

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

May 1, 2008 (Agenda)

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

Proposed LAFCO Budget for FY 2008-09

Dear Members of the Commission:

RECOMMENDATION

It is recommended that the Commission:

1. Receive the Proposed Budget for Fiscal Year 2008-09, accept all public testimony and approve this financial program as presented or as modified by the Commission.
2. Direct the staff to distribute the Proposed Budget to cities, special districts and the County as required by Government Code Section 56381.
3. Conduct a public hearing on June 5 to consider and adopt the Final Budget.
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.

DISCUSSION

Introduction

The Proposed Budget presented herewith for the coming fiscal year is quite similar to the current year's budget, with a few adjustments based on actual experience and anticipated expenses.

The schedule to review and adopt the budget includes approval of the Proposed Budget on May 1 and adoption of the Final Budget on June 5.

The Proposed Budget as recommended is \$291,904, an increase of 3.6% above the current year budget. Following is a summary.

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<u>Proposed Budget Summary</u>	<u>Final Budget</u> <u>2007-08</u>	<u>Proposed</u> <u>2008-09</u>	<u>Change</u>
Salaries and Benefits	\$ 24 900	\$ 25 435	\$ 535
Services & Supplies	253 067	262 669	9 602
Other Charges	<u>3 800</u>	<u>3 800</u>	<u>0</u>
Total Appropriations	281 767	291 904	10 137
Interest income	2 500	4 500	2 000
Processing Fees	27 000	27 800	800
Miscellaneous Revenue	200	200	0
Available Fund Balance*	83 531	79 374	- 4 157
Local Gov't Agencies	<u>203 867</u>	<u>180 030</u>	<u>- 23 837</u>
Total Revenues	317 098	291 904	- 25 194

* LAFCO constitutes a separate, operating fund. In addition to the "Available Fund Balance" the Commission has set aside a reserve of \$40,000 available during the year if warranted.

The following table of each account describes and explains current year appropriations, year-end projections, proposed budget for next year and changes from the current budget. .

Proposed Budget Detail

	2007-2008 <u>Final</u> <u>Budget</u>	Projected <u>Year End</u>	2008-2009 <u>Draft Budget</u>	<u>Change</u>
SALARIES AND BENEFITS				
Commissioner Stipends – 6210	23 100	15 600	23 100	0
This account funds Commissioner per diem stipends. The amount is based on 11 Commissioners attending 14 meetings at \$150 per meeting.				
FICA Contribution – 6500	0	960	1 500	1 500

Per the County Auditor this account for FY 08-09 is budgeted at .062% of taxable salaries and benefits. It was incorrectly budgeted in Acct 6550 in FY 07-08.

	2007-2008 <u>Final</u> <u>Budget</u>	Projected <u>Year End</u>	2008-2009 <u>Draft Budget</u>	<u>Change</u>
FICA/Medicare – 6550	1 800	240	335	- 1 465

Per the County Auditor this account for FY 08-09 is budgeted at .0145% of taxable salaries and benefits.

Unemployment Insurance – 6700	0	481	500	500
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This account should have been funded in FY 07-08 and was not. The figure is based on experience.

SERVICES AND SUPPLIES

Audit Fees – 7324	4 000	4 000	4 200	200
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Costs reflect the approved contract with the auditing firm Bartlett, Pringle and Wolf.

Memberships – 7430	2 300	2 300	2 935	635
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Membership in the California Association of LAFCOs. Cost reflects approved dues increase.

Office Expense – 7450	4 000	1 600	4 000	0
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Supplies and equipment to support Commission activities. It is important that sufficient funds are budgeted to complete Commission studies and projects. Unexpended amounts help finance the following year's budget.

Postage – 7451	3 000	4 700	4 000	1 000
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This account funds postage and related services. Expenditures were much higher this year to the Quail Run and South Coast proposals that required notices to be mailed for protest hearings. The recommended appropriation is based on recent year trends.

Copier Expense - 7453	3 600	8 400	5 000	1 400
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This account funds printing of notices, reports, resolutions, correspondence and other materials. The recommended appropriation is based on prior year experience modified by the knowledge that this cycle of Municipal Service Reviews and Sphere of Influence Updates is completed.

