

May 7, 2015 (Agenda)

Local Agency Formation Commission
105 East Anapamu Street, Room 407
Santa Barbara CA 93101

Final LAFCO Budget for FY 2015-2016

Honorable Commissioners:

RECOMMENDATION

It is recommended that the Commission:

- a) Review, accept all public testimony and approve the Final Budget for Fiscal Year 2015-16;
- b) Direct the staff to distribute the Final Budget to the County, cities, and special districts as required by Government Code Section 56381; and
- c) Notify the County Auditor to proceed pursuant to Government Code section 56381.6 with apportionment of LAFCO costs among the County, cities, and special districts.

DISCUSSION

The Proposed Budget was approved by the Commission on April 2, 2015. Prior to consideration of the Proposed Budget, a notice was published in the Santa Barbara News Press and posted on the Commission's website. The Proposed Budget was also distributed to all cities, independent special districts and the County.

Following the April 2nd Commission meeting, on April 10th the approved Proposed Budget was transmitted to the County Executive, City Managers and Special District Managers. The Proposed Budget, a transmittal letter, and the notice of Final Budget hearing were also posted on the Commission website. Notice of the Final Budget hearing was also published in the Santa Barbara News-Press.

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

Commissioners: Doreen Farr, Chair ♦ Roger Aceves ♦ Bob Short ♦ Craig Geyer ♦ Jeff Moorhouse ♦ Bob Orach ♦ Janet Wolf ♦ John Fox ♦ Steve Lavagnino ♦ Jim Richardson ♦ Roger Welt ♦ **Executive Officer:** Paul Hood

Summary of Final Budget

The recommended Proposed Budget is \$354,561, a decrease of \$46,388 under the current year budget. Following is a budget summary.

<u>Rec Final Budget Summary</u>	<u>Adjusted Budget 2014-15</u>	<u>Rec. Final Budget 2015-16</u>	<u>Change</u>
Salaries and Benefits	\$ 14 046	16 100	\$ 2 054
Contracted Staff Support	206 757	210 508	3 751
Services & Supplies	138 432	106 137	-32 295
Other Charges	<u>1 714</u>	<u>1 816</u>	<u>102</u>
Total	360 949	334 561	-26 388
Contingencies	40 000	20 000	-20 000
Total Appropriations	400 949	354 561	-46 388
Revenues	400 949	354 561	-46 388

Detailed Description of Individual Accounts

The proposed budget and descriptions of specific accounts are attached. These illustrate current year revenues and appropriations and projected revenues and appropriations for the coming year. 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. Appropriations not expended during one fiscal year become part of the available fund balance to finance the Commission in the following fiscal year.

Designation for Contingency

During 2012-13, \$20,000 was transferred from the contingency account to the operating budget to compensate the Executive Officer-Elect from March 2013 to the end of June 2013. The \$20,000 was restored to the designation for contingencies in 2013-14. As part of the 2014-15 budget, the Commission added \$40,000 to contingencies. For the 2015-16 budget an additional \$20,000 is recommended to be added to the Contingency Reserve Account, Line Item 9600. The additional reserves will be used for unanticipated expenses such as legal services and other unbudgeted expenses.

Commission Clerk Services

The Commission will continue to utilize the County Clerk to the Board (COB) for Commission Clerk services. In March 2014, the Commission opted to pick up the cost of Clerk services for the remainder of 2013-14 and all of 2014-15. The cost of Clerk Services were previously paid by the Executive Officer from Contractual Staff Service – Line Item 7510. The Contractual Staff Service account for the Executive Officer was reduced by \$30,000. An additional \$30,000 was included in 2014-15 for a total of \$60,000 for Commission Clerk services. It is recommended that \$60,000 also be allocated for Clerk services for 2015-16.

Services and Supplies

In the area of Services and Supplies, the Commission will note one major change, Line Item 7669, is reduced by -\$32,014. As explained by the County Auditor-Controller's Office, the main reason for the decrease is a reduction of County Counsel charges by -\$35,705 between 2014-15 and 2015-16 for the General Fund Cost Allocation Plan (CAP). In 2014-15, County Counsel's direct billings were lower than their allocated costs (\$50,437 in allocated costs less \$40,002 in direct billings) while in 2015-16 the direct billings were closer to the costs allocated in the plan (\$42,428 in allocated costs less \$41,610 in direct bills). This change, along with the roll forward (the roll forward is an adjustment that brings CAP from 2 years prior to the actual costs in that year), resulted in the net decrease in county counsel charges of (\$35,705). This results in a \$6,697 credit for the current year.

In other areas, memberships are recommended for a slight increase so the Santa Barbara LAFCO can join the California Special Districts Association (CSDA). CALAFCO dues are also include id this line item. Postage and Copying expenses are lower because these expenses are now included in the billings from the Clerk to the Board's Office. The Professional and Special Services line item is recommended to remain the same as the current year for continued use of the County Surveyor for LAFCO mapping and to utilize outside contractors, when necessary. The Travel and Training account is recommended to remain the same as the current year. This account includes Commissioner mileage to and from LAFCO meetings and staff mileage within the County of Santa Barbara. It also includes travel for Commissioners and staff to the CALAFCO Annual Conference, the CALAFCO Staff Workshop, and other training sessions. Lastly, this account provides for travel to the CALAFCO Board of Directors meetings for Commissioner Welt and travel to the CALAFCO Legislative Committee meeting for the Executive Officer.

