

LAFCO

Santa Barbara Local Agency Formation Commission
105 East Anapamu Street ♦ Santa Barbara CA 93101
805/568-3391 ♦ FAX 805/647-7647
www.sblafco.org ♦ lafco@sblafco.org

April 10, 2003 (Agenda)

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

Proposed LAFCO Budget for FY 2003-2004

RECOMMENDATION

The ad hoc Budget Committee recommends that the Commission:

1. Receive this report, accept any public testimony and approve the Proposed Budget for Fiscal Year 2003-04 as presented.
2. Direct the staff to distribute the Proposed Budget to the County and local agencies as required by Government Code Section 56381.
3. Schedule a public hearing to consider and adopt the Final Budget on Thursday, May 2.
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.
5. Authorize the County Auditor to adjust the amounts collected from local agencies for next year's budget based on the actual year-end available fund balance minus designations.

DISCUSSION

Introduction

This is the report of the ad hoc Budget Committee consisting of Commissioners Arca, Campbell and Centeno, as appointed by the Chair on March 6.

The committee met on March 24 and reviewed current year expenses and expected budgetary requirements for the coming fiscal year. We are recommending a budget that is \$51,100 less than the current year that will still fund necessary LAFCO activities.

Local Agency Formation Commission
April 10, 2003 (Agenda)
Page 2

Proposed Budget for FY 2003-04

Following is a summary of the Proposed Budget, followed by explanations of accounts.

	<u>Final</u> <u>2002-03</u>	<u>Projected</u> <u>Year End</u>	<u>Proposed</u> <u>2003-04</u>	<u>Change</u>
Services & Supplies	318 150	228 100	287 050	- 31 100
Other Charges	850	850	850	0
Designations	<u>20 000</u>	<u>20 000</u>	<u>0</u>	- <u>20 000</u>
Total Expenditures	339 000	248 950	287 900	- 51 100
Proj. Avail. Fund Balance	159 000	159 000	105 400	- 53 600
Other Revenues	28 500	43 849	31 500	3 000
Cost to local agencies	<u>151 500</u>	<u>151 500</u>	<u>151 000</u>	- <u>500</u>
Total Financing Sources	339 000	354 349	287 900	- 51 100

For each expenditure and revenue account following are (1) the current budget, (2) year-end projections, (3) the proposed amount for next year and (4) changes from the current year.

<u>Account name – Acct No.</u>	<u>2002-2003</u> <u>Final Budget</u>	<u>Projected</u> <u>Year End</u>	<u>2003-2004</u> <u>Draft Budget</u>	<u>Change</u>
Communications – 7050	\$ 1 900	1 620	1 900	0
Telephone and fax expenses. No change is proposed.				
Audit Fees – 7324	2 000	2 000	2 100	100
Costs are based on the approved Engagement Letter with Moss, Levy & Hartzheim.				
Memberships – 7430	1 350	1 350	1 350	0
Membership in the California Association of LAFCOs. No change is projected.				
Office Expense – 7450	21 000	6 500	8 500	- 12 500

Supplies and equipment to support Commission activities. The recommended amount is \$12 500 less than the current year based on actual experience. Greater expenses are anticipated next year to prepare municipal service reviews and update spheres of influence.

5 000	2 070	4 000	- 1 000
-------	-------	-------	---------

Postage – 7451

This account funds postage and courier services. Actual expense last year was \$16,500 (due to a large annexation to the Vector Control District); projected expenses this year are \$2,070. The recommended amount is \$1 000 less than the current year based on experience. Anticipated costs next year include distributing MSR and SOI materials to local agencies and the public.

Copier Expense – 7453	4 000	3 880	4 000	0
------------------------------	-------	-------	-------	---

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

Professional & Specialized Services – 7460	56 000	20 000	50 000	- 6 000
---	--------	--------	--------	---------

The account funds research, services and specialized studies that cannot be provided by the LAFCO staff, including charges by County departments, website upkeep and funding for televising LAFCO meetings. The recommendation is \$6,000 less than the current year to minimize the budget.

