

May 5, 2011 (Agenda)

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

## Recommended Final Budget for FY 2011-2012

Dear Members of the Commission:

### RECOMMENDATION

It is recommended that the Commission:

1. Receive this report, accept public testimony and adopt the attached Final Budget for Fiscal Year 2011-12 together with any changes deemed appropriate.
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

#### Minor Modifications to the Proposed Budget

Following the March meeting the staff met with Jan Christensen and Joel Boyer in the County Auditor-Controller's office to refine the figures. As a result we are recommending a few changes from the Proposed Budget, all of them being minor adjustments.

- Commissioner Stipends (Acct 6210). As a result of reducing this account by \$6,600 from the current year budget the following two accounts are also reduced in the Recommended Final Budget from the amounts included in the Proposed Budget.
  - FICA Contribution (Acct 6500) is recommended at \$1,023, a reduction of \$477.
  - FICA/Medicare (Acct 6550) is recommended at \$240, a reduction of \$95.
- Unemployment Insurance (Acct 6700) is recommended at \$1,279, an increase of \$379.

Local Agency Formation Commission  
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- Contractual Staff Services (Acct 7510). Annual adjustments are tied to the Consumer Price Index not to exceed 3% a year. The Recommended Final Budget is \$173,583, a reduction of \$2,892 from the Proposed Budget based on a 1.3% adjustment in the CPI.

Revenues

Based upon savings realized this year, the Auditor-Controller currently estimates the amount that will be collected from the County, cities and independent special districts for the coming year to be \$225,000, compared to the \$296,019 collected this year, a reduction in excess of \$71,000.

Summary of Recommended Final Budget

The Recommended Final Budget is \$237,661, a decrease of \$23,661 (or 9.14%) below the current year budget. Following is a summary by object.

<u>Final Budget Summary</u>	<u>Final Budget 2010-11</u>	<u>Rec. Final 2011-12</u>	<u>Change</u>
Salaries and Benefits	\$ 25 835	\$19 042	\$ - 6 793
Staff Support	171 355	173 583	2 228
Services & Supplies	59 294	43 295	-15 999
Other Charges	<u>5 100</u>	<u>1 741</u>	<u>-3 359</u>
Total Appropriations	261 584	237 661	- 23 923
Revenues *	311 020	240 240	- 70 780

\* This amount depends on the actual Available Fund Balance at the end of this fiscal year. The figures will be refined in the coming weeks.

Comments on the Proposed Budget

The Proposed Budget, after being approved by the Commission on March 3, was distributed to the County, cities and special districts for their review.

We have received two letters from special districts regarding the proposed budget and processing fee schedule; these letters are enclosed as Attachments D and E.

- The Isla Vista Recreation & Park District (April 18) requests the Commission to bring about an independent study to recommend fees "... that will result in full cost recovery."

We feel this issue is addressed in the Processing Fee Schedule report on this agenda that recommends significant amendments to the current processing fee schedule.

The District also expresses concern about staffing costs. Since there may not be a complete understanding of the scope of staff responsibilities in addition to processing boundary change proposals, we are appending "Staff Services and Performance Measures" as Attachment C

- The Goleta West Sanitary District (April 20) recommends that LAFCO adopt a processing fee system that recovers all of the costs of processing each application.

We feel this issue is addressed in the Processing Fee Schedule report on this agenda that recommends significant amendments to the current processing fee schedule.

No other letters have been received from public agencies or from the general public.

Please contact the LAFCO office if you have any questions.

