



Executive Officer's Report

To: Commissioners

Maria Nava-Froelich, Chair (City)
Javier Moreno, Vice-Chair (City)
Michael W. Kelley (County)
Jesus E. Escobar (County)
Vacant (Public)

Alternate Commissioners

Robert Amparano (City)
John Hawk (County)
Jose Landeros (Public)

From: Paula Graf, Executive Officer

A handwritten signature in black ink, appearing to read "Paula Graf", is written over the printed name of the Executive Officer.

Item #: 12c

Subject: Draft Budget for Fiscal Year 2024-2025

Date: March 28, 2024

Time: 08:30 a.m.

Location: El Centro City Council Chambers
1275 Main Street, El Centro, CA 92243

Recommendation by the Executive Officer

Option #1: Adopt the **Draft Budget** for Fiscal Year 2024-2025.

Option #2: Adopt the **Draft Budget** for Fiscal Year 2024-2025 as amended by the Commission.

Report

Draft Budget for Fiscal Year 2024-2025

Per state regulation, your Commission is required to adopt a DRAFT and, ultimately, a FINAL budget annually to carry out the functions of the Local Agency Formation Commission for the following fiscal year.

Government Code Section 56381 outlines the process that must be followed:

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.

b) After public hearings, consideration of comments, and adoption of a final budget by the commission pursuant to subdivision (a), the auditor shall apportion the net operating expenses of a commission in the following manner:

(1) (B) The cities share shall be apportioned in proportion to each city's total revenues, as reported in the most recent edition of the Cities Annual Report published by the Controller, as a percentage of the combined city revenues within a county, or by an alternative method approved by a majority of the cities representing the majority of the combined cities' populations.

(2) In counties in which there is no independent special district representation on the commission, the county and its cities shall each provide a one-half share of the commission's operational costs. The cities' share shall be apportioned in the manner described in paragraph (1).

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

The Draft Budget for Fiscal Year 2024-2025 in the amount of \$873,282, which is an increase of \$15,001 from the 2023-2024 budget, is attached hereto as "EXHIBIT A" for review and consideration.

Imperial LAFCO FY 2024-2025 Budget Categories

REVENUES

The following summarizes the revenue categories of the Imperial LAFCO Budget:

81-1928 Contributions From Cities

These funds are provided by the seven cities. The cities collectively pay ½ of the total apportionment cost. Pursuant to G.C. 56381 (1) (B) the cities share is apportioned in proportion to each city's total revenues, as reported in the most recent edition of the City's Annual Report published by the Controller, as a percentage of the combined city revenues.

81-1933 Contribution From County

These funds are provided by the County. The county pays ½ of the total apportionment cost.

81-1808 LAFCO Fees

These funds are provided by incoming project applications, including but not limited to municipal service reviews, annexations, reorganizations, incorporations, dissolutions, and consolidations. Fees are collected to offset Imperial LAFCO salaries, benefits, and other expenditures associated with applications.

Rents - 1122 State

These funds are provided by rental revenue. Imperial LAFCO owns the building located at 1122 W. State St., in El Centro. Three rental spaces are available, all of which are occupied. Due to a potential vacancy, we are estimating a decrease of \$3,906 in this line item.

The following addresses Imperial LAFCO Budget policy issues:

POLICY ITEMS

Contingency - Emergency Reserves & Litigation

The Commission established a Litigation Fund in the event litigation occurs. The current policy is to maintain \$40,000 in this account. At this time, we have \$40,000 in reserves set aside for this fund.

The Commission established a reserve fund in case of major or catastrophic damage to the building owned by LAFCO. At this time, we have \$460,000 in reserves set aside for this fund.

At this time, we are not requesting an increase; this is only a reminder that we have the said reserves set aside in case we need it.

We currently have additional available reserves of \$103,623 which the staff is recommending being used to offset our overall operating budget; therefore, reducing or minimizing the contributions from the cities and the county.

EXPENDITURES

The following summarizes the expenditure categories of the Imperial LAFCO Budget:

82-2001 Salaries

This category includes costs for employee salaries. Imperial LAFCO staff is comprised of an Executive Officer, Accountant, and Clerk/Analyst.

82-2035 Employee Benefits

This category includes costs for retirement, life, accidental and disability insurance, health and dental insurance, workers' compensation, and Medicare.

82-2036 Commissioner Stipend

This category provides a \$100 stipend per Commission Meeting attended.

82-2060 Communications

This category covers costs for the phone system, including the dedicated lines used for security and fire alerts.

82-2100 Insurance Property

This category includes the cost of insurance covering the building and business property.

82-2101 Insurance Liability

This category includes the cost of insurance for General Liability coverage, including Commissioners Errors & Omissions.

