

LAFCO

Santa Barbara Local Agency Formation Commission

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March 1, 2007 (Agenda)

Local Agency Formation Commission

105 East Anapamu Street

Santa Barbara CA 93101

Procedures for Payment of Commissioner Stipends

Dear Members of the Commission:

RECOMMENDATION

It is recommended the Commission receive and file this report.

DISCUSSION

The Commissioner Handbook specifies that members and alternate members can receive a stipend of \$100 for attendance at commission meetings, meetings of committees if appointed by the Commission or its Chair and as a member of the CALAFCO Board of Directors.

In the past payment of per diems was processed via a claim form processed by the County Auditor Controller. The County has informed us that due to certain Internal Revenue Service directives it is necessary to modify the manner in which Commissioner stipends are paid.

Beginning in January 2007 Commissioners receiving stipends are considered to be “employees” and therefore withholding is mandatory. The net amount of the per diem paid will depend on deductions which are claimed by each Commissioner on an IRS W-4 form.

After lengthy discussions with the County Auditor Controller it was agreed that LAFCO stipend payments will be handled by a private company specializing in payroll services. This company, ADP, has been cooperative and seems to have extensive experience with these types of payments.

The administrative and processing costs to convert to this new payment system will be charged to the LAFCO budget. The budget we submit for the next fiscal year will reflect this appropriation.

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Since the revised payment method to withhold income taxes will reduce the payment amount received for each meeting, and since the current stipend of \$100 per meeting has not been adjusted or changed in at least 10 years, the Commission may wish to consider increasing the amount of the stipend. If this is the case, please provide direction to the staff at this meeting so the proposed budget, which we plan to submit at the next meeting can reflect the proposed change.

If you have any questions about this matter please contact the LAFCO office.

Sincerely,

BOB BRAITMAN
Executive Officer