

LAFCO

Santa Barbara Local Agency Formation Commission
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April 13, 2017 (Agenda)

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

Proposed LAFCO Budget for FY 2017-2018

Dear Members of the Commission:

RECOMMENDATION

It is recommended that the Commission:

1. Review the Proposed Budget for Fiscal Year 2017-18, accept all public testimony and approve the Proposed Budget as presented.
2. Direct the staff to distribute the approved Proposed Budget to cities, special districts and the County as required by Government Code Section 56381.
3. Schedule a public hearing for May 4, 2017 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."

Commissioners: Roger Aceves, Chair ♦ Craig Geyer ♦ Steve Lavagnino ♦ Jeff Moorhouse ♦ Jim Richardson ♦ Roger Welt ♦ Janet Wolf ♦ Joan Hartmann ♦ Judith Ishkanian ♦ Shane Stark ♦ Etta Waterfield ♦ **Executive Officer:** Paul Hood

Government Code Section 56381 requires 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 \$453,558, an increase of \$74,967 over the current year budget. Following is a budget summary.

<u>Proposed Budget Summary</u>	<u>Adjusted Budget 2016-17</u>	<u>Proposed 2017-18</u>	<u>Change</u>
Salaries and Benefits	\$ 17 225	17 225	\$ 0
Contracted Staff Support	220 000	235 000	15 000
Services & Supplies	89 891	179 901	89 910
Other Charges	<u>1 375</u>	<u>1 432</u>	<u>57</u>
Total	378 561	453 558	74 967
Contingencies	50 000	20 000	30 000
Total Appropriations	378 591	453 558	74 967
Revenues	378 591	453 558	74 967

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 2017-18 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. 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 2015-16, \$20,000 was transferred to the contingency/reserve account. In 2016-17, \$50,000 was transferred to the contingency. For the 2017-18 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. Funds from the contingency/reserve account, with Commission approval, can be transferred to the operating budget. Reserves could be used for contract consultant services for MSR/SOI updates and to cover staff costs for increased workload. Reserves can also be used to cover transitional costs for new staff.

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. An additional \$9,492 was allocated for Clerk service in 2016-17. It is recommended that an additional \$15,000 be allocated to the Contractual Staff Services Account 7510 for Clerk services and to cover the Executive Officer's CPI increase for 2017-18.

Services and Supplies

In the area of Services and Supplies, Line Item 7669, was increased by \$79,610. As explained by the County Auditor-Controller's Office, the main reason for the increase of \$79K from the Prior Year to the Current Year Cost Plan Charge (CAP) is mainly due to variances between the direct billings and the cost coded to LAFCO from the Clerk of the Board and County Counsel, which resulted in increases of \$55K and \$28K respectively. The charge is made more noticeable because the last two years LAFCO receive a credit because of reductions in CAP charges of -\$24,459 in 2016-17 and -\$6,697 in 2015-16. Billing from County Counsel should be lower this year because of a lower billing rate.

Revenue Accounts

In the area of Revenues, LAFCO Billings to the County of Santa Barbara, Cities, and Special Districts will increase by \$87,057. LAFCO Processing Fees are also projected to decrease by \$15,000 based on current year projections.

Local Agency Formation Commission
Proposed Budget for FY 2017-18
April 13, 2017 (Agenda)
Page 4

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 May 4, 2017, Commission meeting.

EXHIBIT

Exhibit A Proposed FY 2017-18 LAFCO Budget

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

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

PROPOSED 2017-18 BUDGET - April 13, 2017

Account Name and Number	2016-17 Final Budget	As of 3/29/2017	Projected Year-End	2017-18 Proposed Budget	Inc/Dec	% Inc/Dec
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Revenues

Interest Income - 3380	650	678	750	750	-100	0%
Unrealized Gain/Loss - 3381	0	-304	310	310	-310	0%
Other Gov't Agencies - 4840	337,441	334,828	337,441	424,498	87,057	26%
Planning Studies Service - 5738	40,000	9,017	20,000	25,000	-15,000	-38%
Misc. Revenue - 5909	500	2,792	3,000	3,000	2,500	500%
Total Revenues	378,591	347,012	361,501	453,558	74,967	19.8%

Expenditures

Salaries and Benefits

Commissioner Stipends - 6210	15,000	11,782	15,000	15,000	0	0%
FICA Contribution - 6500	1,250	735	1,200	1,250	0	0%
FICA/Medicare - 6550	350	172	300	350	0	0%
Unemployment Insurance - 6700	625	334	500	625	0	0%
Total Salaries and Benefits	17,225	13,023	17,000	17,225	0	0.0%

Staff Support

Contractual Staff Services - 7510	220,000	184,828	220,000	235,000	15,000	6%
Total Staff Support	220,000	184,828	220,000	235,000	15,000	6%

Services and Supplies

Audit Fees - 7324	6,000	1,785	6,000	6,000	0	0%
Memberships - 7430	5,000	4,630	4,630	6,000	1,000	17%
Office Expense - 7450	1,200	1,812	2,500	2,500	1,300	52%
Copier Expense - 7453	1,000	0	0	0	-1,000	-100%
Prof & Special Services - 7460	36,000	15,516	45,000	45,000	9,000	20%
ADP Payroll Fees - 7507	1,750	1,467	1,750	1,750	0	0%
Legal Services - 7508	35,000	37,673	40,000	35,000	0	0%
Pubs & Legal Notices 7530	2,500	1,936	2,500	2,500	0	0%
Gen Fund Cost Allocation - 7669	-24,459	-24,331	-24,331	55,151	79,610	144%
Training and Travel- 7732	26,000	18,525	23,500	26,000	0	0%
Total Services and Supplies	89,991	59,013	101,549	179,901	89,910	99.9%

Other Charges

Electricity - 7801	612	376	612	584	-28	-5%
Natural Gas - 7802	115	73	115	100	-15	-13%
Water - 7803	100	82	100	177	77	44%
Refuse - 7804	0	79	100	0	0	0%
Utility Services - 7806	0	33	65	65	65	0%
Liability Insurance - 7895	200	0	200	158	-42	-27%
Telephone Services - 7897	348	261	348	348	0	0%
Total Other Charges	1,375	905	1,540	1,432	57	4.1%

Contingency Reserve - 9600	50,000	20,000	20,000	20,000	-30,000	-150%
Total Contingency Reserve	50,000	20,000	20,000	20,000	-30,000	-150%
Total Exp/Appropriations	378,591	277,769	360,089	453,558	74,967	20%

*Adding \$20,000 to contingencies will increase reserves to \$130,000 at 6/30/18