

May 5, 2016 (Agenda)

Local Agency Formation Commission
105 East Anapamu Street, Room 407
Santa Barbara CA 93101

Final LAFCO Budget for FY 2016-2017

Honorable Commissioners:

RECOMMENDATION

It is recommended that the Commission:

- a) Review, accept all public testimony and approve the Final Budget for Fiscal Year 2016-17;
- b) Direct the staff to distribute the Final Budget to the County, cities, and special districts as required by Government Code Section 56381; and
- c) Notify the County Auditor to proceed pursuant to Government Code section 56381.6 with apportionment of LAFCO costs among the County, cities, and special districts.

DISCUSSION

The Proposed Budget was approved by the Commission on April 7, 2016. Prior to consideration of the proposed budget, it was distributed to all cities, independent special districts and the County.

Following the April 7th Commission meeting, the approved Proposed Budget was transmitted to the County Executive, City Managers and Special District Managers. The notice of Final Budget hearing was posted on the Commission website and published in the Santa Barbara News-Press. The Final Budget staff report was also distributed to the County Executive, City Managers and Special District Managers

The notification and hearing process is consistent with the provisions of Government Code Section 563 81. Pursuant to this section, “The Commission shall to adopt annually following noticed public hearings, a proposed budget by May 1 and a final budget by June 15.”

Summary of Final Budget

The recommended Final Budget is \$378,561, an increase of \$24,030 over the current year budget. Following is a budget summary.

<u>Final Budget Summary</u>	<u>Adjusted Budget 2015-16</u>	<u>Final 2016-17</u>	<u>Change</u>
Salaries and Benefits	\$ 16 100	17 225	\$ 1 125
Contracted Staff Support	210 508	220 000	9 492
Services & Supplies	106 137	89 991	-16 146
Other Charges	<u>1 816</u>	<u>1 375</u>	<u>-441</u>
Total	334 561	378 591	-24 030
Contingencies	20 000	50 000	30 000
Total Appropriations	354 561	378 591	24 030
Revenues	354 561	378 591	24 030

Detailed Description of Individual Accounts

The Recommended Final Budget spreadsheet and specific line item accounts is attached as **Exhibit A**. There is also a column for current year-to-date revenues and expenditures, projected year-end revenues and expenditures, the increase/decrease between the current and proposed budget and percentage increase/decrease. Appropriations not expended during one fiscal year become part of the available fund balance to finance the Commission in the following fiscal year.

Designation for Contingency

During 2014-15, \$40,000 was transferred to the contingency/reserve account. In 2015-16, \$20,000 was transferred to the contingency. For the 2016-17 budget an additional \$50,000 is recommended to be added to the Contingency Reserve Account, Line Item 9600. Because of this, the reserve fund will increase to \$110,000 on June 30, 2017.

The additional reserves will be used for unanticipated expenses such as legal services and other unbudgeted expenses. Funds from the contingency/reserve account, with Commission approval, can be transferred to the operating budget. Reserves could be used for contract consultant services

for MSR/SOI updates and to cover staff costs for increased workload. Reserves can also be used to cover transitional costs for new staff.

Commission Clerk Services

The Commission will continue to utilize the County Clerk to the Board (COB) for Commission Clerk services. In March 2014, the Commission opted to pick up the cost of Clerk services for a portion of 2013-14 and all of 2014-15 and 2015-16. The cost of Clerk Services was previously paid by the Executive Officer from Contractual Staff Service – Line Item 7510. The Contractual Staff Service account for the Executive Officer was reduced by \$30,000. An additional \$30,000 was included in 2014-15 for a total of \$60,000 for Commission Clerk services. It is recommended that an additional \$9,492 be allocated for Clerk services and to cover the Executive Officer's CPI increase for 2016-17.

Services and Supplies

In the area of Services and Supplies, Line Item 7669, was reduced by -\$32,014. As explained by the County Auditor-Controller's Office, the main reason for the decrease is a reduction of County Counsel charges by -\$35,705 between 2014-15 and 2015-16 for the General Fund Cost Allocation Plan (CAP). In 2014-15, County Counsel's direct billings were lower than their allocated costs (\$50,437 in allocated costs less \$40,002 in direct billings) while in 2015-16 the direct billings were closer to the costs allocated in the plan (\$42,428 in allocated costs less \$41,610 in direct bills). This change, along with the roll forward (the roll forward is an adjustment that brings CAP from 2 years prior to the actual costs in that year), resulted in the net decrease in county counsel charges of (\$35,705). This resulted in a \$6,679 credit for the 2015-16. For 2016-17, there is another decrease of \$24,459 in Line Item 7669.