	2007-2008 <u>Final</u> <u>Budget</u>	Projected <u>Year End</u>	2008-2009 <u>Draft Budget</u>	<u>Change</u>
Professional & Specialized Services – 7460	20 000	20 000	26 000	0

The account funds specialized services not provided by staff and includes charges by County departments and televising LAFCO meetings. We have requested the County Surveyor to update and maintain the maps in the LAFCO Directory of Public Agencies.

ADP Payroll Services - 7507	1 000	1 745	1 745	745
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This account funds ADP Small Business Services charges to process per diem stipends. Cost is based on actual experience in the current year.

Legal Services - 7508	20 000	24 950	20 000	0
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This account funds legal services. The recommendation is unchanged from the current year.

Contractual Staff Services – 7510	164 067	164 067	168,989	4 922
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LAFCO staff services are provided via a multi-year professional services agreement. The increase is based on the 3% maximum permitted adjustment; the amount may be revised downward for the Final Budget based on actual CPI experience in the prior 12 months.

Publications/Legal Notices– 7530	500	2 410	1 000	500
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Costs to publish legal notices for LAFCO hearings. Costs should be less this coming year to the completion of the MSR/Sphere of Influence Update program.

Rents/Leases – Structure –7580	3 600	0	3 800	200
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Funds are budgeted for office space. The office located in the County’s Engineering Building in Santa Barbara is adequate for current needs. If LAFCO is relocated to other space the costs may be significantly higher.

Commission meeting space is not budgeted. It is assumed the Commission will continue to meet in County hearing rooms, except for special meetings held in other locations.

	2007-2008 <u>Final</u> <u>Budget</u>	Projected <u>Year End</u>	2008-2009 <u>Draft Budget</u>	<u>Change</u>
Gen Fund Cost Allocation – 7669	6 000	5 225	6 000	

This account funds the County Auditor and Treasurer to maintain the Commission’s books, process deposits and checks and provide financial data. We anticipate little change.

Transportation and Travel - 7730	21 000	17 130	21 000	0
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This account funds travel expenses and mileage for Commissioners and staff, including participation in California Association of LAFCO conferences and Board meetings. No change is recommended.

OTHER CHARGES

Liability Insurance - 7895	3 500	3 500	3 500	0
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The account funds liability insurance for Commission and staff. The change is based on experience.

Telephone Services - 7897	300	300	300	0
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The account funds the telephone equipment in the LAFCO office.

REVENUES

Interest Income - 3380	2 500	7 790	4 500	2 000
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This is revenue from investing available LAFCO funds. Interest income is higher this year than anticipated but we don’t anticipate the same level of revenue from this source in the coming year.

Processing Fee Income - 5738	27 000	28 600	27 800	800
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This is revenue from fees to process proposals. It is difficult to predict future proposal workload since it follows to some degree economic activity. The budget is based on 18 boundary changes at an average of \$1,435 (\$25,830) and two sphere of influence applications (\$1,900).

Miscellaneous Revenue – 5860, 5909	200	4 559	200	0
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These are revenues from the sale of documents, maps etc. It is higher this year due primarily to the reimbursement of our costs to notice the conducting authority hearings for two proceedings.

	2007-2008 <u>Final</u> <u>Budget</u>	Projected <u>Year End</u>	2008-2009 <u>Draft Budget</u>	<u>Change</u>
Projected Available Fund Balance	83 531	50 165	53 939	- 29 592

The year-end fund balance will be refined in the coming weeks. The year-end fund balance reduces the amounts collected from the local agencies that support the LAFCO budget.

Other Gov't Agencies – 4840	203,867	203 869	180 030	- 23 629
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The law directs the County, cities and independent special districts to fund the Commission. The amounts depend on the available fund balance at the end of the fiscal year and projected operational revenues. The figure for FY 2008-09 will be developed in the coming weeks.

Attachment A shows expenditure and revenue accounts without the detailed explanations.

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

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