

LAFCO

Santa Barbara Local Agency Formation Commission
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May 7, 2026 (Agenda)

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

Final LAFCO Budget for Fiscal Year 2026-2027

Dear Members of the Commission:

RECOMMENDATION:

Consider recommendations regarding the Final Budget for Fiscal Year (FY) 2026-2027, and consider adoption of a Resolution that takes the following actions:

- a) Review the Final Budget for FY 2026-2027, accept all public testimony and approve the Budget as presented;
- b) Direct staff to distribute the approved Final Budget to Cities, Special Districts and the County as required by Government Code Section 56381; and
- c) Notify the County Auditor to proceed pursuant to Government Code Section 56381(b) with apportionment of LAFCO costs among the County, Cities, and Special Districts.
- d) Update the Commissions contingency reserve policy.

DISCUSSION:

The proposed budget was approved by the Commission on April 2, 2026. Following April 2, 2026 Commission meeting, the approved Proposed Budget was transmitted to the County Executive, City Managers and Special District Managers. The notice of Final Budget hearing has been posted to the Commission website. The Final Budget staff

report was also distributed to the County Executive, City Managers and Independent Special Districts Managers.

The notification and hearing process are consistent with the provisions of Government Code Section 56381. Pursuant to the section, "The Commission shall adopt annually following noticed public hearing, a proposed budget by May 1 and a final Budget by June 15."

The funding formula for LAFCO's budget is established in the Cortese-Knox-Hertzberg Act. LAFCO's budget is funded primarily by the County, Cities and Independent Special Districts, with each group paying one-third of the LAFCO adopted budget. The Final Budget has been distributed to the County, Cities, and Special Districts.

The recommended Final Budget for Fiscal Year 2026-2027 reflects a total projected appropriations of \$680,280, with a slight increase to Line Item 4840 for Other Gov't Agencies to \$627,580 from last year.

The final budget and signed resolution will be submitted to the County Auditor's Office. The City and District shares are pro-rated based on general revenues reported to the State Controller's Office by the jurisdictions. The County Auditor will calculate the cost to each jurisdiction and distribute invoices for payment to the Cities and Special Districts within the County in the first quarter of the 2026-2027 fiscal year. A reminder of adopted Contribution Policy regarding Net Operating Expenses will be forwarded to each member prior to December deadline.

Attachments

Attachment A - Recommended Final LAFCO Budget for FY 2026-2027

Attachment B - Draft Proposed LAFCO Budget for FY 2026-2027

Attachment C - LAFCO Resolution Approving the Final Budget for FY 2026-2027 and updating LAFCOs reserve policy

Please contact the LAFCO office if you have any questions.

Sincerely,



Mike Prater
Executive Officer

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 2026-2027 BUDGET - MAY 7, 2026

Final 5/7/2026

Account Name and Number	2025-26 Final Budget	As of 3/31/26	Projected Year-End	2026-27 Recommended Budget	Inc/Dec	% Inc/Dec
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REVENUES

Interest Income - 3380	6,000	11,410	11,410	6,000	0	0%
Unrealized Gain/Loss - 3381	0	0	0	0	0	0.0%
Other Gov't Agencies - 4840	603,704	603,370	603,704	627,580	23,876	4.0%
Planning Studies Service - 5738	20,000	11,010	19,510	25,000	5,000	25.0%
Misc. Revenue - 5909	6,100	13,225	14,665	21,700	15,600	256%
Total Revenues	635,804	639,015	649,289	680,280	44,476	7.0%

EXPENDITURES

Salaries and Benefits

Commissioner Stipends - 6210	22,000	12,262	17,000	22,000	0	0%
Regular Salary - 6100	303,652	182,258	280,000	342,819	39,167	13%
FICA Contribution - 6500	19,130	11,485	18,300	21,598	2,468	13%
FICA/Medicare - 6550	6,680	2,905	4,720	7,542	862	13%
Retirement-Employer Contribution - 6400	29,104	15,550	26,680	39,833	10,729	37%
Retirement - Employee Contribution - 5771	29,104	15,550	26,680	39,833	10,729	37%
Unemployment Insurance - 6700	7,490	3,536	6,050	7,885	395	5%
Fed Unemploy Tax-Employer Cont - 6700	550	376	550	550	0	0%
Fixed Costs (\$):						
Health Plan/Contribution - 6600	35,100	27,318	36,427	44,285	9,185	26%
Life/Disability Insurance - 6610	3,000	1,977	2,965	3,000	0	0%
Def Comp - EO Employer - 6100	4,200	3,150	4,200	4,200	0	0%
Phone/Cash Allowance - 7811	2,450	1,624	2,436	2,450	0	0%
Auto Allowance - 7326	7,000	4,666	7,000	7,000	0	0%
Total Salaries and Benefits	440,356	267,107	406,328	503,161	62,805	14%

