

Santa Barbara LAFCO

Preview of 2018-19 SBLAFCO Budget

January 4, 2018

2018-19 Budget Preview

- A number of questions were raised when the Commission considered the 2016-17 Year-End Report on August 3, 2017. Staff will recap the issues related to the Year End Report and set the stage for preparation of the upcoming 2018-19 SBLAFCO Budget.
- 1). Expenditures for Salaries and Benefits were over by \$2,775, Legal Fees and Clerk to the Board Services were over budget by \$56,177 mainly attributed to staff time spent on the 2016 CALAFCO Annual Conference, processing complex proposals such as the West Santa Ynez and Museum of Natural History Annexations, and Formations of the Cuyama Basin Water District, and the Los Olivos Community Services District. Also for the first time, the Commission was billed \$11,515 by the County Assessor and County Elections for signature verifications, and

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- 2). Revenues from processing fees for LAFCO Applications were \$28,000 less than projected at year-end. This includes an \$8,000 refund to the abandoned Santa Rita Hills Bridge and Highway District Reorganization.
- The situation was further exacerbated by the receipt of a 2016-17 claim on September 8, 2017, from the County Assessor and Elections for \$62,910.96. The billing was for land owner and registered voter verifications for LAFCO Application petition verification, mailings list, and protest hearings. Although these charges may be recoverable from applicants, it makes it extremely difficult to predict in the budget process.

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- The 2016-17 SBLAFCO Budget was balanced by the transfer of contingency funds to the operating budget. The amount of contingency reduction for 2016-17 was \$81,100. The net \$81,100 reduction in contingencies brings the total contingency balance to \$28,900, with an additional budgeted \$20,000 being added at the end of FY 2017-18 which would bring the contingencies total to \$58,900 at the end of the 2017-18 fiscal year. This is assuming that there will be additional draws on this account.

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- The bottom line is that the way the LAFCO office is structured with a contract staff, it is extremely difficult to predict and budget for time spent on proposals. LAFCO expenditures and revenues are proposal driven and are based on the complexity of the applications filed with the Commission. In this regard, a real-time billing arrangement should be developed and implemented to offset the actual time spent on processing proposals.

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- It is clear that contingencies need to be replenished to a reasonable level, 30-40% of the operating budget.
- Funding for Legal Fees and Clerk to the Board Services need to be increased based on actual charges in previous fiscal years and projections for the future.
- Development and implementation of a real-time billing arrangement in the schedule of processing fees. This should be developed in conjunction with the 2017-18 SBLAFCO Budget.
- Copies of the staff report have been provided to the County Executive Officer and County Budget Staff, City Managers and City Budget Staff, and Special District General Managers