Very truly yours,



BOB BRAITMAN  
Executive Officer

- Attachment A – Table of Appropriation and Revenue Accounts
- Attachment B – Detailed Descriptions of Each Account
- Attachment C – Staff Services and Performance Measures
- Attachment D – Letter from Isla Vista Recreation & Park District (April 18)
- Attachment E – Letter from Goleta West Sanitary District (April 20)



SANTA BARBARA LOCAL AGENCY FORMATION COMMISSION

Recommended Final Budget for Fiscal Year 2011-12

Operating Fund #5320, Santa Barbara LAFCO, Department # 815

<u>Account name and number.</u>	<u>2010-2011 Adjusted Budget</u>	<u>Projected Expense</u>	<u>2011-2012 Rec. Budget</u>	<u>Change</u>
<b>Salaries and Benefits</b>				
Commissioner Stipends – 6210	23 100	11 250	16 500	- 6 600
FICA Contribution – 6500	1 500	960	1 023	- 477
FICA/Medicare - 6550	335	163	240	- 95
Unemployment Insurance – 6700	900	872	1 279	379
<b>Total Salaries and Benefits</b>	<b>25 835</b>	<b>13 245</b>	<b>19 042</b>	<b>- 6 793</b>
<b>LAFCO Staff Support</b>				
Contractual Staff Services – 7510	171 355	171 355	173 583	2 228
<b>Services and Supplies</b>				
Audit Fees – 7324	5 000	5 000	5 000	0
Memberships – 7430	3 035	3 035	3 035	0
Office Expense – 7450	2 000	390	1 500	-500
Postage – 7451	3 000	966	2 000	- 1000
Copier Expense - 7453	5 000	5 284	5 000	0
Prof & Spec Services - 7460	20 000	20 000	20 000	0
ADP Payroll Fees – 7507	1 125	915	1 125	0
Legal Services - 7508	40 000	34 035	40 000	0
Pubs & Legal Notices– 7530	1 000	615	1 000	0
Gen Fund Cost Allocation – 7669	- 41 866	- 41 866	- 56 365	-14 499
Transportation and Travel - 7730	21 000	22 000	21 000	0
<b>Total Services and Supplies</b>	<b>59 294</b>	<b>50 374</b>	<b>43 295</b>	<b>-15 999</b>
<b>Other Charges</b>				
Electricity - 7801	900	667	900	0
Natural Gas – 7802	150	79	150	0
Water - 7803	150	75	150	0
Refuse – 7804	50	59	50	0
Utility Services - 7806	50	27	50	0
Liability Insurance - 7895	3 500	2 672	141	-3 359
Telephone Services - 7897	300	315	300	0
<b>Total Other Charges</b>	<b>5 100</b>	<b>3 894</b>	<b>1 741</b>	<b>-3 359</b>
<b>Total Appropriations</b>	<b>261 584</b>	<b>238 868</b>	<b>237 661</b>	<b>- 23 923</b>

<u>Account name and number.</u>	<u>2010-2011 Adjusted Budget</u>	<u>Projected Revenue</u>	<u>2011-2012 Rec. Budget</u>	<u>Change</u>
<b>Revenues</b>				
Interest Income - 3380	2 000	1 837	2 000	0
Processing Fee Income - 5738	12 000	14 404	12 240	240
Misc. Revenue – 5860, 5909	1 000	61	1 000	0
Other Gov't Agencies – 4840 *	<u>296 020</u>	<u>296 020</u>	<u>225 000</u>	<u>- 71 020</u>
<b>Total Revenues *</b>	311 020	312 322	240 240	- 70 780

\* These amounts depend on the actual Available Fund Balance at the end of this fiscal year. They will be refined in the coming weeks by the County Auditor-Controller.

	<u>2010-2011</u> <u>Final Budget</u>	<u>Projected</u> <u>Year End</u>	<u>2011-2012</u> <u>Rec Budget</u>	<u>Change</u>
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**SALARIES AND BENEFITS**

<b>Commissioner Stipends – 6210</b>	23 100	11 250	16 500	-6 600
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This account funds Commissioner per diem stipends. The amount is based on 11 Commissioners attending 10 meetings at \$150 per meeting. Funds are expended only if meetings are held.

<b>FICA Contribution – 6500</b>	1 500	960	1 023	- 477
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Per the County Auditor this account is budgeted at .062% of taxable salaries and benefits.

<b>FICA/Medicare – 6550</b>	335	163	240	- 95
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Per the County Auditor this account is budgeted at .0145% of taxable salaries and benefits.

