

When the Commission adopts the Final Budget on June 6, the actual year-end fund balance will still be only an estimate. It has been Commission practice to authorize the County Auditor-Controller to adjust the amounts collected from local agencies based on the actual year-end available fund balance on June 30.

- Do the commissioners see the allocation detail by the County Auditor?

Once LAFCO adopts the budget it not involved in apportioning the expense to the County, cities and special districts. That apportionment is done by the County Auditor-Controller and is public information. We have not generally provided those details to the Commission.

- When the budget is approved on June 6<sup>th</sup>, will the commissioners receive a financial report of expenses through May 31<sup>st</sup>?

During the year the Commission receives periodic reports of expenditures and revenues but not each month. The June 6 agenda does not include a report of expenses through May 31, however the Commission will receive a list of disbursements made in April and May. This information is public and part of the meeting packet that can be found on the LAFCO website.

The Commission will receive a report at its first meeting in the new fiscal year of all revenues received and expenditures made during the just ended fiscal year

- The budget doesn't balance, \$2,400 more in revenue.

We will review this matter and make any necessary adjustments for the Final Budget. Any excess revenue contributes to the year end fund balance and reduces the amount of financial support needed from local agencies for the following year.

Bobbie Martin  
May 15, 2013  
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Please contact the LAFCO office if you have any questions.

Very truly yours,

A handwritten signature in black ink, appearing to read "Bob Braitman", followed by a long horizontal line extending to the right.

BOB BRAITMAN  
Executive Officer

cc: Each Member of the Commission  
County Executive Officer  
Each City Manager  
Each Independent Special District Manager  
Paul Hood, Executive Officer-Elect



www.goletawest.com  
phone: 805 968-2617, fax: 805 562-8987

P.O. Box 4, Goleta, CA 93116-0004  
UCSB Campus Parking Lot 32, Santa Barbara, CA 93106

May 9, 2013

Santa Barbara Local Agency Formation Commission  
105 East Anapamu Street  
Santa Barbara, CA 93101

Re: Proposed 2013-14 LAFCO Budget

Dear Honorable Chair and Commissioners:

This letter is submitted on behalf of the Goleta West Sanitary District and offers two comments with respect to the budget for the upcoming fiscal year.

First, Goleta West suggests that LAFCO adopt a fiscal policy of annually adjusting its fees and charges to account for inflation.

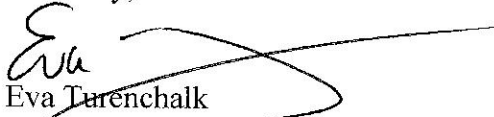
Second, Goleta West suggests that LAFCO revise its policy regarding refunds of applicant fees when the application is withdrawn. The proposed budget provides for a fixed refund, without regard to the level of effort expended by LAFCO staff. In some cases, this may result in a refund that is less than the unexpended portion of the application fee. In other cases, this may result in a refund that is more than the unexpended portion of the application fee. Instead of a fixed refund amount, we suggest that the refund amount be calculated by deducting the actual fees incurred (hours spent by LAFCO staff multiplied by the hourly rate) from the application fee paid.

To accomplish this, we suggest that paragraph 3 under "Fee Policies" be revised as follows:

3. Allowed refunds are based on staff effort that has been expended prior to the withdrawal of the application. as follows:  
After staff requests report backs 80% of the fee  
After Certificate of Filing has been issued 50% of the fee

Thank you for considering these comments.

Sincerely,

  
Eva Tarenchalk  
President