

EXECUTIVE OFFICERS REPORT


To The
Local Agency Formation Commission

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

Alternate Commissioner **Jesus E. Escobar** [Supervisor]

Alternate Commissioner **Jim Predmore** [City]

Alternate Commissioner **Ed Snively** [Public]

REPORT DATE: **April 2, 2020**
FROM: Jurg Heuberger, Executive Officer 
PROJECT: **Proposed 2020-2021 (Draft) Budget**

HEARING DATE: **April 23, 2020** **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 "Draft" proposed Fiscal Year 2020-2021 Budget as required by CKH

OPTION #2: Approve the "Draft" proposed Fiscal Year 2020-2021 Budget as amended and required by CKH

ANALYSIS/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 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 the proposed and final budget to the Board of Supervisors, to each City, and each Independent Special District.

Attached hereto you will find the DRAFT budget as "EXHIBIT A" in the amount of \$ 683,249 for fiscal year 2020-2021 prepared by staff pursuant to the Cortese-Knox-Hertzberg Reorganization Act, also known as Government Code 56000 et seq.

As noted above, the Commission must adopt a draft budget by May 1, 2020 and a final budget by June 15, 2020 and the Commission shall adopt at a minimum budget equal to the previous years budget unless the Commission can make specific findings. This proposed budget is presented in April 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.

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

POLICY ISSUES:

Litigation Fund: The Commission approved establishing a reserves litigation fund. We currently have set aside \$40,000 in reserves for said fund. We are not requesting an increase; this is only a reminder that it is there in case we need it.

Contingency: The current policy established by the Commission is to maintain about \$150,000 in reserves for a variety of emergency and other considerations. We currently have additional available reserves which staff may recommend utilizing to increase policy minimum retention by at least \$60,000, and to offset operational costs; therefore, reducing or minimizing contributions from agencies.

GENERAL LINE ITEMS:

82-2001	LAFCO SALARIES: Increase reflects amounts for potential employee merit increases. Attached hereto is the analysis.	An increase of \$5,913
82-2035	LAFCO EMPLOYEE BENEFITS: Increase reflects the uncontrollable mandates generally tied to salaries including increased costs for employment related benefits which include retirement, health insurance, workers compensation, etc.	An increase of \$7,663
82-2036	COMMISSIONER STIPEND:	NO CHANGE
82-2060	COMMUNICATIONS:	NO CHANGE
82-2100	INSURANCE PROPERTY:	NO CHANGE
82-2101	INSURANCE LIABILITY: Increased for anticipated costs.	An increase of \$1,000
82-2120	MAINTENANCE OF EQUIPMENT: Decrease due to having newer equipment & prepaid maintenance agreement for large format plotter.	A decrease of \$2,000
82-2150	MEMBERSHIPS:	NO CHANGE
82-2170	OFFICE EXPENSE (SUPPLIES):	NO CHANGE
82-2170	OFFICE EXPENSE (ELECTRONICS):	NO CHANGE
82-2170	OFFICE EXPENSE (SOFTWARE):	NO CHANGE
82-2170	OFFICE EXPENSE (FURNISHING):	NO CHANGE
82-2180	PROF. & SPEC. SERVICE (LEGAL):	NO CHANGE
82-2180	PROF. & SPEC. SERVICE (OTHER):	NO CHANGE
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 is to accommodate current contracts	An increase of \$400
82-2230	SPECIAL DEPARTMENT EXPENSE:	NO CHANGE
82-2251	TRAVEL IN COUNTY:	NO CHANGE

82-2252	TRAVEL OUT OF COUNTY:	NO CHANGE
82-4300	CAPITAL OUTLAY:	NO CHANGE
1122	R & M ON GOING EXPENSES:	NO CHANGE
1122	R & M REMODELING EXPENSES: Decreased due to anticipation of having completed roofing repairs.	A decrease of \$72,975
1122	UTILITIES:	NO CHANGE

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 "Draft" proposed Fiscal Year 2020-2021 Budget a required by CKH

OPTION#2: Approve the "Draft" proposed Fiscal Year 2020-2021 Budget as amended and required by CKH

