


EXECUTIVE OFFICER'S REPORT

To The
Local Agency Formation Commission

Commissioner **David West** [Public] Commissioner **Michael Kelley** [Supervisor]
Commissioner **Jason Jackson** [City] (Vice-Chair) Commissioner **Ray Castillo** [Supervisor] (Chair)
Commissioner **Maria Nava-Froelich** [City]

Alternate Commissioner **Jesus E. Escobar** [Supervisor]
Alternate Commissioner **Jim Predmore** [City]
Alternate Commissioner **Ed Snively** [Public]

REPORT DATE: May 2, 2019
FROM: Jurg Heuberger, Executive Officer 
PROJECT: **Proposed 2019-2020 (Final) Budget**

HEARING DATE: May 23, 2019 **TIME:** 08:30 a.m.

AGENDA ITEM NO: 7

HEARING LOCATION: El Centro City Council Chambers, 1275 Main St., El Centro, CA 92243

RECOMMENDATION(S) BY THE EXECUTIVE OFFICER (In Summary & Order)

OPTION #1: Approve the "Final" proposed Fiscal Year 2019-2020 Budget as required by CKH
OPTION #2: Approve the "Final" proposed Fiscal Year 2019-2020 Budget as amended and required by CKH

ANAYLSIS/REPORT

The Commission, per state regulation is required on an annual basis to adopt a DRAFT and ultimately a FINAL budget to carry on the functions of the Local Agency Formation Commission for the following fiscal year.

Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000

Government Code Section 56381:

- (a) The Commission shall adopt annually, following noticed public hearings, a proposed budget by May 1st and a final budget by June 15th. At a minimum, the proposed 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 the proposed and final budget to the Board of Supervisors, to each City and to each Independent Special District.

Attached hereto you'll find the FINAL budget as **EXHIBIT "A"** in the amount of **\$683,249.00** for fiscal year **2019/2020** prepared by staff pursuant to the Cortese-Knox-Hertzberg-Reorganization Act, also known as Government Code 56000 et seq. This represents an increase of \$18,586 (2.8%) over the prior year. However, there is no increase to the contribution from the cities or the county.

As noted above, the Commission must adopt a draft budget by May 1, 2019 and a final budget by June 15, 2019 and the Commission shall adopt at a minimum budget equal to the previous year's budget unless the Commission can make specific findings. The draft budget was presented in April and the 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.

EXHIBIT "A" represents the budget in the amount of \$683,249.

82-2181	PROF. & SPEC. SERVICES (DATA PROCESSING):	NO CHANGE
82-2182	PROF. & SPEC. SERVICES (GIS):	NO CHANGE
82-2190	PUBLIC & LEGAL NOTICES:	NO CHANGE
82-2000	RENTS AND LEASES EQUIPMENT:	Increase of \$76 Slight increase to cover current contractual amounts.
82-2230	SPECIAL DEPARTMENT EXPENSE:	An increase of \$2,500 Increase due to estimated cost to Co-host 2020 CALAFCO Workshop
82-2251	TRAVEL IN COUNTY:	NO CHANGE
82-2252	TRAVEL OUT OF COUNTY:	An increase of \$4,565 Increased to accommodate ongoing cost increase of registration fees for both the annual conference and staff workshops, also to accommodate additional travel due to currently having 2 Commissioners on the CALAFCO Board.
82-4300	CAPITAL OUTLAY:	NO CHANGE
1122	R&M ONGOING EXPENSES:	NO CHANGE
1122	UTILITIES:	NO CHANGE

CONTINGENCY RESERVES:

Proposal includes utilizing current reserves to offset operational costs; therefore, eliminating an increase in contributions from funding agencies.

2020 CALAFCO Staff Workshop

The April 2020 CALAFCO Staff Workshop is being held in Orange County and will be hosted by Orange LAFCO along with Imperial LAFCO as co-host.

