

April 7, 2016 (Agenda)

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

Proposed LAFCO Budget for FY 2016-2017

Dear Members of the Commission:

RECOMMENDATION

It is recommended that the Commission:

1. Review the Proposed Budget for Fiscal Year 2016-17, accept all public testimony and approve the Proposed Budget as presented.
2. Direct the staff to distribute the approved Proposed Budget to cities, special districts and the County as required by Government Code Section 56381.
3. Schedule a public hearing for May 5, 2016 to consider and adopt the Final Budget.

DISCUSSION

Introduction

LAFCO is an independent commission established by the legislature to carry out specific duties and objectives. It is responsible for adopting its budget to fulfill the purposes described in the Cortese-Knox-Hertzberg Act. The law does not require approval of the Commission budget by the County or any other local agencies.

Government Code section 56381 states, "At a minimum, the proposed and final budget shall be equal to the budget adopted for the previous fiscal year unless the commission finds that reduced staffing or program costs will nevertheless allow the commission to fulfill the purposes and programs of this chapter."

Government Code Section 56381 requires LAFCO, after conducting public hearings, to:

- Adopt a proposed budget for the next fiscal year not later than May 1. This is transmitted to the County, each city and each independent special district for their review and comment.
- Adopt the final budget for the next fiscal year by June 15.

Summary of Proposed Budget

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

<u>Proposed Budget Summary</u>	<u>Adjusted Budget 2015-16</u>	<u>Proposed 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 proposed budget spreadsheet and specific line item accounts is attached as **Exhibit A**. The speed sheet presents the Recommended Proposed 2016-17 Budget. 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. 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 the remainder of 2013-14 and all of 2014-15. The cost of Clerk Services were 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.

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Conclusion

In consideration of this information, it is recommended the Proposed Budget be approved for distribution to local agencies as required by Government Code Section 56381 and that a public hearing on the Final Budget be scheduled for the May 7, 2016, Commission meeting.

EXHIBIT

Exhibit A Proposed FY 2016-17 LAFCO Budget

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

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

PROPOSED 2016-17 BUDGET - April 7, 2016

Account Name and Number	2015-16 Final Budget	As of 3/24/2016	Projected Year-End	2016-17 Proposed Budget	Inc/Dec	% Inc/Dec
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Revenues

Interest Income - 3380	650	330	650	650	0	0%
Unrealized Gain/Loss - 3381	0	-245	-245	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	360,863	368,821	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	163,447	217,929	220,000	9,492	4%
Total Staff Support	210,508	163,447	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	1,861	2,200	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	15,093	22,000	26,000	0	0%
Total Services and Supplies	106,137	52,696	103,014	89,991	-16,146	-15.2%

Other Charges

Electricity - 7801	795	572	795	612	-183	-23%
Natural Gas - 7802	135	113	135	115	-20	-15%
Water - 7803	135	139	135	100	-35	-35%
Refuse - 7804	135	97	135	0	-135	0%
Utility Services - 7806	65	39	65	0	-65	0%
Liability Insurance - 7895	196	0	196	200	4	2%
Telephone Services - 7897	355	260	355	348	-7	-2%
Total Other Charges	1,816	1,220	1,816	1,375	-441	-24.3%

Contingency Reserve - 9600	20,000	0	0	50,000	30,000	60%
Total Contingency Reserve	20,000	0	0	50,000	30,000	60%
Total Exp/Appropriations	354,561	229,727	339,859	378,591	24,030	7%