

# LAFCO

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**Santa Barbara Local Agency Formation Commission**  
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April 1, 2021 (Agenda)

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

## **Proposed LAFCO Budget for Fiscal Year 2021-2022**

Dear Members of the Commission:

### RECOMMENDATION:

Consider recommendations regarding the Proposed Budget for Fiscal Year (FY) 2021-2022, as follows:

- a) Review the Proposed Budget for FY 2021-2022, 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 May 6, 2021 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

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**Commissioners:** Roger Aceves ♦ Cynthia Allen ♦ Jay Freeman ♦ Craig Geyer ♦ Joan Hartmann ♦ Steve Lavagnino  
Holly Sierra ♦ Shane Stark ♦ Etta Waterfield, Chair ♦ Roger Welt, Vice-Chair ♦ Das Williams **Executive Officer:** Mike Prater

reduced staffing or program costs will nevertheless allow the commission to fulfill the purposes and programs of this chapter."

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 \$437,490, an increase of \$75,190 above the current year budget. The main reason for the increase is the transition from Contracting Executive Officer services to an Employee Model. This decreases the Contractual Staff Services line-item by \$180,000 while increasing Salaries and Benefits by \$220,140 a net increase of \$40,140.

There is no recommended contribution to the contingency reserve to maintain reasonable member agencies contribution. The reserve would remain adequate to fund unanticipated expenses such as litigation and other legal services, professional services, and other unexpected and unbudgeted expenses with a balance of \$210,000. Any year-end fund balance will also be added to reserves.

Following is a budget summary:

Proposed Budget Summary	Adjusted Budget 2020-2021	Proposed 2021-2022	Change
Salaries and Benefits	\$16,800	\$236,940	\$220,140
Contracted Staff Support	\$240,000	\$60,000	(\$180,000)
Services & Supplies	\$104,200	\$138,250	\$34,050
Other Charges	\$1,300	\$2,300	\$1,000
<b>Total</b>	<b>\$362,300</b>	<b>\$437,490</b>	<b>\$75,190</b>
<b>Contingencies</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Appropriations</b>	<b>\$362,300</b>	<b>\$437,490</b>	<b>\$75,190</b>
<b>Revenues</b>	<b>\$362,300</b>	<b>\$437,490</b>	<b>\$75,190</b>

## Pension Costs

Santa Barbara LAFCO is now a member of Santa Barbara County Employees' Retirement System (SBCERS). SBCERS costs are directly correlated to salaries. Pension expenditures are calculated based on the rates established by the SBCERS Retirement Board. LAFCO would fund equal percentage (9.34%) of salary subject to the an annual pensionable compensation limit and the employees would fund (9.34%) up to the limit of (\$11,961). This annual adjustment is built into this year's budget and adjusted on July 1, beginning in the fiscal year.

## Detailed Description of Individual Accounts

The proposed budget spreadsheet and specific line-item accounts is attached as **Attachment A**. The spreadsheet presents the Recommended Proposed 2021-2022 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.

## Designation for Contingency/Reserve

During 2020-2021, approximately \$10,000 will be transferred to the contingency/reserve account. On June 30, 2021, the Commission's reserves will equal approximately \$210,000. 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. Depending on the extent of the fund balance in any given year, a designated fund reserve should be established to cover anticipated future costs.

A prudent reserve should be in the range 30-50 percent of the operating budget. Therefore, there is no recommended use of contingency reserves for the 2021-22 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 January 14, 2021, the Commission extended a two-year agreement with Mr. Dillon for legal services not to exceed \$150,000 per contract. During the previous year legal services exceed Account 7508 for Legal services during Mr. Dillon's Interim Executive Officer term. However, saving from the Contractual Staff Services line-item will cover much of these costs with contingency/reserve being used to cover any remaining expenditures, if necessary. It is anticipated legal services will return to normal expenditure. Therefore, the same amount is reflected in the proposed 2021-2022 budget.

## Services and Supplies

In the area of Services and Supplies, Line Item 7669, will be increased to \$14,300 (a 141% increase). This year, the general fund cost allocation amount in 2021-2022 will increase as a result of using all of the past years credits. Line Item 7732, will be decreasing by 50% for Training and Travel as a result of CALAFCO Staff Workshop being canceled and likely the Annual Conference. The overall Services and Supplies increase would be 33% based mainly on an increasing of the projected 2021-2022 General Fund Cost Allocation (CAP) with some reduction in Training and Travel and Professional and Special Services. Other Services and Supplies remain relatively stable.

## Salaries, Benefits, and Taxes

Salaries are budgeted to increase by 1174% in fiscal year 2021-2022. No changes are proposed for the Commissioner Stipends. No Cost-of-Living Adjustments (COLA) is proposed. The Executive Officer contract stipulates anytime the County Board of Supervisors authorizes a COLA or onetime payment for Unit 41 "Department Heads," the Commission shall apply the COLA or onetime payment to the Executive Officer. Cost-of-Living adjustment is determined annually based on increases in the annual average consumer price index (CPI) for all urban consumers in the Los Angeles-Long Beach. The ratio is calculated, and rounded to the nearest one-half percent.

Healthcare benefits are also subject to employer contribution limits applicable to management employees of the County of Santa Barbara. In September 22, 2020, the County increased the healthcare contribution limits for its management employees to take effect January 1, 2021. The proposed FY 21-22 budget includes this increase to healthcare benefits for the Executive Officer. The Commission evaluates the performance of the Executive Officer annually. The next annual performance evaluation would be in December 2021. FICA, Medicare, State Disability Insurance, and Federal Unemployment Tax are calculated based on a percentage of salaries.