82-2120 Maintenance -Equipment

This category includes the costs of maintenance agreements and repairs for our large-format printers/scanners/plotters, copiers, postage meters, and other miscellaneous office equipment.

82-2150 Memberships

This category covers the cost of annual professional dues to CALAFCO.

82-2170 Office Expense (Office Supplies)

This category covers costs incurred for office supplies related to the day-to-day management of the office and application processing.

82-2170 Office Expense (Electronics)

This category includes costs of upgrades, replacements, and supplies associated with computers and peripherals.

82-2170 Office Expense (Software & Licenses)

This category covers the cost of IT subscriptions.

82-2170 Office Expense (Furnishings)

This category covers the cost of replacements of new desks, chairs, filing cabinets, and other office furnishings.

82-2180 Prof & Spec Services-Legal

This category is for general counsel services. LAFCO maintains an agreement with Walker & Driskill Professional Law Corporation.

82-2180 Prof & Spec Services - Other (Annual Audit & Paychex)

This category covers costs incurred for the annual audit and payroll processing. Imperial LAFCO contracts with Paychex for payroll processing services and with an outside independent auditor for annual Audited Financial Statements.

82-2181 Prof & Spec Serv-Data Processing/Network

This category includes costs for internet services provided by the Imperial Valley Telecommunications Authority (IVTA), contracted IT network services, and web hosting services provided by Conveyor Group. We are estimating an increase of \$3,000 to cover the costs of upgrading the website.

82-2182 Prof & Spec Serv-Other (Gis/Caed)

This category is to cover the cost of GIS and mapping services through an agreement with the County of Imperial.

82-2190 Public & Legal Notices

This category includes costs incurred for required legal notices and other communications (e.g., agenda posting in newspapers, notice of public hearings).

82-2200 Rents & Leases-Equipment

This category is to cover leased equipment payments (currently leasing a large copier and postage meter).

82-2230 Special Department Expense

This category is for the cost of items with specified purposes, such as commissioner plaques, sponsorship of special workshops, and late fees.

82-2251 Travel In County

This category is to cover reimbursements for travel in the county.

82-2252 Travel Out Of County

This category includes costs incurred for registration and travel expenses for commissioners and staff to attend the CALAFCO annual conference, staff workshops, board meetings, and other educational activities.

82-4300 Capital Outlay

This category is for costs associated with new single-item purchases of equipment exceeding \$3,500

1122 R&M Costs / Ongoing

This category is for costs associated with the building for repairs and maintenance—alarm monitoring, cleaning supplies, restroom supplies, trash, small repairs (non-remodeling) such as plumbing and electrical, pest control, maintenance of equipment associated with the building, such as air conditioners, and sprinkler systems.

1122 R&M Costs / Remodeling

This category is for costs associated with the building for major interior & exterior remodeling. We are estimating an increase of \$9,000 to remodel and prepare the potential vacant suite for rent.

1122 Utilities

This category is for costs associated with the building for water and electricity.

Recommendation by the Executive Officer

Option #1: Adopt the Draft Budget for Fiscal Year 2024-2025.

Option #2: Adopt the Draft Budget for Fiscal Year 2024-2025 as amended by the Commission.

Exhibits A: Draft Budget Fiscal Year 2024-2025

CC's: County of Imperial, CEO
County of Imperial, Clerk to the Board
City of Brawley, City Manager
City of Calexico, City Manager
City of Calipatria, City Manager
City of El Centro, City Manager
City of Holtville, City Manager
City of Imperial, City Manager
City of Westmorland, City Manager
Independent Special Districts