Revenue Accounts

In the area of Revenues, LAFCO Billings to the County of Santa Barbara, Cities, and Special Districts will decrease by \$46,388. Much of the decrease is a result of the CAP billings being

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reduced by -\$32,295. This means less is billed to the funding agencies. LAFCO Processing Fees are also projected to increase by \$5,000 based on current year projections.

Conclusion

In consideration of this information, it is recommended the Proposed Budget 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 4, 2015, Commission meeting.

EXHIBIT

Exhibit A Recommended Final LAFCO Budget for FY 2015-16

Please contact the LAFCO office if you have any questions.

Sincerely,



PAUL HOOD
Executive Officer

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

	2014-2015 <u>Adjusted Budget</u>	<u>As of 4/21/15</u>	2015-2016 <u>Rec Final</u> <u>Budget</u>	<u>Change</u>
REVENUES				
Interest Income - 3380	750	644	650	- 100
This is revenue from investing available LAFCO funds.				
Unrealized Gain/Loss - 3381	0	146	0	0
Processing Fee Income - 5738	20 000	19 070	25 000	5 000
This revenue from processing proposals is predicated on the processing fee schedule. It is difficult to predict proposal workload because to some degree new proposals are dependent upon economic activity. Based on recent history we are anticipating receiving ten or twelve proposed boundary changes or other applications.				
Miscellaneous Revenue – 5860	250	396	500	250
These are revenues from sale of documents, maps etc. Revenue this year results from testimony the Executive Officer provided in a lawsuit concerning school mitigation fees in Santa Maria.				
Other Gov't Agencies – 4840	379 949	379 107	328 411	-51 538
Essentially the Commission is funded in equal thirds by the County, cities and independent special districts. Amounts depend on (a) adopted budget, (b) available fund balance at end of fiscal year and (c) projected operational revenues. This amount to be determined at the end of the fiscal year.				
APPROPRIATIONS				
SALARIES AND BENEFITS				
Commissioner Stipends –	12 000	13 267	14 000	2 000
6210				
This account funds Commissioner per diem stipends. Commissioner stipends are processed through ADP. The amount is based on 11 Commissioners attending 10 meetings at \$150 per meeting (\$16,500). Commissioner's attendance at CALAFCO Board of Directors meetings also receive a stipend. Funds are expended only if meetings are held.				
FICA Contribution – 6500	1 172	809	1 200	28
Per the County Auditor this account is budgeted at .062% of taxable salaries and benefits.				
FICA/Medicare – 6550	274	189	300	26
Per the County Auditor this account is budgeted at .0145% of taxable salaries and benefits.				
Unemployment Insurance– 6700	600	534	600	0

	2014-2015 <u>Adjusted Budget</u>	<u>As of 4/21/15</u>	2015-2016 <u>Rec Final</u> <u>Budget</u>	<u>Change</u>
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This contribution is also withheld by ADP.

LAFCO STAFFING (this account is actually included within Services & Supplies)

Contractual Staff Services – 7510	206 757	175 813	210 508	3 751
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Effective July 1, 2014, the Executive Officer compensation will be \$144,588 per year. No benefits are included in the professional services contract. Also effective July 1, 2014, the contract with the Clerk to the Board for Clerk services will be funded at \$60,000 per year.

SERVICES AND SUPPLIES

Audit Fees – 7324	6 000	5 600	6 000	0
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The Commission finances are subject to annual audit. The amount budgeted for 2014-15 is based on the actual 2013-14 cost.

Memberships – 7430	3 115	3 115	4 334	1 219
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Membership in the California Association of LAFCOs.

Office Expense – 7450	1 500	661	1 500	0
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This funds supplies and equipment to support Commission activities. The Clerk to the Board separates out office expenses from its LAFCO Clerk services.

Postage – 7451	1 000	0	0	-1 000
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This account funds postage and related services. The Clerk to the Board separates out postage expenses from its LAFCO Clerk services.

Copier Expense - 7453	2 500	640	1 000	-1 500
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This account funds printing of notices, reports, resolutions, correspondence and other materials. The Clerk to the Board separates out copying expenses from its LAFCO Clerk services.

Professional & Specialized Services – 7460	36 000	0	36 000	0
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The account funds services not provided directly by LAFCO staff or legal counsel. These include televising and recording LAFCO meetings and updating and maintaining city and special district maps in the Commission's Directory of Public Agencies. This account was used to update the LAFCO website in 2013-14. This account is also used for outside consultants and contractors to assist with complex projects and proposals.