CC: County Board of Supervisors, Cities, Independent Special Districts

EXHIBITS

EXHIBIT A: Draft Budget FY 2020-2021

EXHIBIT A

LAFCO'S PROPOSED DRAFT BUDGET FOR FISCAL 2020-2021

LAFCO's Proposed "DRAFT" BUDGET FOR FISCAL 2020-2021

Exhibit A

	Fiscal 2017 / 2018 Adopted Budget (approved 5/25/17)	Fiscal 2018 / 2019 Adopted Budget (approved 5/24/18)	Fiscal 2019 / 2020 Adopted Budget (approved 5/23/19)	preliminary actuals @ 2-29-20	estimated actuals for year end 6-30-2020	Fiscal 2020-2021 Proposal	Increase (decrease) from prior year
Income							
81-1928 CONTRB FROM OTHER AGENCIES (Cities)	253,978	253,978	253,978	253,979	253,979	253,978	0
81-1933 COUNTY MATCHING FUNDS	253,978	253,978	253,978	253,978	253,978	253,978	0
81-1808 LAFCO FEES	35,000	35,000	30,000	19,604	22,104	30,000	0
RENTS - 1122 STATE	45,738	45,738	45,738	33,880	49,720	42,884 c	(2,854)
*CONTINGENCY - EMERGENCY RESERVES	75,969	75,969	99,555	0	51,536	102,409 b	2,854
INTEREST INCOME	0	0	0	3,305	4,345	0	0
OTHER INCOME	0	0	0	1,726	1,726	0	0
Total Income	\$ 664,663	\$ 664,663	\$ 683,249	566,471	637,387	\$ 683,249	
Expenses							
82-2001 LAFCO SALARIES	243,182	236,987	247,123	142,177	234,405	253,036 d	5,913
82-2035 LAFCO EMPLOYEE BENEFITS	115,044	108,585	116,456	64,415	110,426	124,119 e	7,663
82-2036 COMMISSIONER STIPEND	0	4,500	4,500	1,000	3,000	4,500	0
82-2060 COMMUNICATIONS	5,040	5,040	5,040	2,527	4,332	5,040	0
82-2100 INSURANCE PROPERTY	5,800	5,800	5,800	0	5,800	5,800	0
82-2101 INSURANCE LIABILITY	9,500	9,500	9,500	9,466	9,816	10,500 f	1,000
82-2120 MAINTANCE -EQUIPMENT	11,020	11,020	9,000	1,571	4,832	7,000 g	(2,000)
82-2150 MEMBERSHIPS	4,210	5,300	6,100	1,878	5,581	6,100	0
82-2170 OFFICE EXPENSE (Office Supplies)	19,400	17,000	16,000	8,193	16,386	16,000	0
82-2170 OFFICE EXPENSE (Electronics)	16,000	16,000	16,000	7,081	14,163	16,000	0
82-2170 OFFICE EXPENSE (Software & Licenses)	9,010	9,010	10,000	3,534	7,067	10,000	0
82-2170 OFFICE EXPENSE (Furnishings)	1,000	2,200	1,000	5,630	5,630	1,000	0
82-2180 PROF & SPEC SERVICES-Legal	35,400	15,000	15,000	6,001	12,001	15,000	0
82-2180 PROF & SPEC SERVICES - Other (Annual Audit & Paychex)	20,500	20,500	21,000	12,333	21,141	21,000	0
82-2181 PROF & SPEC SERV-DATA PROCESSING/NETWORK	15,940	26,000	26,000	9,735	19,470	26,000	0
82-2182 PROF & SPEC SERV-OTHER (GIS/CAED)	8,000	8,000	8,000	0	8,000	8,000	0
82-2190 PUBLIC & LEGAL NOTICES	2,400	2,400	2,400	871	2,191	2,400	0
82-2200 RENTS & LEASES-EQUIPMENT	4,224	4,224	4,300	3,213	4,751	4,700 h	400
82-2230 SPECIAL DEPARTMENT EXPENSE	900	900	3,400	1,500	3,000	3,400	0
82-2251 TRAVEL IN COUNTY	500	500	500	58	115	500	0
82-2252 TRAVEL OUT OF COUNTY	26,592	28,044	32,609	20,492	29,392	32,609	0
82-4300 CAPITAL OUTLAY	0	0	0	0	0	0	0
1122 REPAIR & MAINT COSTS/ONGOING EXPENSE	20,000	22,520	22,520	8,181	16,361	22,520	0
1122 REPAIR & MAINT COSTS/REMODEL	30,000	80,000	80,000	0	80,000	7,025 j	(72,975)
1122 UTILITIES	21,000	21,000	21,000	9,763	19,527	21,000	0
*CONTINGENCY - EMERGENCY RESERVES	40,000	4,633	0	0	0	60,000 b	60,000
Total Expenses	\$ 664,663	\$ 664,663	\$ 683,249	319,617	637,387	\$ 683,249	

Notes (Fiscal 2020/2021 Draft Proposal)

- b Policy Issue / Use of reserves includes 60K carryover for building and other considerations
- c Reduction for vacancy factor
- d Increase for potential merit increases
- e Ongoing increase in cost of employment benefits
- f Slight increase to accommodate rising insurance rates
- g Expect decrease due to having newer equipment
- h Slight increase to accommodate actual contract
- j Decrease due to roofing repairs being completed in prior fiscal

LAFCO Estimated Annual Cost of Salaries and Benefits for 2020/2021

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	2,153	885	3,782	147	67,967
2019-2020 (Approved Budget \$61,000)	61,000	n/a	n/a	2,489	885	3,782	189	68,344
Analyst/Accountant	91,499	37,396	16,050	613	1,327	0	147	147,032
2019-2020 (Approved Budget \$91,499)	91,499	35,172	14,946	686	1,327	0	189	143,820
Analyst/Clerk	60,206	24,606	13,807	403	873	0	147	100,042
2019-2020 (Approved Budget \$57,533)	57,533	22,116	12,979	431	834	0	189	94,082
Clerk (6 months)	21,091	8,620	8,025	141	306	0	147	38,331
2019-2020 Limited Term 6 months (Approved Budget \$21,091)	21,091	8,107	7,473	158	306	0	189	37,325
Building Maintenance	19,240	n/a	n/a	2,924	279	1,193	147	23,783
2019-2020 (Approved Budget \$15,354)	16,000	n/a	n/a	2,595	232	992	189	20,008
	<u>\$ 253,036</u>	<u>\$ 70,622</u>	<u>\$ 37,883</u>	<u>\$ 6,236</u>	<u>\$ 3,669</u>	<u>\$ 4,975</u>	<u>\$ 735</u>	<u>\$ 377,155</u>
	2018-2019 \$ 247,123	\$ 65,395	\$ 35,399	\$ 6,360	\$ 3,583	\$ 4,774	\$ 945	\$ 363,579
	2020-2021 increase (decrease)	5,226	2,484	(124)	86	201	-210	13,575
	percentage of increase (decrease)	2.39%	7.02%	-1.96%	2.39%	4.21%	-22.22%	3.73%

Retirement components

Health / medical 13.33%

Pension bond 5.169%

Employer 22.38% (Tier 3 17.03%)