

EXECUTIVE OFFICER'S REPORT

To The

Local Agency Formation Commission

TO:

Commissioner	DON CAMPBELL	(Chair)	[City]	Commissioner	MICHAEL KELLEY	[Supervisor]
Commissioner	JASON JACKSON	(Vice-Chair)	[City]	Commissioner	RAY CASTILLO	[Supervisor]
Commissioner	DAVID WEST		[Public]			
	Alt Commissioner	JACK TERRAZAS				[Supervisor]
	Alt Commissioner	MARIA NAVA-FROELICH				[City]
	Alt Commissioner	VACANT				[Public]

REPORT DATE: March 5, 2015

FROM: Jurg Heuberger, AICP, CEP, Executive Officer



PROJECT: PROPOSED 2015/2016 (DRAFT) BUDGET FOR IMPERIAL LAFCO

HEARING DATE: March 26, 2015

TIME: 8:30 AM

AGENDA ITEM NO: 13

HEARING LOCATION: El Centro City Council Chambers, 1275 Main Street, El Centro, CA

RECOMMENDATION(S) BY THE EXECUTIVE OFFICER (In summary & order)

OPTION #1: Approve the "**DRAFT**" proposed FISCAL 2015/2016 Budget as required by CKH.

OPTION #2: Approve the "**DRAFT**" proposed FISCAL 2015/2016 Budget as amended and as required by the CKH.

REPORT:

THE ACT: (Cortese-Knox-Hertzberg)

Gov. Code Section 56381:

(a) The Commission shall adopt annually, following noticed public hearings, a proposed budget by May 1 and a final budget by June 15. 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. The commission shall transmit proposed and final budget to the Board of Supervisors, to each City and to each independent special district.

ANALYSIS

General:

Attached hereto **EXHIBIT A**, the Commission will find a Draft Proposed Budget for fiscal 2015/2016 prepared by staff pursuant to the Cortese-Knox-Hertzberg-Reorganization Act, also known as Government Code 5600 et seq.

As noted above, the Commission must adopt a **draft budget by May 1, 2015** and a **final by June 15, 2015** and the Commission shall adopt at a minimum budget equal to the previous year's budget unless the Commission can make specific findings. This proposed budget is being presented in March and will be presented as final in May in order to meet the statutory deadlines without having to hold a special meeting in June.

In preparation of this budget, staff reviewed the current budget, the current expenditures and the anticipated or projected cost that LAFCO would incur during the next fiscal year.

The following **Exhibit A** represents the budget as proposed in the amount of \$586,767. This represents some uncontrollable increases as well as approximately \$60,000.00 of renovation/remodeling costs that the Commission needs to consider. Specific renovation being proposed is for compliance with the American for Disabilities Act, and water conservation. It also contemplates some funding to meet our emergency reserve policy.

POLICY ISSUES:

1122 R & M Costs/Remodel: As the Commission knows we have renovated the majority of the building wherein each rentable space has been upgraded, and repaired, and each unit is now fully occupied and therefore generating revenue. This also however reflects an increase in occupancy, hence traffic to the restrooms. The one area that was never changed was the common area which includes the restroom facilities. The restrooms consists of a women's restroom with four stalls and three sinks, while the men's consists of two separate small rooms with one WC and sink in each. Neither of these rooms comply with ADA.

(A) **Bathroom Renovation:** Staff is recommending that these be upgraded to meet minimum requirements by making the following changes:

1. Women's restroom to remove two stalls and replace with one wheelchair accessible therefore having three stalls and two standard with one accessible sink. Some entry modifications may also be required.

2. Men's restrooms are more complicated in that neither space is sufficient in floor area. Therefore we are recommending leaving one of the two restrooms as is and eliminating the second to serve as a hallway to an addition at the rear of the building. The men's restroom would therefore have the existing with a WC, urinal and sink (no renovation), and a new disabled accessible addition with two WC's, a urinal and sink.

At this time we have not drawn plans nor obtained specific bids so the estimate is approximate which we expect to be around \$45,000.00 to \$55,000.00. However given the complexity it may be higher.

(B) **Landscaping:** The second recommended change is to the landscaping for two reasons, one to minimize water consumption and to minimize maintenance costs. This would be to replace the lawn with a combination artificial grass and low maintenance desert landscape materials. The estimated cost for this along the front and sides of the building is about \$15,000.00.

(C) **Contingency:** The policy established by the Commission is to try and maintain about \$100,000.00 in reserves for a variety of emergency and other considerations. Last year we depleted most of this to pay off the building. At this time staff is recommending that we fund this account to \$37,779.00 which is to use existing contingency and add what we expect to generate in savings and additional fees from this year. In the event your Commission approves one or both of the above items and the costs are higher than estimated this would allow some flexibility.

