

# LAFCO

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**Santa Barbara Local Agency Formation Commission**  
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April 7, 2022 (Agenda)

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

## **Proposed LAFCO Budget for Fiscal Year 2022-2023**

Dear Members of the Commission:

### RECOMMENDATION:

Consider recommendations regarding the Proposed Budget for Fiscal Year (FY) 2022-2023, as follows:

- a) Review the Proposed Budget for FY 2022-2023, accept all public testimony and approve the Proposed Budget as presented;
- b) Direct staff to distribute the approved Proposed Budget to Cities, Special Districts and the County as required by Government Code Section 56381; and
- c) Schedule a public hearing for May 5, 2022 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

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**Commissioners:** Roger Aceves ♦ Cynthia Allen ♦ Jay Freeman ♦ Craig Geyer ♦ Joan Hartmann, Vice-Chair ♦ Bob Nelson  
♦ Jim Richardson ♦ Holly Sierra ♦ Shane Stark, Chair ♦ Etta Waterfield ♦ Das Williams **Executive Officer:** Mike Prater

reduced staffing or program costs will nevertheless allow the commission to fulfill the purposes and programs of this chapter."

Government Code Section 56381 directs 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 \$616,700, an increase of \$161,210 above the current year budget. The main reason for the increase is the addition of Analyst position as a LAFCO Employee and increase to Cost Allocation Plan (CAP).

There is a recommended \$10,000 contribution to the contingency reserve to align with the Commissions reserve policy. The reserve would remain adequate to fund unanticipated expenses such as litigation and other legal services, professional services, and other unexpected and unbudgeted expenses with a balance of \$204,000. Any year-end fund balance will also be added to reserves.

Following is a budget summary:

Proposed Budget Summary	Adjusted Budget 2021-2022	Proposed 2022-2023	Change
Salaries and Benefits	\$236,940	\$351,250	\$114,310
Contracted Staff Support	\$60,000	\$60,000	\$0
Services & Supplies	\$138,250	\$193,150	\$54,900
Other Charges	\$2,300	\$2,300	\$0
<b>Total</b>	<b>\$437,490</b>	<b>\$606,700</b>	<b>\$169,210</b>
<b>Contingencies</b>	<b>\$18,000</b>	<b>\$10,000</b>	<b>(\$8,000)</b>
<b>Total Appropriations</b>	<b>\$455,490</b>	<b>\$616,700</b>	<b>\$161,210</b>
<b>Revenues</b>	<b>\$455,490</b>	<b>\$616,700</b>	<b>\$161,210</b>

### Pension Costs

Santa Barbara LAFCO is a member of Santa Barbara County Employees' Retirement System (SBCERS). SBCERS costs are directly correlated to salaries. Pension expenditures are calculated based on the rates established by the SBCERS Retirement Board. LAFCO would fund equal percentage (9.89%) of salary subject to the an annual pensionable compensation limit and the employees would fund (9.89%) up to the limit of (\$23,645). This annual adjustment is built into this year's budget and adjusted on July 1, beginning in the fiscal year.

### Detailed Description of Individual Accounts

The proposed budget spreadsheet and specific line-item accounts is attached as **Attachment A**. The spreadsheet presents the Recommended Proposed 2022-2023 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.

### Designation for Contingency/Reserve

During 2021-2022, approximately \$2,700 will be transferred to the contingency/reserve account. On June 30, 2022, the Commission's reserves will equal approximately \$194,657. In addition, appropriations not expended during one fiscal year become part of the available fund balance to finance the Commission in the following fiscal year. Depending on the extent of the fund balance in any given year, a designated fund reserve should be established to cover anticipated future costs. A designated fund of \$30,000 will be created to cover future anticipated costs.

A prudent reserve should be in the range 30-50 percent of the operating budget. Therefore, there is no recommended use of contingency reserves for the 2022-23 Fiscal Year. Rather it is recommended an additional \$10,000 be added to the contingency reserves increasing the reserve to \$204,657.