	2014-2015 <u>Adjusted Budget</u>	<u>As of 4/21/15</u>	2015-2016 <u>Rec Final</u> <u>Budget</u>	<u>Change</u>
ADP Payroll Services - 7507	1 500	1 610	2 000	500

This account funds ADP Small Business Services charges to process per diem stipends. It costs approximately \$150 per meeting for payroll processing.

Legal Services - 7508	35 000	10 843	35 000	0
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This account funds estimated legal counsel services. The actual amount charged is adjusted in subsequent years based on General Fund Cost Allocation calculations.

Publications/Legal Notices– 7530	500	703	1 000	500
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Costs to publish legal notices for LAFCO hearings.

Gen Fund Cost Allocation – 7669	25 317	19 133	-6 697	-32 014
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This account funds services provided by the County. These include support of the County Auditor to keep financial records, make payments and process deposits; the County Treasurer to retain and invest funds; use of office space; and adjustments in legal counsel billings due to actual hours rather than estimates. See the attached Allocation Detail provided by the County Auditor.

Training and Travel – 7732	26 000	12 214	26 000	0
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This account funds expenses for Commissioners and staff to attend LAFCO meetings, CALAFCO conferences and workshops, CALAFCO Board meetings and educational programs. The account is recommended for an increase based on participation on the CALAFCO Board of Directors and the CALAFCO Legislative Committee.

OTHER CHARGES

The figures in these accounts are provided by the County. Some of these accounts have increased slightly for 2014-15. LAFCO is included in the County's liability insurance program so it is not necessary to fund this item separately.

Electricity – 7801	700	499	795	95
Natural Gas – 7802	150	97	135	-15
Water – 7803	150	94	135	-15
Refuse – 7804	110	77	135	25
Utility Services – 7806	60	40	65	5
Liability Insurance - 7895	194	0	196	2
Telephone Services – 7897	350	278	355	5

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

RECOMMENDED FINAL 2015-16 BUDGET -May 7, 2015

Account Name and Number	2014-15 Final Budget	As of 4/21/2015	Projected Year-End	2015-16 Rec Final Budget	Inc/Dec	% Inc/Dec
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Revenues

Interest Income - 3380	750	644	650	650	-100	-13.3%
Unrealized Gain/Loss - 3381	0	146	0	0	0	0.0%
Other Gov't Agencies - 4840	379,949	379,107	379,949	328,411	-51,538	-13.6%
Planning Studies Service - 5738	20,000	19,070	30,000	25,000	5,000	25.0%
Misc. Revenue - 5909	250	396	400	500	250	100.0%
Total Revenues	400,949	399,363	410,999	354,561	-46,388	-11.6%

Expenditures

Salaries and Benefits

Commissioner Stipends - 6210	12,000	13,267	16,000	14,000	2,000	16.7%
FICA Contribution - 6500	1,172	809	960	1,200	28	2.4%
FICA/Medicare - 6550	274	189	228	300	26	9.5%
Unemployment Insurance - 6700	600	534	644	600	0	0.0%
Total Salaries and Benefits	14,046	14,799	17,832	16,100	2,054	14.6%

Staff Support

Contractual Staff Services - 7510	206,757	175,813	206,757	210,508	3,751	1.8%
Total Staff Support	206,757	175,813	206,757	210,508	3,751	1.8%

Services and Supplies

Audit Fees - 7324	6,000	5,600	5,600	6,000	0	0.0%
Memberships - 7424	3,115	3,115	3,115	4,334	1,219	39.1%
Office Expense - 7450	1,500	661	1,200	1,500	0	0.0%
Postage - 7451	1,000	0	0	0	-1,000	-100.0%
Copier Expense - 7453	2,500	640	750	1,000	-1,500	-60.0%
Prof & Special Services - 7460	36,000	0	30,000	36,000	0	0.0%
ADP Payroll Fees - 7507	1,500	1,610	1,750	2,000	500	33.3%
Legal Services - 7508	35,000	10,843	21,600	35,000	0	0.0%
Pubs & Legal Notices 7530	500	703	800	1,000	500	100.0%
Gen Fund Cost Allocation - 7669	25,317	19,133	25,317	-6,697	-32,014	-126.5%
Training and Travel- 7732	26,000	12,214	18,000	26,000	0	0.0%
Total Services and Supplies	138,432	54,519	108,132	106,137	-32,295	-23.3%

Other Charges

Electricity - 78701	700	499	700	795	95	13.6%
Natural Gas - 7802	150	97	150	135	-15	-10.0%
Water - 7803	150	94	150	135	-15	-10.0%
Refuse - 7804	110	77	75	135	25	22.7%
Utility Services - 7806	60	40	50	65	5	8.3%
Liability Insurance - 7895	194	0	194	196	2	1.0%
Telephone Services - 7897	350	278	350	355	5	1.4%
Total Other Charges	1,714	1,085	1,669	1,816	102	6.0%

Contingency Reserve - 9600	40,000	0	0	20,000	-20,000	-50.0%
Total Contingency Reserve	40,000	0	0	20,000	-20,000	-50.0%
Total Exp/Appropriations	400,949	246,216	334,390	354,561	-46,388	-11.6%