Revenue Accounts

In the area of Revenues, LAFCO Billings to the County of Santa Barbara, Cities, and Special Districts will increase by \$9,030. LAFCO Processing Fees are also projected to increase by \$15,000 based on current year projections.

Conclusion

In consideration of this information, it is recommended the Recommended Final Budget be approved and distributed to the Board of Supervisors, each city, and to each special district, as required by Government Code Section 56381.

Local Agency Formation Commission
Final Budget for FY 2016-17
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EXHIBIT

Exhibit A Recommended Final LAFCO Budget for FY 2016-17

Please contact the LAFCO office if you have any questions.

Sincerely,



PAUL HOOD
Executive Officer

Cc: County Executive Officer
 Each City Manager
 Each Special District Manager

	2015-2016 <u>Adjusted Budget</u>	<u>As of 4/19/16</u>	2016-2017 <u>Rec Final</u> <u>Budget</u>	<u>Change</u>
REVENUES				
Interest Income - 3380	650	632	650	0
This is revenue from investing available LAFCO funds.				
Unrealized Gain/Loss - 3381	0	310	0	0
Processing Fee Income - 5738	25 000	33 165	40 000	15 000
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 ten or twelve proposed boundary changes or other applications.				
Miscellaneous Revenue – 5860	500	5	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.				
Other Gov't Agencies – 4840	328 411	327 608	337 441	9 030
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.				
APPROPRIATIONS				
SALARIES AND BENEFITS				
Commissioner Stipends – 6210	14 000	11 154	15 000	1 000
This account funds Commissioner per diem stipends. Commissioner stipends are processed through ADP. The amount is based on 11 Commissioners attending 10 meetings at \$150 per meeting (\$16,500). Funds are expended only if meetings are held.				
FICA Contribution – 6500	1 200	679	1 250	50
Per the County Auditor this account is budgeted at .062% of taxable salaries and benefits.				
FICA/Medicare – 6550	300	158	350	50
Per the County Auditor this account is budgeted at .0145% of taxable salaries and benefits.				
Unemployment Insurance– 6700	600	372	625	25
This contribution is also withheld by ADP.				

	2015-2016 <u>Adjusted Budget</u>	<u>As of 4/19/16</u>	2016-2017 <u>Rec Final</u> <u>Budget</u>	<u>Change</u>
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LAFCO STAFFING (this account is actually included within Services & Supplies)

Contractual Staff Services – 7510	210 508	182 335	220 000	9 492
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Effective July 1, 2016, the Executive Officer compensation is \$12,394.78 per month. Pursuant to the Executive Officer’s contract, this amount is adjusted on July 1 each year based on the CPI for the Los Angeles/Long Beach area for the previous 12 months. No benefits are included in the professional services contract. Also pursuant to a contract between the Commission and the County of Santa Barbara, the Clerk to the Board for Clerk services are funded at \$60,000 per year.

SERVICES AND SUPPLIES

Audit Fees – 7324	6 000	5 600	6 000	0
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The Commission finances are subject to annual audit. The amount budgeted for 2016-17 is based on the actual 2015-16 cost.

Memberships – 7430	4 334	4 693	5 000	666
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Membership in the California Association of LAFCOs (CALAFCO) and the California Special Districts Association (CSDA).

Office Expense – 7450	1 500	837	1 200	-300
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This funds supplies and equipment to support Commission activities. The Clerk to the Board separates out office expenses from its LAFCO Clerk services.

Copier Expense - 7453	1 000	30	1 000	0
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This account funds printing of notices, reports, resolutions, correspondence and other materials. The Clerk to the Board separates out copying expenses from its LAFCO Clerk services.

Professional & Specialized Services – 7460	36 000	0	36 000	0
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The account funds services not provided directly by LAFCO staff or legal counsel. These include televising and recording LAFCO meetings and updating and maintaining city and special district maps in the Commission’s Directory of Public Agencies. This account is also used for outside consultants and contractors to assist with complex projects and proposals.

ADP Payroll Services - 7507	2 000	1 256	1 750	-250
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	2015-2016		2016-2017	
	<u>Adjusted Budget</u>	<u>As of 4/19/16</u>	<u>Rec Final</u>	<u>Change</u>
			<u>Budget</u>	

This account funds ADP Small Business Services charges to process per diem stipends. It costs approximately \$150 per meeting for payroll processing.