### Commission Clerk Services

The Commission will continue to utilize the Santa Barbara County Clerk of the Board Supervisors for Commission Clerk services. Since 2014-2015 the Commission has budgeted \$60,000 for Commission Clerk services. Based on current year projections, it is recommended that the Contractual Staff Services Account 7510 for Clerk services remain at current year levels.

## LAFCO Legal Counsel

On January 14, 2021, the Commission extended a two-year agreement with Mr. Dillon for legal services not to exceed \$150,000 per contract. It is anticipated legal services will not exceed normal expenditure. Therefore, the same amount is reflected in the proposed 2022-2023 budget.

## Services and Supplies

In the area of Services and Supplies, Line Item 7669, will be increased to \$38,100 (a 166% increase). This year, the general fund cost allocation amount in 2022-2023 will increase. Line Item 7732, will be increasing by 100% for Training and Travel as a result of CALAFCO Annual Conference and Staff Workshop being back on schedule after almost 3-year break due to pandemic. The overall Services and Supplies increase would be 40% based mainly on an increasing of the projected 2022-2023 General Fund Cost Allocation (CAP) with some increases in Training and Travel, office expenses, and Professional and Special Services. Other Services and Supplies remain relatively stable.

## Salaries, Benefits, and Taxes

Salaries are budgeted to increase by 56% in fiscal year 2022-2023. This reflects the increase for the Commissioner Stipends. The Executive Officer's two-year contract approved on December 9, 2021 and the addition of Analyst salary. An overall 7% increase was approved for the Executive Officer. The staffing contract stipulates anytime the County Board of Supervisors authorizes a salary increase or onetime payment for Unit 41 "Department Heads," the Commission shall consider applying the increase or onetime payment to the Executive Officer. Cost-of-Living adjustment is determined annually based on increases in the annual average consumer price index (CPI) for all urban consumers in the Los Angeles-Long Beach. The ratio is calculated, and rounded to the nearest one-half percent.

Healthcare benefits are also subject to employer contribution limits applicable to management employees of the County of Santa Barbara. The County's latest update to the healthcare contribution limits for its management employees was approved in September 22, 2020 to take effect January 1, 2021. The proposed FY 22-23 budget includes a match to healthcare benefits for LAFCO staff. The Commission evaluates the performance of the Executive Officer annually. The next annual performance evaluation would be in December 2022. FICA, Medicare, State Disability Insurance, and Federal Unemployment Tax are calculated based on a percentage of salaries.

### Revenue Accounts

In the area of Revenues, LAFCO Billings to the County of Santa Barbara, Cities, and Special Districts for 2022-2023 will increase by \$142,875. This is due mainly to the increase in Salaries and Benefits (6100 & 6400) as a result of adding an Analyst position. An overall 7% Merit and CPI increase was included for LAFCO staff.

### Conclusion

In consideration of this information, it is recommended the Proposed Budget for FY 2022-2023 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 5, 2022 Commission meeting.

### Attachments

Attachment A- Proposed FY 2022-2023 LAFCO Budget

Please contact the LAFCO office if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "M Prater".

Mike Prater  
Executive Officer

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

PROPOSED 2022-2023 BUDGET - April 7, 2022

Proposed 4/7/2022

Account Name and Number	2021-22 Final Budget	As of 3/31/22	Projected Year-End	2022-23 Proposed Budget	Inc/Dec	% Inc/Dec
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**REVENUES**

Interest Income - 3380	4,000	594	4,000	4,000	0	0%
Unrealized Gain/Loss - 3381	0	-2,148	-2,148	0	0	0%
Other Gov't Agencies - 4840	437,690	386,299	426,064	580,565	142,875	33%
Planning Studies Service - 5738	13,800	19,054	21,554	25,000	11,200	81%
Misc. Revenue - 5909	0	2,322	5,872	7,135	0	0%
<b>Total Revenues</b>	<b>455,490</b>	<b>406,122</b>	<b>455,342</b>	<b>616,700</b>	<b>161,210</b>	<b>35%</b>