All three of these items are policy issues. The renovation of the restrooms is also a potential legal issue therefore staff recommends both of these to be done. If approved as part of the budget, plans and contract costs would be brought back to the Commission for final approval and any budget adjustment that may be necessary.

GENERAL LINE ITEMS:

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|----------------|---|
| 82-2001 | LAFCO SALARIES: the increase in this category, approximately \$25,092.00, represent the 5% merit increase for one employee, the reclassification for one employee and an increase in the Executive Officer's pay. Attached hereto is the analysis. |
| 82-2035 | LAFCO EMPLOYEE BENEFITS: the increase here reflects the uncontrollable mandated increases generally tied to the salaries plus other increased costs for benefits, including retirement, workers compensation, etc. |
| 82-2060 | COMMUNICATIONS: the increase here, \$1,834.00 is strictly an increase in provider charges. Staff is currently negotiating with the provider in hopes of lowering this cost, or by contracting with a separate provider. |
| 82-2100 | INSURANCE PROPERTY: No change. |
| 82-2101 | INSURANCE LIABILITY: No change. |
| 82-2120 | MAINTENANCE OF EQUIPMENT: the increase here, \$3,800.00 is due to the expiration of warranty/maintenance agreements for the servers which now need to have a new contract. |
| 82-2150 | MEMBERSHIPS: the increase here, \$65.00 is the CALAFCO Dues increase approved by the CALAFCO Board of Directors for fiscal 2015/2016. |
| 82-2170 | OFFICE EXPENSE (SUPPLIES): the increase here, \$1,500 is primarily for the cost of direct mail notices for the NFD dissolution. |
| 82-2170 | OFFICE EXPENSE (ELECTRONICS): the increase here, \$2,000.00 is to replace some duplicators, printers and computers that are nearing life expectancy. |

- 82-2170 OFFICE EXPENSE (SOFTWARE):** the increase here, \$800.00 is for increased costs for program licenses that LAFCO utilizes, including off-site backup storage of data.
- 82-2170 OFFICE EXPENSE (FURNISHING):** the decrease here, -\$1,800.00 is based on no anticipated costs to replace or purchase new furniture.
- 82-2180 PRO. & SPEC. SERVICE (LEGAL):** no increase as we are in the final year of a contract for services.
- 82-2180 PRO. & SPEC. SERVICE (OTHER):** the increase here, \$6,000.00 is due to increased costs for the paychecks service, the annual audit and an estimate to address a health care program.
- 82-2181 PRO & SPEC. SERVICES (DATA PROCESSING):** the increase here, \$1,000.00 is an anticipated cost increase for services based on current costs.
- 82-2182 PRO. & SPEC. SERVICES (GIS):** No change.
- 82-2190 PUBLIC & LEGAL NOTICES:** the increase here, \$500.00 is due to the additional notices required for the NFD dissolution.
- 82-2000 RENTS AND LEASES EQUIPMENT:** No change.
- 82-2230 SPECIAL DEPARTMENT EXPENSE:** No change.
- 82-2251 TRAVEL IN COUNTY:** No change.
- 82-2252 TRAVEL OUT OF COUNTY:** the decrease here, \$8,548.00 is based on prior year travel by Commissioners to Annual Conferences. Note that should all Commissioners travel to this year's Annual Conference in Sacramento, this amount will not be sufficient.
- 82-4300 CAPITAL OUTLAY:** the decrease here is -\$10,000.00 as no expenditures are expected this year in this category.
- 1122 LOAN PAYMENTS:** we no longer have any loans therefore there is no cost associated with this.
- 1122 R & M ON GOING EXPENSES:** the increase here, \$7,660.00 is due to increase general supplies for restrooms and cleaning, with most of the cleaning costs all due in part to the increased traffic, and for the replacement of the hot water system.
- 1122 UTILITIES:** the increase here \$ 1,400.00 is primarily due to increased power and some utility costs

Special Note: During the last budget year we advised that no funding was included for costs associated with the NFD dissolution process. Although we intended to be further along at this point and return to your Commission for potential additional funding we have not due to several factors. One being it has taken longer and two because we have attempted to work with the County for some services that might reduce our costs. However, there is the real possibility that we will need some outside services, particularly in the area of accounting and potentially legal, so while there is again no substantive amount added for this, the Commission should be aware that we may have to return for a budget adjustment at some time during 2015/2016.

EXECUTIVE OFFICERS RECOMMENDATION

RECOMMENDATION:

The Executive Officer respectfully requests that the Commission consider approving the **Draft Budget** as proposed. This will meet the intent of the CHK and allow us to submit the Draft to the agencies as required prior to the adoption of the final Budget currently planned for the May meeting.

As always staff will be happy to answer questions. It also needs to be noted that this is the "Draft" budget as required by the CKH Act and the final budget will be considered by your Commission in May in order to meet the June 15th deadline.