Legal Services - 7508	35 000	29 905	35 000	0
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This account funds estimated legal counsel services. The actual amount charged is adjusted in subsequent years based on General Fund Cost Allocation calculations.

Publications/Legal Notices– 7530	1 000	2 137	2 500	1 500
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Costs to publish legal notices for LAFCO hearings.

Gen Fund Cost Allocation – 7669	-6 697	-6 579	-24 459	-17 762
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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.

Training and Travel – 7732	26 000	17 986	26 000	0
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This account funds expenses for Commissioners and staff to attend LAFCO meetings, CALAFCO conferences and workshops, CALAFCO Board meetings and educational programs. The account is recommended for an increase based on participation on the CALAFCO Board of Directors and the CALAFCO Legislative Committee.

OTHER CHARGES

The figures in these accounts are provided by the County. Some of these accounts have decreased slightly for 2016-17. LAFCO is included in the County's liability insurance program so it is not necessary to fund this item separately.

Electricity – 7801	795	482	612	-183
Natural Gas – 7802	135	67	115	-20
Water – 7803	135	110	100	-35
Refuse – 7804	135	86	0	-135
Utility Services – 7806	65	48	65	-65
Liability Insurance - 7895	196	0	200	4
Telephone Services – 7897	355	289	348	-7

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

RECOMMENDED FINAL 2016-17 BUDGET - May 5, 2016

Account Name and Number	2015-16 Final Budget	As of 4/19/2016	Projected Year-End	2016-17 Final Budget	Inc/Dec	% Inc/Dec
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Revenues

Interest Income - 3380	650	632	650	650	0	0%
Unrealized Gain/Loss - 3381	0	310	310	0	0	0%
Other Gov't Agencies - 4840	328,411	327,608	328,411	337,441	9,030	0%
Planning Studies Service - 5738	25,000	33,165	40,000	40,000	15,000	63%
Misc. Revenue - 5909	500	5	5	500	0	0%
Total Revenues	354,561	361,720	369,376	378,591	24,030	6.8%

Expenditures

Salaries and Benefits

Commissioner Stipends - 6210	14,000	11,153	15,000	15,000	1,000	7%
FICA Contribution - 6500	1,200	679	1,200	1,250	50	4%
FICA/Medicare - 6550	300	159	300	350	50	14%
Unemployment Insurance - 6700	600	373	600	625	25	4%
Total Salaries and Benefits	16,100	12,364	17,100	17,225	1,125	7.0%

Staff Support

Contractual Staff Services - 7510	210,508	182,335	217,929	220,000	9,492	4%
Total Staff Support	210,508	182,335	217,929	220,000	9,492	4%

Services and Supplies

Audit Fees - 7324	6,000	5,600	6,000	6,000	0	0%
Memberships - 7430	4,334	4,693	4,693	5,000	666	13%
Office Expense - 7450	1,500	837	1,200	1,200	-300	-25%
Copier Expense - 7453	1,000	30	750	1,000	0	0%
Prof & Special Services - 7460	36,000	0	36,000	36,000	0	0%
ADP Payroll Fees - 7507	2,000	1,256	1,750	1,750	-250	-14%
Legal Services - 7508	35,000	29,905	35,000	35,000	0	0%
Pubs & Legal Notices 7530	1,000	2,137	2,500	2,500	1,500	60%
Gen Fund Cost Allocation - 7669	-6,697	-6,579	-6,579	-24,459	-17,762	73%
Training and Travel- 7732	26,000	17,986	22,000	26,000	0	0%
Total Services and Supplies	106,137	55,865	103,314	89,991	-16,146	-15.2%

Other Charges

Electricity - 7801	795	482	795	612	-183	-23%
Natural Gas - 7802	135	68	135	115	-20	-15%
Water - 7803	135	110	135	100	-35	-35%
Refuse - 7804	135	86	135	0	-135	0%
Utility Services - 7806	65	48	65	0	-65	0%
Liability Insurance - 7895	196	0	196	200	4	2%
Telephone Services - 7897	355	289	355	348	-7	-2%
Total Other Charges	1,816	1,083	1,816	1,375	-441	-24.3%

Contingency Reserve - 9600	20,000	20,000	20,000	50,000	30,000	60%
Total Contingency Reserve	20,000	20,000	20,000	50,000	30,000	60%
Total Exp/Appropriations	354,561	271,647	360,159	378,591	24,030	7%

*Adding \$50,000 to contingencies will increase reserves to \$110,000 at 6/30/17