<b>Unemployment Insurance – 6700</b>	900	872	1 279	379
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**LAFCO STAFF SUPPORT** (this was previously included in Services and Supplies)

<b>Contractual Staff Services – 7510</b>	171 355	171 355	173 583	2 228
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The current four-year staffing contract became effective July 1, 2010. Annual compensation adjustments are tied to the Consumer Price Index, not to exceed 3% in any one year, based on CPI experience in the prior 12 months. The Recommended Final Budget reflects an adjustment of 1.3%; based on the Bureau of Labor Statistics, Consumer Price Index for Los Angeles-Riverside-Orange County for 12 months ending December 2010.

**SERVICES AND SUPPLIES**

<b>Audit Fees – 7324</b>	5 000	5 000	5 000	0
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The Commission finances are subject to annual audit. Depending on the firm selected to audit the current fiscal year, this amount of this account may need to be adjusted in the future.

<b>Memberships – 7430</b>	3 035	3 035	3 035	0
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Membership in the California Association of LAFCOs.

<b>Office Expense – 7450</b>	2 000	390	1 500	-500
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	2010-2011 <u>Final Budget</u>	Projected <u>Year End</u>	2011-2012 <u>Rec Budget</u>	<u>Change</u>
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Supplies and equipment to support Commission activities. It is essential that sufficient funds are budgeted to undertake and complete LAFCO studies and projects.

<b>Postage – 7451</b>	3 000	966	2 000	-1000
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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	5 284	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>	20 000	20 000	20 000	0
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The account funds services not provided directly by the LAFCO staff, including televising LAFCO meetings and the County Surveyor updating and maintaining city and special district maps for the Commission’s Directory of Public Agencies.

<b>ADP Payroll Services - 7507</b>	1 125	915	1 125	0
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This account funds ADP Small Business Services charges to process per diem stipends.

<b>Legal Services - 7508</b>	40 000	34 035	40 000	0
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This account funds estimated services. .

<b>Publications/Legal Notices– 7530</b>	1 000	615	1 000	0
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Costs to publish legal notices for LAFCO hearings.

<b>Gen Fund Cost Allocation – 7669</b>	-41 866	-41 866	- 56 365	- 14 499
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This account funds LAFCO’s share of the County Auditor to keep LAFCO financial records, make payments and process deposits, County Treasurer to retain and invest funds and the building and grounds maintenance.

The County Auditor adjusted this amount to the negative figure -\$41,866 based on overcharges in prior years. The County Auditor provided us a negative figure of - \$56,365 in this account for Fiscal Year 2011-2012.

	2010-2011 <u>Final Budget</u>	Projected <u>Year End</u>	2011-2012 <u>Rec Budget</u>	<u>Change</u>
<b>Transportation and Travel - 7730</b>	21 000	22 000	21 000	0

This account funds travel expenses for Commissioners and staff, including participation in CALAFCO conferences and Board meetings. No change is recommended.

#### **OTHER CHARGES**

All of these figures are provided by the County. The reduced liability insurance cost is provided to us by the County General Services Agency.

<b>Electricity – 7801</b>	900	667	900	0
<b>Natural Gas – 7802</b>	150	79	150	0
<b>Water – 7803</b>	150	75	150	0
<b>Refuse – 7804</b>	50	59	50	0
<b>Utility Services – 7806</b>	50	27	50	0
<b>Liability Insurance - 7895</b>	3 500	2 672	141	- 3 359
<b>Telephone Services – 7897</b>	300	315	300	0

#### **REVENUES**

<b>Interest Income - 3380</b>	2 000	1 837	2 000	0
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This is revenue from investing available LAFCO funds.

<b>Processing Fee Income - 5738</b>	12 000	14 404	12 240	240
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This is revenue from fees to process proposals. It is difficult to predict future proposal workload since to some degree it follows economic activity. The budget is based on seven boundary changes at an average of \$1,466 (\$10,260) and two sphere of influence applications (\$1,980).

<b>Miscellaneous Revenue – 5860, 5909</b>	1 000	61	1 000	0
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These are revenues from the sale of documents, maps etc. .

