

# LAFCO

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## **Santa Barbara Local Agency Formation Commission**

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April 2, 2009 (Agenda)

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

### **Proposed LAFCO Budget for FY 2009-2010**

Dear Members of the Commission:

#### RECOMMENDATION

It is recommended that the Commission:

1. Review the Proposed Budget for Fiscal Year 2009-10, 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 4 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 for the coming fiscal year is comparable to the current year's budget, with adjustments based on actual experience and anticipated expenses. The Proposed Budget reflects the mid-year budget adjustments recommended for approval on April 2.

The schedule for adoption of the budget calls for Commission approval of a Proposed Budget on April 2 and adoption of the Final Budget on June 4.

As recommended the Proposed Budget is \$319,186, a decrease of \$26,858 (or 8.4%) below the current year Adjusted Budget of \$346,044. Following is a summary.

<u>Proposed Budget Summary</u>	<u>Adjusted Budget 2008-09</u>	<u>Proposed 2009-10</u>	<u>Change</u>
Salaries and Benefits	\$ 25 435	\$ 26 135	\$ 700
Services & Supplies	<u>320 609</u>	<u>293 051</u>	<u>-27 558</u>
Total Appropriations	346 044	319 186	- 26 858
Revenues	333 377	316 077	- 17 300

\* LAFCO constitutes a separate operating fund. In past years the Commission has set aside a reserve of \$40,000 available during the year if warranted. For the coming year this amount is reflected as a “Designations (Contingency)” line item

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

	<u>2008-98 Adjusted Budget</u>	<u>Projected Year End</u>	<u>2009-2010 Draft Budget</u>	<u>Change</u>
<b>SALARIES AND BENEFITS</b>				
<b>Commissioner Stipends – 6210</b>	23 100	12 750	23 100	0
This account funds Commissioner per diem stipends. The amount is based on 11 Commissioners attending 14 meetings at \$150 per meeting.				
<b>FICA Contribution – 6500</b>	1 500	960	1 500	0
Per the County Auditor this account is budgeted at .062% of taxable salaries and benefits.				
<b>FICA/Medicare – 6550</b>	335	240	335	0
Per the County Auditor this account is budgeted at .0145% of taxable salaries and benefits.				
<b>Unemployment Insurance – 6700</b>	500	1 158	1 200	700
This account is based on actual experience.				

	<u>2008-98 Adjusted Budget</u>	<u>Projected Year End</u>	<u>2009-2010 Draft Budget</u>	<u>Change</u>
<b>SERVICES AND SUPPLIES</b>				
<b>Audit Fees – 7324</b>	4 200	4 200	4 200	0
Costs reflect the approved contract with the auditing firm Bartlett, Pringle and Wolf.				
<b>Memberships – 7430</b>	2 935	2 935	3 035	100
Membership in the California Association of LAFCOs. Cost reflects dues increase.				
<b>Office Expense – 7450</b>	4 000	1 500	4 000	0
Supplies and equipment to support Commission activities. It is important that sufficient funds are budgeted to complete LAFCO studies and projects. Unexpended amount at year end help finance the following year's budget.				
<b>Postage – 7451</b>	4 000	1 500	3 000	- 1 000
This account funds postage and related services. The reduction is based on trends. Expenditures were higher last year due to mailed notices for specific protest hearings.				
<b>Copier Expense - 7453</b>	5 000	4 360	5 000	0
This account funds printing of notices, reports, resolutions, correspondence and other materials.				
<b>Professional &amp; Specialized Services – 7460</b>	20 000	2 100	20 000	0
The account funds services not provided by staff and includes charges by County departments. We have requested the County Surveyor to update and maintain the maps of local agencies in the LAFCO Directory of Public Agencies which will require some of these funds.				
<b>ADP Payroll Services - 7507</b>	1 745	1 125	1 125	- 620
This account funds ADP Small Business Services charges to process per diem stipends.				
<b>Legal Services - 7508</b>	40 000	32 980	40 000	0
This account funds estimated services.				
	2008-98	Projected	2009-2010	

	<u>Adjusted Budget</u>	<u>Year End</u>	<u>Draft Budget</u>	<u>Change</u>
<b>Contractual Staff Services – 7510</b>	168 989	168 989	168,989	0
Staff services are provided by a professional services agreement. Although the contract provides for an annual increase of up to 3% based on actual CPI experience in the prior 12 months, the staff is proposing <u>no increase</u> for FY 2009-10 given the financial situation of local governments.				
<b>Publications/Legal Notices– 7530</b>	1 000	3 000	1 000	0
Costs to publish legal notices for LAFCO hearings. We anticipate increased expenditures in the current year resulting from two complex protest hearings will not be repeated in the coming year.				
<b>Rents/Leases – Structure –7580</b>	3 800	0	0	- 3 800
The office in the County’s Engineering Building in Santa Barbara is adequate for current needs. Funds budgeted for office space in this account in past years will be reflected in Accounts 7801 through 7806. Note: If LAFCO is relocated to other space the costs may be significantly higher. Meeting space for Commission hearings is not separately budgeted. It is assumed the Commission will continue to meet in County hearing rooms, except for special meetings held in other locations.				
<b>Gen Fund Cost Allocation – 7669</b>	- 1 160	-1 160	12,602	13 762
This account funds the County Auditor and County Treasurer to keep the Commission’s books, process deposits and payments, provide financial data and invest LAFCO funds.				
<b>Transportation and Travel - 7730</b>	21 000	23 261	21 000	0
This account funds travel expenses and mileage for Commissioners and staff, including participation in CALAFCO conferences and Board meetings. No change is recommended.				
<b>Electricity – 77801</b>	900	900	900	0
This account reflects costs charged by the County for housing LAFCO in County facilities.				
<b>Natural Gas – 7802</b>	150	150	150	0
This account reflects costs charged by the County for housing LAFCO in County facilities				
<b>Water – 7803</b>	150	150	150	0
This account reflects costs charged by the County for housing LAFCO in County facilities				

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	<u>2008-98 Adjusted Budget</u>	<u>Projected Year End</u>	<u>2009-2010 Draft Budget</u>	<u>Change</u>
<b>Refuse – 7804</b>	500	50	50	0
This account reflects costs charged by the County for housing LAFCO in County facilities				
<b>Utility Services – 7806</b>	50	50	50	0
This account reflects costs charged by the County for housing LAFCO in County facilities.				
<b>Liability Insurance - 7895</b>	3 500	3 500	3 500	0
The account funds liability insurance for Commission and staff based on experience.				
<b>Telephone Services – 7897</b>	300	300	300	0
The account funds the telephone equipment in the LAFCO office.				
<b>Designations (Contingency)- 9798</b>	40 000	40 000	0	- 40 000
This is a reserve the Commission sets aside so it is available during the year if warranted.				
<b>REVENUES</b>				
<b>Interest Income - 3380</b>	4 500	2 450	3 000	- 1 500
This is revenue from investing available LAFCO funds.				
<b>Other Gov't Agencies – 4840</b>	280 877	280 877	280 877	0
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.				
<b>Processing Fee Income - 5738</b>	27 800	9 747	12 000	- 15 800
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 seven boundary changes at an average of \$1,440 (\$10,080) and two sphere of influence applications (\$1,900).				
<b>Miscellaneous Revenue – 5860, 5909</b>	20 200	15	20 200	0

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.

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**Projected Available Fund Balance**

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

The following table 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