

May 14, 2020 (Agenda)

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

Proposed LAFCO Budget for Fiscal Year 2020-2021

Dear Members of the Commission:

RECOMMENDATION:

Consider recommendations regarding the Proposed Budget for Fiscal Year (FY) 2020-2021, as follows:

- a) Review the Proposed Budget for FY 2020-2021, 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 June 2020 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 reduced staffing or program costs will nevertheless allow the commission to fulfill the purposes and programs of this chapter."

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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 \$387,300, an increase of \$1,550 above the current year budget. The main reason for the increase is the increase in Contractual Staff Services (7510) by \$30,000.

There is no recommended contribution to the contingency reserve because the reserve is now adequate to fund unanticipated expenses such as litigation and other legal services, professional services, and other unexpected and unbudgeted expenses. Any year-end fund balance will also be added to reserves.

Following is a budget summary:

Proposed Budget Summary	Adjusted Budget 2019-2020	Proposed 2020-2021	Change
Salaries and Benefits	\$16,800	\$16,800	\$0
Contracted Staff Support	\$235,000	\$265,000	\$30,000
Services & Supplies	\$132,350	\$104,200	(\$28,150)
Other Charges	\$1,600	\$1,300	(\$300)
Total	\$385,750	\$387,300	\$1,500
Contingencies	\$0	\$0	\$0
Total Appropriations	\$385,750	\$387,300	\$1,500
Revenues	\$385,750	\$387,300	\$1,500

Detailed Description of Individual Accounts

The proposed budget spreadsheet and specific line item accounts is attached as **Exhibit A**. The spreadsheet presents the Recommended Proposed 2020-2021 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.

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Designation for Contingency/Reserve

During 2018-2019, \$80,000 was transferred to the contingency/reserve account. This was based on billings from the County Assessor and Elections Office and time spent on complex proposals. On June 30, 2020, the Commission's reserves will equal approximately \$202,200. 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. In addition, there will be a significant reduction in the general fund cost allocation amount in 2020-2021.

A prudent reserve should be in the range 30-50 percent of the operating budget. Therefore, there is no recommended addition to contingency reserves for the 2019-20 Fiscal Year.

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 February 7, 2019, the Commission entered into a two-year agreement with Mr. Dillon for legal services not to exceed \$50,000 per year. This amount is reflected in the proposed 2020-2021 budget.

Services and Supplies

In the area of Services and Supplies, Line Item 7669, was decreased by \$28,200 (a 415% decrease) based mainly on a lowering of the projected 2020-2021 General Fund Cost Allocation (CAP). The CAP estimates in previous years were based on estimated services provided by County Counsel and the County Executive Office two years ago. The roll forward to consider the actual costs, resulted in large CAP credits for 2020-2021 when the actual data was available. Other Services and Supplies remain relatively stable.

Revenue Accounts

In the area of Revenues, LAFCO Billings to the County of Santa Barbara, Cities, and Special Districts for 2020-2021 will increase by \$6,360. This is due mainly to the increase in Contractual Staff Services (7510) by \$30,000.

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Conclusion

In consideration of this information, it is recommended the Proposed Budget for FY 2020-2021 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 2020 Commission meeting.

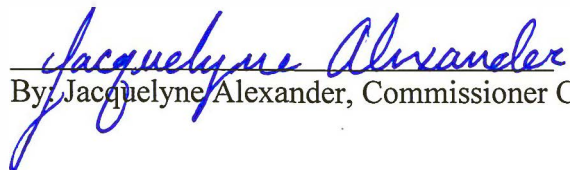
EXHIBIT:

Exhibit A: Proposed FY 2020-2021 LAFCO Budget

Please contact the LAFCO office if you have any questions.

Sincerely,

Paul Hood, Executive Officer


By: Jacquelyne Alexander, Commissioner Clerk

cc: County Executive Officer
Each City Manager
Each Special District Manager

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

RECOMMENDED FINAL 2020-2021 BUDGET - May 14, 2020

Account Name and Number	2019-20 Final Budget	As of 4/30/2020	Projected Year-End	2020-2021 Proposed Budget	Inc/Dec	% Inc/Dec
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Revenues

Interest Income - 3380	4,000	5,281	6,000	5,000	1,000	25%
Unrealized Gain/Loss - 3381	310	1,929	2,300	0	-310	-100%
Other Gov't Agencies - 4840	340,440	304,590	340,440	346,800	6,360	2%
Planning Studies Service - 5738	40,000	23,525	40,000	35,000	-5,000	-13%
Misc. Revenue - 5909	1,000	0	0	500	-500	-50%
Total Revenues	385,750	335,325	388,740	387,300	1,550	0.4%

Expenditures

Salaries and Benefits

Commissioner Stipends - 6210	15,000	9,477	12,500	15,000	0	0%
FICA Contribution - 6500	1,000	586	770	1,000	0	0%
FICA/Medicare - 6550	200	137	180	200	0	0%
Unemployment Insurance - 6700	600	331	500	600	0	0%
Total Salaries and Benefits	16,800	10,531	13,950	16,800	0	0.0%

Staff Support

Contractual Staff Services - 7510	235,000	166,137	235,000	265,000	30,000	11%
Total Staff Support	235,000	166,137	235,000	265,000	30,000	11%

Services and Supplies

Audit Fees - 7324	7,200	6,000	6,500	7,200	0	0%
Memberships - 7430	6,500	5,971	6,500	6,500	0	0%
Office Expense - 7450	1,500	724	1,000	1,000	-500	-33%
Prof & Special Services - 7460	45,000	33,224	45,000	45,000	0	0%
ADP Payroll Fees - 7507	1,750	939	1,750	1,800	50	3%
Legal Services -7508	50,000	28,050	45,000	50,000	0	0%
Pubs & Legal Notices 7530	1,200	1,434	1,650	1,700	500	42%
Gen Fund Cost Allocation -7669	-6,800	-6,507	-6,800	-35,000	-28,200	415%
Training and Travel- 7732	26,000	17,370	20,000	26,000	0	0%
Total Services and Supplies	132,350	87,205	120,600	104,200	-28,150	-21%

Other Charges

Electricity - 7801	600	343	600	500	-100	-17%
Natural Gas - 7802	100	111	100	100	0	0%
Water - 7803	100	97	100	100	0	0%
Refuse - 7804	100	113	100	100	0	100%
Utility Services - 7806	100	44	75	100	0	0%
Liability Insurance - 7895	200	0	0	0	-200	-100%
Telephone Services - 7897	400	294	360	400	0	0%
Total Other Charges	1,600	1,002	1,335	1,300	-300	-18.8%

Contingency Reserve - 9600	0	0	0	0	0	0
Total Contingency Reserve	0	0	0	0	0	0.0%
Total Exp/Appropriations	385,750	264,875	370,885	387,300	1,550	0.4%
Net Financial Impact	0	70,450	17,855	0	0	0.0%

*No contingency will be added to reserves in FY 20/21. The estimated contingency reserve balance will be \$200,000