Administrative Fees - 7506	3 000	3 000	3 000	0
-----------------------------------	-------	-------	-------	---

This account funds the County Auditor to maintain the Commission’s books, process deposits and checks to pay bills, provide financial reports and so forth.

Legal Services - 7508	36 000	20 000	24 000	-12 000
------------------------------	--------	--------	--------	---------

This account funds legal services for the Commission. The recommendation is \$12 000 less than the current year appropriation based on actual experience.

Contract Staff Services – 7510	145 300	145 300	148 200	2 900
---------------------------------------	---------	---------	---------	-------

The Executive Officer, Commission Clerk and related staff services are provided through a professional services agreement. The recommended compensation is based on a 2% COLA.

Rents/Leases – Structure –7580	3 600	3 600	3 600	0
---------------------------------------	-------	-------	-------	---

This account funds office space, including utilities. The office space we occupy in Santa Barbara is adequate for the Commission's current needs. If the Commission relocates to private space it is assumed that the costs would be significantly higher.

Space to conduct 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	18 000	5 000	15 400	-2 600
-------------------------	--------	-------	--------	--------

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)

Transportation and Travel - 7730	21 000	13 780	21 000	0
---	--------	--------	--------	---

This account funds travel expenses and mileage reimbursement for Commissioners and staff. Two members of the Commission are on the Executive Board of the California Association of LAFCOs, which requires travel to participate in CALAFCO leadership activities.

Expenses were lower this year since the CALAFCO conference was held in Santa Barbara; the costs will be greater next year because the conference will be held in San Francisco.

Liability Insurance - 7895	600	600	600	0
-----------------------------------	-----	-----	-----	---

The account funds liability insurance for Commission and staff. The amount is provided by the County since the Commission remains covered by the County's insurance program.

Telephone services - 7897	250	250	250	0
----------------------------------	-----	-----	-----	---

This account funds the telephones in the LAFCO office. The amount is provided by the County and no changes are anticipated for next year.

Designated Contingencies - 9798	20 000	20 000	0	- 20 000
--	--------	--------	---	----------

The Commission has appropriated \$20,000 annually to a contingency. It is recommended that additional funding not be added to the contingency. The \$40,000 contingency is consistent with LAFCO's budget and responsibilities. Interest from the contingency helps fund the budget.

Available Fund Balance	159 000	159 000	104 400	- 53 600
-------------------------------	---------	---------	---------	----------

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.

Interest Income - 3380	8 000	6,000	6 000	- 2 000
-------------------------------	-------	-------	-------	---------

This revenue results from investing available LAFCO funds.

Processing Fees - 5738	20,000	37 439	25 000	5 000
-------------------------------	--------	--------	--------	-------

These revenues result from fees to process LAFCO proposals. While it is difficult to predict future proposal workload, the budget is based on 18 boundary changes at an average of \$600 (\$16,200), two sphere of influence applications (\$1,650) and a formation or incorporation (\$2,125).

Other Gov't Agencies – 4840	151 500	151 500	151 000	- 500
------------------------------------	---------	---------	---------	-------

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

Other Misc. Revenue - 5909	500	410	500	0
-----------------------------------	-----	-----	-----	---

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

Conclusion

The legislature created LAFCOs to achieve specific objectives, including adoption of a financial program to fulfill the purposes described in the Cortese/Knox/Hertzberg Act.

In consideration of information contained in this letter, it is recommended the Proposed Budget be approved by the Commission and distributed as required by Government Code Section 56381.

While we are recommending a specific financial program, the ad hoc Budget Committee urges that flexibility be retained to make adjustments in the Final Budget should this prove warranted.

Very truly yours,

TIM CAMPBELL

Local Agency Formation Commission
April 10, 2003 (Agenda)
Page 7

Chair