<b>Other Gov't Agencies – 4840</b>	296 020	296 020	225 000	- 71 020
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The law directs the County, cities and independent special districts to fund the Commission. The amounts depend on (a) the adopted budget, (b) the available fund balance at the end of the fiscal year and (c) projected operational revenues. The Auditor-Controller provided the amount for the coming year based on the estimated year-end fund balance.



# SANTA BARBARA LOCAL AGENCY FORMATION COMMISSION

## LAFCO Staff Services and Performance Measures

The Santa Barbara LAFCO contracts with Braitman & Associates to perform Executive Officer duties as specified in the Cortese-Knox-Hertzberg Local Government Reorganization Act, other applicable statutes and as directed by the Commission. Contractor provides executive, secretarial and support services. Following are activities entailed in fulfilling this contract.

### Administer LAFCO Office and Operations

#### 1. Conduct the daily business of the Commission

Comply with all statutory requirements governing LAFCO activities	Ongoing
Receive and handle all incoming mail and telephone calls	Ongoing
Inform, consult with and take direction from the Commission on an ongoing and continuing basis	Ongoing
Be available to members of the Commission and the public five days a week, eight hours a day (though calls often occur prior to or after these times)	Ongoing
Respond to the public and local agencies with requested documents and information	

#### 2. Staff and clerk LAFCO meetings

Prepare notices of meetings predicated on pending Commission business	For each LAFCO meeting
Properly and in a timely manner publish, mail and post notices of hearing	
Prepare meeting agendas	
Prepare and distribute meeting packets with all reports and documents	Ongoing
Prepare resolutions for Commission review and adoption	Ongoing
Maintain a record of the proceedings of Commission meetings	Ongoing
Following each meeting prepare and distribute a summary of actions taken	Ongoing
Prepare minutes following each meeting	Ongoing
Conduct post-meeting "follow up" activities including correspondence and completion and distribution of Commission resolutions	Ongoing
When required administer conducting authority "protest hearings"	As needed

#### 3. Review and comment on land use and CIP documents from local agencies

Review and comment on draft general and specific plans and amendments and capital facility plans prepared by the County, cities and special districts.	Ongoing
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	Review County Development Committee transmittals and respond indicating whether there are any LAFCO issues related to each application	Ongoing
		Ongoing
4.	<u>Maintain and serve as custodian of Commission records</u>	
	Prepare and file accurate records of LAFCO actions	Ongoing
	Maintain LAFCO archived records	Ongoing
	Consistently update and maintain the Commission website	Ongoing
	Purge previous years proposal files; archive on CDs per Commission policy	Ongoing
5.	<u>Remain informed of LAFCO-related legislation and court decisions</u>	
	Participate as a member of the CALAFCO Legislative Committee	On going
	Monitor and report to the Commission on pertinent legislation	On going
	Advise the Commission regarding recommended legislative positions	Periodic
6.	<u>Maintain active liaison with local governments in Santa Barbara County</u>	
	Monitor local inter-governmental issues and activities	On going
	Confer with city, county and district staffs as appropriate or as requested	On going
7.	<u>Provide information related to LAFCO activities</u>	
	Provide orientation for incoming Commissioners	Ongoing
	Maintain the brochure "Understanding and Working with LAFCO"	Ongoing
	Maintain the "Directory of Local Agencies in Santa Barbara County"	Ongoing
	Provide information about LAFCO and the local governmental structure to members of the public, community groups, Grand Jury and other organizations	Ongoing
	Following elections, schedule and present "Introduction to LAFCO" for newly elected city councilmembers, county supervisors and special district directors	Periodically
8.	<u>Coordinate with the California Association of LAFCOs</u>	
	Participate in CALAFCO task forces and activities.	Periodically
	Frequently present "LAFCO 101 – An Introduction for New Commissioners and Staff" at CALAFCO Annual Conferences or serve as a panelist	Ongoing
	Coordinate reservations and housing for Commissioners and staff to attend CALAFCO events; timely process claims for reimbursement of expenses	Ongoing
	Make transportation arrangements as requested for Commissioners	Ongoing



