LAFCO

Santa Barbara Local Agency Formation Commission

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April 7, 2005 (Agenda)

Local Agency Formation Commission 105 East Anapamu Street, Room 403 Santa Barbara CA 93101

Proposed LAFCO Budget for FY 2005-06

Dear Members of the Commission:

RECOMMENDATION

It is recommended that the Commission:

- 1. Receive this Proposed Budget for Fiscal Year 2005-06, accept any public testimony and approve the financial program as presented herein or as modified.
- 2. Direct the staff to distribute the Proposed Budget to the County and local agencies as required by Government Code Section 56381.
- 3. Appoint an ad hoc committee to consider staff performance and compensation, with a report to be made to the Commission prior to adoption of the Final Budget
- 4. Schedule a public hearing to consider and adopt the Final Budget on June 2.
- 5. Direct the staff to advise the Commission of any changed conditions that could adversely affect LAFCO's ability to fulfill its responsibilities in the coming fiscal year.

DISCUSSION

Introduction

The Commission on March 3 approved a schedule to review and adopt the LAFCO Budget for the coming fiscal year. Approval of the Proposed Budget is scheduled for April 7 and adoption of the Final Budget will occur on June 2.

The staff presents herewith a Proposed Budget for the coming fiscal year. It is very similar to the current year's budget, with minor adjustments based on actual experience or anticipated expenses.

No changes in staff compensation are included in the proposed budget. It is recommended that the Commission appoint an *ad hoc* committee to consider staff performance and compensation, with a report to be made to the Commission prior to adoption of the Final Budget.

The recommended Proposed Budget is \$255,750, \$1,050 more than the current year. Following is a summary of the Proposed Budget, followed by a detailed discussion of individual line items.

Proposed Budget - Summary for FY 2005-2006

	Current <u>2004-05</u>	Proposed <u>2005-06</u>	Difference
Services & Supplies Other Charges	\$ 253 850 <u>850</u>	\$ 253 500 2 250	- 350 <u>1 400</u>
Total Expenditures	254 700	255 750	1 050
Interest income Processing Fees Other Misc. Revenue Local Gov't Agencies	4 600 25 500 0 124,600 154 700	2 500 23 375 300 124,600	- 2 100 - 2 125 300 0 - 3 925
Proj. Avail. Fund Balance	100,000	104 975	4 975
Total Financing Sources	254 700	255 750	1 050

Discussion of Individual Accounts

For each account the table presents current budget, year-end projection, proposed budget for next year and the change from the current year, if any.

Account name and number.	2004-2005 Final Budget	Projected Year End	2005-2006 Draft Budget	<u>Change</u>
APPROPRIATION ACCOUNTS				
Communications – 7050	\$ 1600	600	1 000	- 600

Telephone and fax expenses. \$600 reduction is recommended based on actual experience.

Audit Fees – 7324

2 100

2 200

2 300

+200

Costs reflect prior experience with the firm of Moss, Levy & Hartzheim. \$100 increase proposed.

Memberships – 7430

1 350

1 350

1 400

+50

Membership in the California Association of LAFCOs. Reflects \$50 dues increase.

Office Expense – 7450

6 500

2 500

6 500

0

Supplies and equipment to support Commission activities. The recommended amount is the same as the current year, but more than projected actual expenses. Increased costs are anticipated next year to complete the municipal service reviews and update spheres of influence.

Postage – 7451

4 000

1 600

4 000

0

This account funds postage and courier services. Projected expenses this year are \$1,600. The recommended amount is the same as the current year based on anticipated costs to distribute municipal service reviews and sphere of influence updates.

Copier Expense - 7453

3 600

3 700

3 600

0

This account funds printing of notices, reports, resolutions, correspondence and other materials.

Professional & Specialized

25 000

8 000

25 000

0

Services - 7460

The account funds research, services and specialized studies that are not provided by the LAFCO staff, including charges by County departments, funding for televising LAFCO meetings and maintenance of the website. The recommendation is unchanged from the current year.

Legal Services - 7508

20 000

12 000

20 000

0

This account funds legal services. The recommendation is unchanged from the current year based on actual experience and the need to retain funds for unanticipated legal issues.

Contract Staff Services – 7510

148 200

148 200

148 200

0

Executive Officer and Commission Clerk services are provided through a professional services agreement. The amount in the Proposed Budget is unchanged from the current year.

Rents/Leases – Structure –7580

3 600

3 600

3 600

0

This account is available to fund office space and utilities. The office space for LAFCO in the County's Engineering Building in Santa Barbara is adequate for our current needs. If the Commission is relocated to private space it is assumed that the costs would be significantly higher.

Space for Commission meetings is not budgeted. It is assumed the Commission will continue to meet in County hearing rooms, except for special meetings held in other locations.

Per Diems – 7650

15 400

8 600

15 400

0

This account funds Commissioner stipends for attending LAFCO meetings. The proposed budget is based on 11 Commissioners attending 14 meetings x \$100 per meeting (\$15,400)

Gen Fund Cost Allocation – 7669

1 500

1 500

1 500

0

This account funds the County Auditor and Treasurer-Tax Collector to maintain the Commission's books, process deposits and checks to pay bills, provide financial data and so forth.

Transportation and Travel - 7730

21 000

16 500

21 000

0

This account funds travel expenses and mileage reimbursement for Commissioners and staff. Funds are appropriated for Commissioners to participate in California Association of LAFCOs, conferences. A member of the Commission chairs the CALAFCO Executive Board that requires travel for participation in CALAFCO leadership activities. No change is recommended.

Liability Insurance - 7895

600

600

2 000

+ 1400

The account funds liability insurance for Commission and staff. The County has informed us that it can no longer carry LAFCO in its CSAC insurance policy. We are making arrangements for alternative coverage but the figures are not firm at this time. The \$2,000 is a "place holder" until a firm figure is known in the next few weeks.

Telephone Services - 7897

250

250

250

0

The account funds County telephone equipment and services in the LAFCO office. No change from the prior year is expected.

REVENUE ACCOUNTS

Interest Income - 3380

4 600

2 500

2 500

- 2 100

Revenue from investing available LAFCO funds. The adjustment is based on experience.

Processing Fee Income - 5738

25 500

12 000

23 375

- 2 125

Revenues from fees to process proposals. It is difficult to predict future proposal workload. To some extent it follows economic activity. The budget is based on 18 boundary changes at an average of \$600 (\$16,200) and two sphere of influence applications (\$1,650).

Other Gov't Agencies – 4840

124 600

120 000

124 600

0

Revenue from the County, cities and special districts to fund the Commission. The figure will be refined in the coming weeks based on the available year-end fund balance.

Other Misc. Revenue - 5909

0

1 120

300

+300

These are revenues from the sale of documents, maps etc.

Projected Fund Balance

100 000

97 380

103 725

3 725

The projected year-end fund balance will be refined in the coming months. The year-end fund balance reduces the amounts collected from the local agencies that support the LAFCO budget.

Conclusion

LAFCO is an independent commission established by the legislature to carry out specific duties and objectives. It is responsible for adopting a financial program to fulfill the purposes described in the Cortese/Knox/Hertzberg Act. The statute directing LAFCO's operations does not require approval of the financial program by the County or any other local agencies.

While we are recommending a specific financial program, we urge that flexibility be retained by the Commission to make adjustments in the Final Budget should this prove warranted.

In consideration of information contained in this letter, it is recommended the Proposed Budget be approved for distribution to local agencies as required by Government Code Section 56381.

Very truly yours,

BOB BRAITMAN Executive Officer