The staff workshops are rotated annually amongst the Central, Coastal and Southern Regions. CALAFCO handles the majority of the workshop logistics. However, absent the volunteers from various LAFCO's, the burden would fall directly on CALAFCO staff.

At this time, we do not have actual estimates of costs that we may incur as the process of planning is just starting, indications from other LAFCO's with prior experience suggests an estimate of \$5,000.00 would be the maximum that we would incur. We would expect a portion of this to be staff time, so we have only included an additional amount of \$2,500.00 to our budget.

Public Notice:

Public notice for the proposed final budget hearing before the Commission has been given, according to Section § 56150. Notice was issued in the form of a publication in the Imperial Valley Press at least twenty-one (21) days prior to said hearing and posted on our webpage.

Report:

In accordance with Section § 56665, the Executive Officer has prepared a report, and presented said report to your Commission and to any public member requesting such report. In addition, a copy of said report has been issued to the City and any party requesting a copy.

EXECUTIVE OFFICERS RECOMMENDATION

It is the recommendation of the Executive Officer that LAFCO conduct a public hearing and consider all information presented in both written and oral form. The Executive Officer then recommends, assuming no significant public input warrants to the contrary, that LAFCO take the following action:

- OPTION #1:** Approve the "FINAL" proposed Fiscal Year 2019-2020 Budget as required by CKH
- OPTION #2:** Approve the "FINAL" proposed Fiscal Year 2019-2020 Budget as amended and required by CKH.

Attachments:

Exhibit A: Final FY 2019/2020 Budget

CC: Board of Supervisors
Cities
Independent Special Districts

EXHIBIT A

LAFCO'S PROPOSED FINAL BUDGET FOR FISCAL 2019-2020

EXHIBIT A

LAFCO's Proposed "FINAL" BUDGET FOR FISCAL 2019-2020

	Fiscal 2018 / 2019 Adopted Budget (approved 5/24/18)	Final Proposal for Fiscal 2019 / 2020 Budget	increase (decrease) from prior year
Income			
81-1928 CONTRB FROM OTHER AGENCIES (Cities)	253,978	253,978	-
81-1933 COUNTY MATCHING FUNDS	253,978	253,978	-
81-1808 LAFCO FEES	35,000	30,000 a	(5,000)
RENTS - 1122 STATE	45,738	45,738	-
*CONTINGENCY - EMERGENCY RESERVES	75,969	99,555 b	23,586
INTEREST INCOME	0	0	-
OTHER INCOME	0	0	-
Total Income	\$ 664,663	\$ 683,249	\$ 18,586
Expenses			
82-2001 LAFCO SALARIES	236,987	247,123 c	10,136
82-2035 LAFCO EMPLOYEE BENEFITS	108,585	116,456 c	7,872
82-2036 COMMISSIONER STIPEND	4,500	4,500	-
82-2060 COMMUNICATIONS	5,040	5,040	-
82-2100 INSURANCE PROPERTY	5,800	5,800	-
82-2101 INSURANCE LIABILITY	9,500	9,500	-
82-2120 MAINTANCE -EQUIPMENT	11,020	9,000 d	(2,020)
82-2150 MEMBERSHIPS	5,300	6,100 e	800
82-2170 OFFICE EXPENSE (Office Supplies)	17,000	16,000 f	(1,000)
82-2170 OFFICE EXPENSE (Electronics)	16,000	16,000	-
82-2170 OFFICE EXPENSE (Software & Licenses)	9,010	10,000 f	990
82-2170 OFFICE EXPENSE (Furnishings)	2,200	1,000 f	(1,200)
82-2180 PROF & SPEC SERVICES-Legal	15,000	15,000	-
82-2180 PROF & SPEC SERVICES - Other (Annual Audit & Paychex)	20,500	21,000 g	500
82-2181 PROF & SPEC SERV-DATA PROCESSING/NETWORK	26,000	26,000	-
82-2182 PROF & SPEC SERV-OTHER (GIS/CAED)	8,000	8,000	-
82-2190 PUBLIC & LEGAL NOTICES	2,400	2,400	-
82-2200 RENTS & LEASES-EQUIPMENT	4,224	4,300 h	76
82-2230 SPECIAL DEPARTMENT EXPENSE	900	3,400 j	2,500
82-2251 TRAVEL IN COUNTY	500	500	-
82-2252 TRAVEL OUT OF COUNTY	28,044	32,609 i	4,565
82-4300 CAPITAL OUTLAY	0	0	-
1122 REPAIR & MAINT COSTS/ONGOING EXPENSE	22,520	22,520	-
1122 REPAIR & MAINT COSTS/REMODEL	80,000	80,000	-
1122 UTILITIES	21,000	21,000	-
*CONTINGENCY - EMERGENCY RESERVES	4,633	- b	(4,633)
Total Expenses	\$ 664,663	\$ 683,249	\$ 18,586
Net Income	0	0	0