Provide staff support to members of the Commission who are members of the CALAFCO Board of Directors	Ongoing
<b>9. <u>LAFCO budget and finances</u></b>	
Prepare and recommend the Commission annual budget	Annually
Monitor expenditures and revenues; periodically advise the Commission through budget status reports.	Ongoing
Prepare and recommend the Commission fee schedule	Ongoing
Receive and deposit revenues within two days of receipt	Ongoing
Process payments for vendors providing services to the Commission	Ongoing
Process stipend payments for members of the Commission including necessary filings related to income tax requirements	Ongoing
Maintain current and correct records with payroll processing company (ADP)	Ongoing
Process mileage payments for members of the Commission and its staff	Periodic
Arrange annual audits of Commission finances:	Periodic
<ul style="list-style-type: none"> <li>• Solicit and interview firms that are interested in preparing the annual audit.</li> <li>• Bring proposals to Commission for decision when changing auditing firms.</li> <li>• Provide necessary fiscal documentation to enable the audit process.</li> </ul>	
<b>10. <u>Comply with the requirements of the Fair Political Practices Commission</u></b>	
Participate in periodic updates on the FPPC as given by the Elections Division	Ongoing
Maintain current completed disclosure forms for Commissioners and staff	Periodic
Distribute forms to Commissioners and inform them of submittal schedule	Periodic
Submit disclosure forms to County Elections within time limits	Periodic
<b>11. <u>Provide other staff services as directed</u></b>	
As directed by the Commission perform special studies relating to services and make recommendations about consolidation, merger and other governmental changes to improve services and reduce operational costs	Ongoing
<b>Process Boundary Changes and Service Extensions</b>	
<b>12. <u>Analyze and process applications</u></b>	
Evaluate each submitted boundary change application to identify and analyze critical and relevant issues	Ongoing
Communicate with local agencies and interested parties re applications	Ongoing



Prepare staff reports / recommendations regarding boundary changes for consideration by the Commission	Ongoing
Provide documentation to follow-up Commission decisions	Ongoing
Evaluate requests for out of-agency service requests in accordance with Commission policy	Ongoing
Prepare staff reports and recommendations for out-of-agency service agreements and provide follow-up documentation	Ongoing
Adhere to procedures for timely, accurate processing of applications including the following components:	Ongoing
<ul style="list-style-type: none"> <li>• Review application materials and request corrections when needed</li> <li>• Issue notices of filing when applications are accepted as complete</li> <li>• Request and review “report backs” from County departments</li> <li>• Request County Surveyor certification of maps and legal descriptions</li> <li>• Prepare Commission resolutions for approval or denial</li> <li>• Prepare all certificates required by LAFCO and CEQA statutes</li> <li>• Following LAFCO decisions issue notices of determination</li> <li>• Record approved boundary changes when conditions have been met</li> <li>• File completed boundary changes with the State Board of Equalization</li> </ul>	

13. Comply with California Environmental Quality Act

Function as a responsible agency or lead agency pursuant to the California Environmental Quality Act	Ongoing
Review and comment on notices of preparation and draft environmental documents prepared by the County, cities and special districts.	Periodic

**Prepare and Update Spheres of Influence / Municipal Service Reviews**

14. Municipal Service Reviews and Spheres of Influence

Prepare Municipal Service Reviews for each city and special district in compliance with LAFCO statutes and Commission policies	Periodically
Analyze and process each requested Sphere of Influence change; prepare report and recommendations for the Commission at properly noticed hearing	Ongoing
Review and update adopted Spheres of Influence at least each five years	Periodically

**Commission Policies**

15. Maintain the Commissioner Handbook

Recommend updates to LAFCO policies as required	Ongoing
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**Board of Directors**