## Revenue Accounts

In the area of Revenues, LAFCO Billings to the County of Santa Barbara, Cities, and Special Districts for 2021-2022 will increase by \$97,890. This is due mainly to the increase in Salaries and Benefits (6100) and lower Planning Studies Services (5738) projections. No Merit or CPI increases are proposed for the Executive Officer.

## Conclusion

In consideration of this information, it is recommended the Proposed Budget for FY 2021-2022 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 6, 2021 Commission meeting.

## Attachments

Attachment A- Proposed FY 2021-2022 LAFCO Budget

Please contact the LAFCO office if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. Prater".

Mike Prater  
Executive Officer

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

RECOMMENDED DRAFT 2021-2022 BUDGET - April 1, 2021

Proposed 4/1/2021

Account Name and Number	2020-21 Final Budget	As of 3/31/21	Projected Year-End	2021-22 Proposed Budget	Inc/Dec	% Inc/Dec
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**REVENUES**

Interest Income - 3380	5,000	965	4,000	4,000	-1,000	-20%
Unrealized Gain/Loss - 3381	0	-385	0	0	0	0%
Other Gov't Agencies - 4840	321,800	220,189	321,800	419,690	97,890	30%
Planning Studies Service - 5738	35,000	2,788	4,788	13,800	-21,200	-61%
Misc. Revenue - 5909	500	0	0	0	0	0%
<b>Total Revenues</b>	<b>362,300</b>	<b>223,557</b>	<b>330,588</b>	<b>437,490</b>	<b>75,190</b>	<b>21%</b>

**EXPENDITURES**

**Salaries and Benefits**

Commissioner Stipends - 6210	15,000	15,574	20,163	15,000	0	0%
Regular Salary - 6100	0	18,176	50,359	161,034	161,034	1174%
FICA Contribution - 6500	1,000	883	4,717	10,914	9,914	991%
FICA/Medicare - 6550	200	207	1,104	2,535	2,335	1167%
Retirement-Employer Contribution - 6400	0	5,725	8,230	11,961	11,961	0%
Retirement - Employee Contribution - 6100	0	5,725	8,230	11,961	11,961	0%
Unemployment Insurance - 6700	600	821	1,864	5,193	4,593	765%
Fed Unemploy Tax-Employer Cont - 6700	0	50	105	504	504	0%
<b>Fixed Costs (\$):</b>						
Health Plan/Contribution - 6600	0	480	2,880	11,000	11,000	0%
Life/Disability Insurance - 6610	0	0	1,000	5,200	5,200	0%
Def Comp - EO Employer - 6210	0	1,737	2,431	4,200	4,200	0%
Phone/Cash Allowance - 6210	0	579	1,351	2,400	2,400	0%
Auto Allowance - 6210	0	2,916	4,083	7,000	7,000	0%
<b>Total Salaries and Benefits</b>	<b>16,800</b>	<b>52,872</b>	<b>106,516</b>	<b>236,940</b>	<b>220,140</b>	<b>1310%</b>

**STAFF SUPPORT**

Contractual Staff Services - 7510	240,000	28,840	60,000	60,000	-180,000	-75%
<b>Total Staff Support</b>	<b>240,000</b>	<b>28,840</b>	<b>60,000</b>	<b>60,000</b>	<b>(180,000)</b>	<b>-75%</b>

**Services and Supplies**

Audit Fees - 7324	7,200	1,227	7,200	7,200	0	0%
Memberships - 7430	6,500	9,137	9,137	8,800	2,300	35%
Office Expense - 7450	1,000	50	1,000	1,000	0	0%
Prof & Special Services - 7460	45,000	32,000	45,000	40,000	-5,000	-11%
ADP Payroll Fees - 7507	1,800	1,641	2,212	2,000	200	11%
Legal Services -7508	50,000	77,553	88,450	50,000	0	0%
Pubs & Legal Notices - 7530	1,700	827	1,200	1,700	0	0%
Postage - 7451	0	55	55	250	250	0%
Gen Fund Cost Allocation - 7669	-35,000	-34,661	-34,661	14,300	49,300	-141%
Training and Travel - 7732	26,000	1,104	13,000	13,000	-13,000	-50%
<b>Total Services and Supplies</b>	<b>104,200</b>	<b>88,933</b>	<b>132,593</b>	<b>138,250</b>	<b>34,050</b>	<b>33%</b>

**Other Charges**

Electricity - 7801	500	286	500	500	0	0%
Natural Gas - 7802	100	86	100	100	0	0%
Water - 7803	100	73	100	100	0	0%
Refuse - 7804	100	98	100	100	0	0%
Utility Services - 7806	100	29	100	100	0	0%
Liability Insurance - 6900	0	965	965	1,000	1,000	0%
Telephone Services - 7897	400	279	400	400	0	0%
<b>Total Other Charges</b>	<b>1,300</b>	<b>1,816</b>	<b>2,265</b>	<b>2,300</b>	<b>1,000</b>	<b>77%</b>

<b>Contingency Reserve - 9600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Contingency Reserve</b>	<b>200,000</b>	<b>0</b>	<b>229,214</b>	<b>0</b>	<b>229,214</b>	<b>14.6%</b>
<b>Total Exp/Appropriations</b>	<b>362,300</b>	<b>172,461</b>	<b>301,374</b>	<b>437,490</b>	<b>75,190</b>	<b>20.8%</b>
<b>Net Financial Impact</b>	<b>0</b>	<b>51,096</b>	<b>29,214</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>

\*\$10,000 contingency will be added to reserves in FY 21/22. The estimated contingency reserve balance will be \$210,000