Notes (Fiscal 2019/2020 Final Proposal)

- a Reduction due to an expected decrease in billable projects
- b Policy Issue / Use of reserves includes 88K carryover for building repair (roof) and GIS services
- c Increase due to potential merit increases & ongoing increase in cost of employment benefits
- d Expect decrease due to having newer equipment
- e Increase due to CALAFCO annual due increase - (line item amount includes \$1500 sponsorship for CALAFCO conference)
- f Slight decrease due to reduced needs
- g Slight increase due to audit and payroll contracts
- h Slight increase to accommodate actual contract
- i Increase due to additional staff attendance / additional Commissioners at CALAFCO board level /co-host 2020 CALAFCO Staff Workshop
- j Increase due to co-hosting 2020 CALAFCO Staff Workshop

LAFCO Estimated Annual Cost of Salaries and Benefits for 2019/2020

EXHIBIT A

Position	Salary	Retirement	Estimated Medical, Dental, Vision, AD&D, Life	Estimated W/comp	Medicare (Employer's portion)	FICA (Employer's portion)	Estimated State Unemployment	TOTAL Estimated Employment Costs
Executive Officer	61,000	n/a	n/a	2,489	885	3,782	189	68,344
2018-2019 (Approved Budget \$61,000)	61,000	n/a	n/a	2,891	885	3,782	189	68,747
Analyst/Accountant	91,499	35,172	14,946	686	1,327	0	189	143,820
2018-2019 (Approved Budget \$89,326)	89,326	34,900	14,642	759	1,295	0	189	141,111
Analyst/Clerk	57,533	22,116	12,979	431	834	0	189	94,082
2018-2019 (Approved Budget \$50,700)	50,700	17,101	12,607	431	735	0	189	81,763
Clerk (6 months)	21,091	8,107	7,473	158	306	0	189	37,325
2018-2019 Limited Term 6 months (Approved Budget \$20,608)	20,608	6,951	6,303	175	299	0	189	34,525
Building Maintenance	16,000	n/a	n/a	2,595	232	992	189	20,008
2018-2019 (Approved Budget \$15,354)	15,354	n/a	n/a	2,708	223	952	189	19,426
	\$ 247,123	\$ 65,395	\$ 35,399	\$ 6,360	\$ 3,583	\$ 4,774	\$ 945	\$ 363,579
2018-2019	\$ 236,988	\$ 58,952	\$ 33,553	\$ 6,965	\$ 3,436	\$ 4,734	\$ 945	\$ 345,572
2019-2020 increase (decrease)	10,136	6,444	1,846	(605)	147	40	0	18,007
percentage of increase (decrease)	4.28%	10.93%	5.50%	-8.69%	4.28%	0.85%	0.00%	5.21%
Retirement components								
Health / medical	13.33%							
Pension bond	3.646%							
Employer	21.46% (Tier 3 16.21%)							