Services and Supplies

Audit Fees - 7324	13,090	12,465	12,465	13,090	0	0%
Memberships - 7430	10,567	10,630	10,630	10,893	326	3%
Office Expense - 7450	1,500	363	625	1,500	0	0%
Equipment Maintenance - 7120	0	0	0	0	0	0%
Copier Expense - 7453	1,000	75	700	1,000	0	0%
Prof & Special Services - 7460	70,000	9,435	70,000	60,000	-10,000	-14%
Payroll Fees - 7507	2,400	1,635	2,500	2,400	0	0%
Legal Services -7508	65,000	5,193	50,000	65,000	0	0%
Pubs & Legal Notices - 7530	3,000	1,473	2,500	3,000	0	0%
Postage - 7451	1,000	339	400	750	-250	0%
Gen Fund Cost Allocation - 7669	8,505	6,378	8,505	17,100	8,595	101%
Training and Travel - 7732	26,000	20,889	24,000	24,000	-2,000	-8%
Total Services and Supplies	202,062	68,875	182,325	198,733	-3,329	-2%

Other Charges

Electricity - 7801	650	521	649	650	0	0%
Natural Gas - 7802	175	148	175	175	0	0%
Water - 7803	150	138	150	150	0	0%
Refuse - 7804	200	118	200	200	0	0%
Utility Services - 7806	100	33	100	100	0	0%
Liability Insurance - 6900	1,661	0	1,661	1,661	0	0%
Telephone Services - 7897	450	368	450	450	0	0%
Total Other Charges	3,386	1,326	3,385	3,386	0	0%

Contingency Reserve - 9600	-10,000		0	-25,000	0	0
Total Contingency Reserve	316,607		373,858	0	348,858	10.2%
Total Exp/Appropriations	635,804	337,308	592,038	680,280	44,476	7.0%
Net Financial Impact	0	301,707	57,251	0	0	0.0%

*\$57,000 contingency is estimated to be added into reserves in FY 26/27. While \$25,000 of contingency will also be deducted from reserves off-setting a balance. The estimated contingency reserve balance will be \$349,000

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

PROPOSED DRAFT 2026-2027 BUDGET - APRIL 2, 2026

Draft 4/2/2026

Account Name and Number	2025-26 Final Budget	As of 3/31/26	Projected Year-End	2026-27 Recommended Budget	Inc/Dec	% Inc/Dec
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LAFCO RESOLUTION NO. 26 -03

RESOLUTION OF THE SANTA BARBARA LOCAL AGENCY FORMATION
COMMISSION ADOPTING THE FINAL BUDGET FOR FISCAL YEAR 2026-2027

WHEREAS, the Executive Officer has given the notices required by law and forwarded copies of the proposed budget to officers, persons, and public agencies proscribed by law; and

WHEREAS, this matter was set for public hearing at 1:00 p.m. on May 7, 2026, and a public hearing was duly conducted; and

WHEREAS, at said hearing, the Commission heard and received all oral and written comments and evidence which were made, presented or filed, and all person's present and participating remotely were given the opportunity to hear and be heard in respect to any matter relating to said recommended final budget, and

WHEREAS, the Commission finds that it can accomplish its legislative purpose and adopted work plan with the final budget as required by Cortese-Knox-Hertzberg Act; and

WHEREAS, the Commission desires to adopt a contingency reserve policy.

NOW, THEREFORE BE IT RESOLVED AND ORDERED by the Local Agency Formation Commission of Santa Barbara County, State of California, as follows:

1. The recitals set forth herein are true, correct and valid;
2. Pursuant to Government Code section 56381(a), the Commission hereby adopts the Final Budget for Fiscal Year 2026-27 in the amount of \$680,280 as set forth in **Exhibit A**. The amount charged to the Cities, the Independent Special Districts and the County, after deducting fees from applications will be \$627,580; and
3. Pursuant to Government Code section 56381(a), the Final Budget is found to be adequate for the Commission to fulfill the purpose and programs of Chapter 3 ("Powers") of Part 2 of the Cortese-Knox-Hertzberg Act;
4. Staff is directed to distribute the Final Budget to the County, Cities, and Special Districts as required by Government Code section 56381; and

ATTACHMENT C

Santa Barbara LAFCO
LAFCO RESOLUTION NO. 26-03

5. Staff shall notify the County Auditor to proceed pursuant to Government Code section 56381(b) with apportionment of LAFCO costs among the County, Cities, and Special Districts.
6. The Commission's contingency reserve policy is updated to allow the maintenance of a contingency reserve fund between 30 and 70 percent of annual budgeted appropriations in any given year. This fund is intended for extraordinary, unbudgeted and high priority expenditures authorized by the Commission and/or to help off-set member agency contributions in any given year.

This resolution was adopted on May 7, 2026 and is effective on the date signed by the Chair.

AYES:

NOES:

ABSTAINS:

Dated: _____

Shane Stark, Chair
Santa Barbara Local Agency Formation Commission

ATTEST:

Ila Fennell, Commission Clerk
Santa Barbara Local Agency Formation Commission