Bruce Murdock  
Chairperson

Liz Buda  
Vice-Chair

Leif Dreizler

Katie Kasatkina

Roger Lagerquist

**Staff**

Jeff Lindgren  
General Manager

Angela Kamm  
Executive Secretary

Gabriel J. Bretado  
District Clerk

Luke Rioux  
Bookkeeper

Anne E. Aziz  
Rec. Coordinator

Vanessa Thomas  
Adopt A Block  
Supervisor

Jay Scheidemen  
Grounds Supervisor

April 18, 2011

Ms. Janet Wolf  
Chair  
Santa Barbara Local Agency Formation Commission  
105 E. Anapamu Street  
Santa Barbara, CA 93101

**RE: LAFCO FY 2011-2012 Proposed Budget Comments**

Dear Ms. Wolf:

The Isla Vista Recreation and Park District is pleased to submit comments on the proposed LAFCO budget for FY 2011-12. Our comments are focused on revenues from processing fees and expenditures related to LAFCO staffing.

**Processing Fees**

Santa Barbara LAFCO's primary mission is to process applications for annexations, detachments, sphere of influence amendments, formations, and incorporations. A disproportionately small share of revenues are generated by the fees charged for these activities. Projected revenue from 2010-11 shows that Processing Fee Income will generate **only 4.6%** percent of total revenue for the fiscal year. Please cause to be prepared an independent study reviewing the Santa Barbara LAFCO processing fees with recommendations for adjustments that will result in full cost recovery for LAFCO costs.

**Staffing Costs**

LAFCOs single largest expenditure is for Contractual Staffing Services, which are projected to be 72% of total expenditures for FY 2010-11. Although staffing is commonly a significant component of expenses for a service oriented business or agency, Santa Barbara LAFCO typically only holds nine meetings per year while still paying out over \$14,000 per month for staffing even when there is no monthly meeting. Either, staff are being paid for work not performed or they are working on processing permits during these times. If the latter, then, once again, the processing fees should recover the full cost of staff, research and documentation on these matters. Contractual Staffing Services should only be paid for work performed.

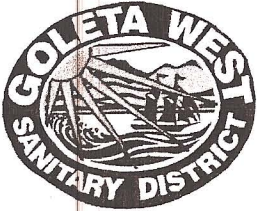
Thank you in advance for your consideration of these important comments. We are aware that other member special districts have similar concerns regarding the LAFCO budget. Please feel free to contact me or the Isla Vista Recreation and Park District General Manager, Jeff Lindgren with any questions.

Sincerely,

Bruce Murdock  
Chair  
Board of Directors  
Isla Vista Recreation and Park District

RECEIVED  
APR 20 2011  
2ND DISTRICT OFFICE

Attachment D



P.O. Box 4, Goleta, CA 93116-0004

805 / 968-2617 • FAX 805 / 562-8987

April 20, 2011

**BY FAX (lafco@sblafco.org)**

Chair Janet Wolf and Commissioners  
Santa Barbara Local Agency Formation Commission  
105 East Anapamu Street  
Santa Barbara, CA 93101

Re: Proposed LAFCO Budget for FY 2011-2012

Dear Commissioners:

The Board of Directors of the Goleta West Sanitary District respectfully submits the following comments for your consideration.

It is difficult to comment on the proposed "Processing Fees" since the budget material did not include a schedule for the coming fiscal year. Nonetheless, we suggest that LAFCO conduct a fee study to answer the following question:

Are the processing fees set at a level that recovers 100% of the LAFCO costs of handling each application?

If the answer is No, we recommend that LAFCO adopt a processing fee system that assures 100% cost recover. Santa Barbara County's Planning & Development Department seeks to achieve this goal by charging applicants the actual cost of processing each application, with the amount charged to each applicant based on the time expended by staff multiplied by an hourly rate. Since different applications require different levels of effort by staff, this system avoids creating subsidies whereby simpler applications underwrite the costs of more complex applications. LAFCO's current system of charging a flat fee for each application, irrespective of the complexity or difficulty of the project, likely creates subsidies.

Thank you for considering these comments.

Sincerely,

  
Craig Geyer  
President

cc Board of Directors, Goleta West Sanitary District

Attachment E