

LAFCO

Santa Barbara Local Agency Formation Commission

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April 1, 2010 (Agenda)

Local Agency Formation Commission

105 East Anapamu Street, Room 403

Santa Barbara CA 93101

Proposed LAFCO Budget for FY 2010-2011

Dear Members of the Commission:

RECOMMENDATION

It is recommended that the Commission:

1. Review the Proposed Budget for Fiscal Year 2010-11, accept all public testimony and approve the Proposed Budget as presented or as modified by the Commission.
2. Direct the staff to distribute the Proposed Budget to cities, special districts and the County as required by Government Code Section 56381.
3. Conduct a public hearing on June 3 to consider and adopt the Final Budget.
4. 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

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.

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."

The Proposed Budget presented herewith for the coming fiscal year is quite similar to the current year's budget, with proposed adjustments based on actual experience and anticipated expenses.

The Proposed Budget as recommended is \$316,148 an increase of \$962 (less than 1%) above the current year budget. Following is a summary.

<u>Proposed Budget Summary</u>	<u>Final Budget 2008-09</u>	<u>Proposed 2009-10</u>	<u>Change</u>
Salaries and Benefits	\$ 26 135	\$ 25 835	\$ - 300
Services & Supplies	283 951	285 213	1 262
Other Charges	<u>5 100</u>	<u>5 100</u>	<u>0</u>
Total Appropriations	315 186	316 148	962
Revenues	279 986	<i>To be determined</i>	
Available Fund Balance	35 200	<i>To be determined</i>	

The following table of accounts describes current year appropriations and revenues, year-end projections, proposed appropriations and revenues for the coming year and changes from the current budget. Please note that amounts that are appropriated and not expended during the year provide "hold over" funding for the following year's budget.

	<u>2009-2010 Final Budget</u>	<u>Projected Year End</u>	<u>2010-2011 Draft Budget</u>	<u>Change</u>
SALARIES AND BENEFITS				
Commissioner Stipends – 6210	23 100	8 850	23 100	0
This account funds Commissioner per diem stipends. The amount is based on 11 Commissioners attending 14 meetings at \$150 per meeting.				
FICA Contribution – 6500	1 500	960	1 500	0
Per the County Auditor this account is budgeted at .062% of taxable salaries and benefits.				
FICA/Medicare – 6550	335	240	335	0
Per the County Auditor this account is budgeted at .0145% of taxable salaries and benefits.				
Unemployment Insurance – 6700	1 200	611	900	- 300
This account is based on experience.				

	<u>2009-2010</u> <u>Final Budget</u>	<u>Projected</u> <u>Year End</u>	<u>2010-2011</u> <u>Draft Budget</u>	<u>Change</u>
SERVICES AND SUPPLIES				
Audit Fees – 7324	4 200	7 330	5 000	800
Higher expense this year reflects the fact Bartlett, Pringle and Wolf, LLP was able to complete and be paid for two annual audits, for the years ending June 30, 2008 and June 30, 2009. The amount included for fiscal year 2010-2011 is to audit the year ending June 30, 2010.				
Memberships – 7430	3 035	3 035	3 035	0
Membership in the California Association of LAFCOs.				
Office Expense – 7450	4 000	790	2 000	- 2 000
Supplies and equipment to support Commission activities. It is important that sufficient funds are budgeted to undertake and complete LAFCO studies and projects.				
Postage – 7451	3 000	1 700	3 000	0
This account funds postage and related services.				
Copier Expense - 7453	5 000	3 400	5 000	0
This account funds printing of notices, reports, resolutions, correspondence and other materials.				
Professional & Specialized Services – 7460	20 000	20 000	20 000	0
The account funds specialized services not provided by staff and includes charges to televise LAFCO meetings. We have requested the County Surveyor to update and maintain the maps in the Commission’s Directory of Public Agencies.				
ADP Payroll Services - 7507	1 125	1 100	1 125	0
This account funds ADP Small Business Services charges to process per diem stipends.				
Legal Services - 7508	40 000	37 200	40 000	0
This account funds estimated services. Actual higher legal expenses this year are not reflected since they are reimbursed via the indemnity agreement related to the Dos Pueblos litigation.				

	<u>2009-10 Final Budget</u>	<u>Projected Year End</u>	<u>2010-2011 Draft Budget</u>	<u>Change</u>
Contractual Staff Services – 7510	168 989	168 989	171 355	2 266
Staff services are provided via a multi-year professional services agreement. The contract provides for a compensation increase of up to 3% based on actual CPI experience in the prior 12 months.				
The draft budget reflects a 1.4% increase; based on the Bureau of Labor Statistics, Consumer Price Index for Los Angeles-Riverside-Orange County for 12 months ending February 10, 2010. If the actual CPI differs this amount will be adjusted in the final budget.				
Publications/Legal Notices– 7530	1 000	2 275	1 000	0
Costs to publish legal notices for LAFCO hearings.				
Gen Fund Cost Allocation – 7669	12 602	8 405	12 698	96
This account funds County support services; figures are provided by the County. The proposed budget includes funding for the County Auditor to keep the Commission’s books, process deposits and payments (\$8,414), the County Treasurer to invest LAFCO funds (\$305) and building, grounds and related maintenance (\$3,979).				
Transportation and Travel - 7730	21 000	23 261	21 000	0
This account travel expenses and mileage for Commissioners and staff, including participation in CALAFCO conferences and Board meetings. No change is recommended.				
Other Charges				
Electricity – 77801	900	515	900	0
Natural Gas – 7802	150	84	150	0
Water – 7803	150	93	150	0
Refuse – 7804	50	59	50	0
Utility Services – 7806	50	20	50	0

	<u>2009-2010 Final Budget</u>	<u>Projected Year End</u>	<u>2010-2011 Draft Budget</u>	<u>Change</u>
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Liability Insurance - 7895	3 500	3 560	3 500	0
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The account funds liability insurance for Commission and staff based on experience.

Telephone Services – 7897	300	83	300	0
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The account funds the telephone equipment in the LAFCO office.

REVENUES

Interest Income - 3380	3 000	1 517	2 000	-1 000
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This is revenue from investing available LAFCO funds. Interest income is higher this year than anticipated but we don't anticipate the same level of revenue from this source in the coming year.

Processing Fee Income - 5738	12 000	9 000	12 000	0
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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 \$1,440 (\$10,080) and two sphere of influence applications (\$1,900).

Miscellaneous Revenue – 5860, 5909	20 200	616	1 000	- 19 200
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These are revenues from the sale of documents, maps etc. The higher projection for the current year is a "hold over" from a prior year figures to reflect reimbursement of expenses to notice two conducting authority protest hearings. A more realistic annual figure is proposed.

Other Gov't Agencies – 4840	279 986	284 213	To be determined	
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The law directs the County, cities and independent special districts to fund the Commission. The amounts depend on (a) the available fund balance at the end of the fiscal year and (b) projected operational revenues. The figure for FY 2010-11 will be developed in the coming weeks.

Projected Available Fund Balance	0	18 264	To be determined	
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The actual year-end fund balance will be refined in the coming weeks. The year-end fund balance reduces the amounts collected from the local agencies that support the LAFCO budget.

Attachment A shows expenditure and revenue accounts without the detailed explanations.

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Conclusion

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 and that a public hearing on the final budget be scheduled for the June 4 Commission meeting.

Very truly yours,

BOB BRAITMAN
Executive Officer