

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 6 2006 (Agenda)

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

Proposed LAFCO Budget for FY 2006-07

Dear Members of the Commission:

RECOMMENDATION

It is recommended that the Commission:

1. Receive this Proposed Budget for Fiscal Year 2006-07, accept any public testimony and approve the financial program as presented or as modified by the Commission.
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 on June 1 to consider and adopt the Final Budget.
4. Schedule a public hearing on June 1 to consider a Processing Fee Schedule increase.
5. 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

The Commission on February 2 approved a schedule to review and adopt the LAFCO Budget for the coming fiscal year. It includes approval of a Proposed Budget on April 6 and adoption of the Final Budget on June 1.

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

The recommended Proposed Budget is \$259,196, \$1,000 less than the current year. Following is a summary of the Proposed Budget and discussions of individual line items.

Proposed Budget - Summary for FY 2006-2007

	<u>Current</u> <u>2005-06</u>	<u>Proposed</u> <u>2006-07</u>	<u>Variance</u>
Services & Supplies	\$ 257 946	\$ 256 946	- 1 000
Other Charges	<u>2 250</u>	<u>2 250</u>	<u>0</u>
Total Expenditures	260 196	259 196	- 1 000
Proj. Avail. Fund Balance	23 724	17 354	- 6 370
Interest income	2 500	2 500	0
Processing Fees	23 375	24 000	+ 625
Other Misc. Revenue	300	300	0
Local Gov't Agencies	<u>210 297</u>	<u>215,042</u>	<u>+ 4 745</u>
Total Financing Sources	260 196	259 196	- 1000

Discussion of Individual Accounts

The following table presents for each account the current budget, year-end projection, proposed budget for next year and the change from the current year, if any.

<u>Account name and number</u>	<u>2005-2006</u> <u>Final Budget</u>	<u>Projected</u> <u>Year End</u>	<u>2006-2007</u> <u>Draft Budget</u>	<u>Change</u>
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APPROPRIATION ACCOUNTS

Communications – 7050	\$ 1 000	20	100	- 900
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Telephone and fax expenses. \$900 reduction is recommended based on actual experience.

Audit Fees – 7324	2 300	2 300	2 300	0
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Costs reflect prior experience with the firm of Moss, Levy & Hartzheim. \$100 increase proposed.

Memberships – 7430	1 400	1 399	1 800	+ 400
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Membership in the California Association of LAFCOs. Reflects proposed dues increase.

Office Expense – 7450	6 500	2 500	4 000	-2 500
Supplies and equipment to support Commission activities. Reduced costs are anticipated next year due to the completion of municipal service reviews and sphere of influence updates.				
Postage – 7451	4 000	2 500	4 000	0
This account funds postage and courier services. The recommended amount is the same as the current year based retaining sufficient capacity to properly notice potential applications.				
Copier Expense - 7453	3 600	10 000	3 600	0
This account funds printing of notices, reports, resolutions, correspondence and other materials. No change is proposed, though the expense this year was high due to the Municipal Service Review and Sphere of Influence Update program				
Professional & Specialized Services - 7460	25 000	12 400	25 000	0
The account funds research, services and specialized studies that are not provided by the LAFCO staff, including charges by County departments, funding for televising LAFCO meetings and maintenance of the website. The recommendation is unchanged from the current year to provide the Commission with capacity to perform special studies as needed during the year.				
Legal Services - 7508	20 000	4 750	20 000	0
This account funds legal services. The recommendation is unchanged from the current year based on actual experience and the need to retain funds for unanticipated legal issues.				
Contract Staff Services – 7510	152 646	152 646	152 646	0
Executive Officer and Commission Clerk services are provided through a professional services agreement. The amount in the Proposed Budget is unchanged from the current year.				
Publications/Legal Notices– 7530	0	700	500	500
This account funds publication of legal notices; in the current budget it is funded in office expense.				

Rents/Leases – Structure –7580	3 600	0	3 600	0
This account is available to fund office space and utilities. Space for LAFCO in the County’s Engineering Building in Santa Barbara is adequate for current needs. If the Commission is relocated to private space it is assumed the costs may be significantly higher.				
Space for 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	15 400	7 800	15 400	0
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)				
Gen Fund Cost Allocation – 7669	1 500	2 900	3 000	+ 1500
This account funds the County Auditor and Treasurer-Tax Collector to maintain the Commission’s books, process deposits and checks to pay bills, provide financial data and so forth.				
Transportation and Travel - 7730	21 000	18 400	21 000	0
Travel expenses and mileage reimbursement for Commissioners and staff. Funds are appropriated for Commissioners to participate in California Association of LAFCOs, conferences, which this year will be in San Diego. No change is recommended.				
OTHER CHARGES				
Liability Insurance - 7895	2 000	2 000	2 000	0
The account funds liability insurance for Commission and staff. The County has informed us that it can no longer carry LAFCO in its insurance policy. We are making arrangements for alternative coverage. The \$2,000 is a “place holder” until a firm figure is known in the coming weeks.				
Telephone Services - 7897	250	250	250	0
The account funds County telephone equipment and services in the LAFCO office. No change from the prior year is expected.				
REVENUE ACCOUNTS				
Interest Income - 3380	2 500	4 100	2 500	0
Revenue from investing available LAFCO funds.				
Processing Fee Income - 5738	23 375	27 210	24 000	+ 625

Revenues from fees to process proposals. It is difficult to predict future proposal workload. To some extent it follows economic activity. The budget is based on 20 boundary changes at an average of \$900 (\$18,000) and six sphere of influence applications of \$890 (\$5,340).

Other Gov't Agencies – 4840	210 297	227 651	215 042	+ 4 745
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Revenue from the County, cities and special districts to fund the Commission. The figure will be refined in the coming weeks based on the available year-end fund balance.

Other Misc. Revenue - 5909	300	1 120	300	0
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These are revenues from the sale of documents, maps etc.

Projected Avail. Fund Balance	23 274		17 354	- 6 370
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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.

Conclusion

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.

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.

Very truly yours,

BOB BRAITMAN
 Executive Officer