	Fiscal 2023-2024 ADOPTED FINAL Budget (approved 5-25-23)	8-24-23 Augmentation Request	Fiscal 2023-2024 AUGMENTED Budget (approved 8-24-23)	Preliminary Actuals @ 02/27/24	Estimated Annual for 2023-2024	Fiscal 2024- 2025 Proposed DRAFT Budget	Fiscal 2024- 2025 Increase (Decrease)	
Income								
81-1928 CONTRB FROM OTHER AGENCIES (Cities)	311,843		311,843	311,844	311,844	336,315	24,472	b
81-1933 COUNTY MATCHING FUNDS	311,843		311,843	311,843	311,843	336,315	24,472	b
81-1808 LAFCO FEES	40,000		40,000	59,366	59,366	50,000	10,000	c
RENTS - 1122 STATE	50,934		50,934	34,898	52,182	47,028	-3,906	d
*CONTINGENCY - EMERGENCY RESERVES (& LITIGATION)	103,661	40,000	143,661		77,314	103,623	-40,038	a
INTEREST INCOME	0		0	10,114	10,114	0	0	
OTHER INCOME	0		0	6,111	6,111	0	0	
Total Income	818,281		858,281	734,176	828,774	873,282		
Expenses								
82-2001 LAFCO SALARIES	353,219		353,219	220,235	355,545	356,693	3,474	e
82-2035 LAFCO EMPLOYEE BENEFITS	198,071		198,071	92,556	170,570	201,197	3,126	e
82-2036 COMMISSIONER STIPEND	4,500		4,500	1,700	3,700	4,500	0	
82-2060 COMMUNICATIONS	5,040		5,040	2,508	5,016	5,040	0	
82-2100 INSURANCE PROPERTY	7,797		7,797	8	7,797	7,797	0	
82-2101 INSURANCE LIABILITY	14,125		14,125	12,792	14,125	14,125	0	
82-2120 MAINTANCE -EQUIPMENT	7,000		7,000	4,546	7,794	7,000	0	
82-2150 MEMBERSHIPS	6,100		6,100	0	4,300	4,500	-1,600	f
82-2170 OFFICE EXPENSE (Office Supplies)	16,000		16,000	9,374	16,069	16,000	0	
82-2170 OFFICE EXPENSE (Electronics)	16,000		16,000	2,213	14,426	16,000	0	
82-2170 OFFICE EXPENSE (Software & Licenses)	10,000		10,000	4,316	10,000	10,000	0	
82-2170 OFFICE EXPENSE (Furnishings)	1,000		1,000	0	1,000	1,000	0	
82-2180 PROF & SPEC SERVICES-Legal	20,000	40,000	60,000	17,695	60,000	60,000	0	
82-2180 PROF & SPEC SERVICES - Other (Annual Audit & Paychex)	23,000		23,000	10,363	22,226	23,000	0	
82-2181 PROF & SPEC SERV-DATA PROCESSING/NETWORK	26,000		26,000	12,210	25,920	29,000	3,000	g
82-2182 PROF & SPEC SERV-OTHER (GIS/CAED)	12,000		12,000	9,278	12,000	12,000	0	
82-2190 PUBLIC & LEGAL NOTICES	3,600		3,600	5,614	9,624	3,600	0	
82-2200 RENTS & LEASES-EQUIPMENT	5,700		5,700	3,422	5,866	5,700	0	
82-2230 SPECIAL DEPARTMENT EXPENSE	3,400		3,400	87	3,400	1,400	-2,000	h
82-2251 TRAVEL IN COUNTY	500		500	0	500	500	0	
82-2252 TRAVEL OUT OF COUNTY	32,609		32,609	17,567	30,115	32,609	0	
82-4300 CAPITAL OUTLAY	0		0	0	0	0	0	
1122 REPAIR & MAINT COSTS/ONGOING EXPENSE	29,520		29,520	5,684	26,368	29,520	0	
1122 REPAIR & MAINT COSTS/REMODEL	0		0	0	0	9,000	9,000	i
1122 UTILITIES	23,100		23,100	9,207	22,415	23,100	0	
*CONTINGENCY - EMERGENCY RESERVES	0		0	0	0	0	0	
Total Expenses	818,281		858,281	441,373	828,774	873,282		

Projected Reserves:

Litigation Fund	40,000
Contingency - Emergency Fund	460,000
Drawdowns to fund fiscal 2023-2024 (includes budget augmentation)	143,661
Available balance to fund fiscal 2024-2025	103,623

Notes (Fiscal 2024-2025 Draft Proposal):

- a) drawdown of estimated available reserves to offset expenses
- b) increase due to having less available reserves
- c) estimated increase in projects
- d) decrease due to 6 month vacancy for one suite
- e) increase for potential merits & benefit premium increases
- f) reduction of membership dues
- g) increase to accommodate website improvements
- h) decrease sponsorship to CALAFCO annual workshops and conference
- i) anticipating needing renovations due to having long-term tenant moving out

LAFCO Estimated Annual Cost of Salaries and Benefits for 2024-2025

EXHIBIT A

Position	Proposal FYE 6/30/25	Estimated 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 (Full Time Employee) full year	150,675	54,529	23,256	3,842	2,185	0	112	234,599
Analyst/Accountant full year	112,055	40,553	23,256	672	1,625	0	112	178,273
Analyst/Clerk full year	68,313	22,723	19,236	410	991	0	112	111,784
Building Maintenance	25,650	n/a	n/a	5,510	372	1,590	112	33,234
	<u>\$ 356,693</u>	<u>\$ 117,805</u>	<u>\$ 65,748</u>	<u>\$ 10,434</u>	<u>\$ 5,172</u>	<u>\$ 1,590</u>	<u>\$ 448</u>	<u>\$ 557,890</u>

Senior Analyst vacant

Retirement components

Health / medical 13.33%

Pension bond 2.337%

Employer 20.52%