**EXPENDITURES**

**Salaries and Benefits**

Commissioner Stipends - 6210	15,000	15,454	23,104	22,000	7,000	47%
Regular Salary - 6100	161,034	112,311	169,716	251,782	90,748	56%
FICA Contribution - 6500	10,914	6,250	10,388	6,845	-4,069	-37%
FICA/Medicare - 6550	2,535	1,846	2,814	3,942	1,407	56%
Retirement-Employer Contribution - 6400	11,961	9,317	13,479	23,645	11,684	98%
Retirement - Employee Contribution - 5771	11,961	9,317	13,479	23,645	11,684	98%
Unemployment Insurance - 6700	5,193	2,141	2,965	3,285	-1,908	-37%
Fed Unemploy Tax-Employer Cont - 6700	504	112	155	300	-204	-40%
<b>Fixed Costs (\$):</b>						
Health Plan/Contribution - 6600	11,000	10,812	15,408	22,500	11,500	0%
Life/Disability Insurance - 6610	5,200	2,167	3,403	3,000	-2,200	0%
Def Comp - EO Employer - 6100	4,200	2,430	4,168	4,200	0	0%
Phone/Cash Allowance - 7811	2,400	1,421	2,388	2,750	350	0%
Auto Allowance - 7326	7,000	2,917	7,000	7,000	0	0%
<b>Total Salaries and Benefits</b>	<b>236,941</b>	<b>176,494</b>	<b>268,467</b>	<b>351,250</b>	<b>114,309</b>	<b>48%</b>

**STAFF SUPPORT**

Contractual Staff Services - 7510	60,000	29,239	55,000	60,000	0	0%
<b>Total Staff Support</b>	<b>60,000</b>	<b>29,239</b>	<b>55,000</b>	<b>60,000</b>	<b>-</b>	<b>0%</b>

**Services and Supplies**

Audit Fees - 7324	7,200	1,131	4,500	10,000	2,800	39%
Memberships - 7430	8,800	8,613	8,613	9,500	700	8%
Office Expense - 7450	1,000	2,049	2,049	1,500	500	50%
Equipment Maintenance - 7120	0	0	0	0	0	0%
Copier Expense - 7453	0	0	0	500	500	0%
Prof & Special Services - 7460	40,000	32,000	40,000	53,000	13,000	33%
ADP Payroll Fees - 7507	2,000	1,434	2,023	2,300	300	15%
Legal Services - 7508	50,000	33,451	50,000	50,000	0	0%
Pubs & Legal Notices - 7530	1,700	1,689	2,298	2,000	300	18%
Postage - 7451	250	58	58	250	0	0%
Gen Fund Cost Allocation - 7669	14,300	11,124	14,300	38,100	23,800	166%
Training and Travel - 7732	13,000	2,036	3,000	26,000	13,000	100%
<b>Total Services and Supplies</b>	<b>138,250</b>	<b>93,584</b>	<b>126,841</b>	<b>193,150</b>	<b>54,900</b>	<b>40%</b>

**Other Charges**

Electricity - 7801	500	335	500	500	0	0%
Natural Gas - 7802	100	99	100	100	0	0%
Water - 7803	100	111	100	100	0	0%
Refuse - 7804	100	118	100	100	0	0%
Utility Services - 7806	100	32	100	100	0	0%
Liability Insurance - 6900	1,000	968	968	1,000	0	0%
Telephone Services - 7897	400	266	400	400	0	0%
<b>Total Other Charges</b>	<b>2,300</b>	<b>1,928</b>	<b>2,268</b>	<b>2,300</b>	<b>0</b>	<b>0%</b>

Contingency Reserve - 9600	0	0	0	10,000	0	0
<b>Total Contingency Reserve</b>	<b>191,891</b>	<b>0</b>	<b>194,657</b>	<b>0</b>	<b>204,657</b>	<b>6.7%</b>
<b>Total Exp/Appropriations</b>	<b>455,490</b>	<b>301,245</b>	<b>452,575</b>	<b>616,700</b>	<b>161,210</b>	<b>35.4%</b>
<b>Net Financial Impact</b>	<b>0</b>	<b>104,877</b>	<b>2,766</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>

\*\$10,000 contingency will be added to reserves in FY 22/23. The estimated contingency reserve balance will be \$204,000

ATTACHMENT A