



**Item #: 13**

**Project: Discussion/Action/Adoption of the Draft Budget for Fiscal Year 2023-2024**

**Meeting Date:** Thursday, March 23, 2023

**Meeting Time:** 08:30 a.m.

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



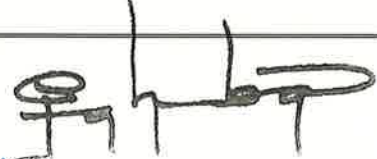
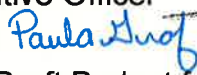
# EXECUTIVE OFFICER’S REPORT

### COMMISSIONERS

David H. West, Chair [Public]  
Maria Nava-Froelich, Vice-Chair [City]  
Javier Moreno [City]  
Ryan E. Kelley [County]  
Michael W. Kelley [County]

### ALTERNATES

Jose Landeros [Public]  
Robert Amparano [City]  
Jesus E. Escobar [County]

**REPORT DATE:** March 7, 2023  
**FROM:** Jurg Heuberger, Executive Officer   
Paula Graf, Sr. Analyst   
**PROJECT:** Discussion/Action/Adoption of the Draft Budget for Fiscal Year 2023-2024

**HEARING DATE:** March 23, 2023 **TIME:** 08:30 a.m.

**AGENDA ITEM #: 13**

**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:** Adopt the Draft Budget for Fiscal Year 2023-2024 as required by CKH.
- OPTION #2:** Adopt the Draft Budget for Fiscal Year 2023-2024 as amended and required by CKH.

## ANAYLSIS/REPORT

### **Draft Budget for Fiscal Year 2023-2024**

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 \$783,395, which is an increase of \$27,674 from last years adjusted budget, 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, 2023 and a final budget by June 15, 2023 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 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.

**POLICY ISSUES:**

**The Commission previously established the following policies:**

**MAINTAIN A LITIGATION FUND:** The Commission established a minimum of \$40,000.00 to be maintained in the event litigation occurs.

**MAINTAIN A CONTINGENCY- EMERGENCY FUND:** The Commission directed that we maintain a reserve fund in the event of major or catastrophic damage to the building owned by LAFCO. At this time, we have set aside \$460,000 in reserves for this fund.

**GENERAL LINE-ITEM Changes from Prior Fiscal Year**

**82-2001 LAFCO SALARIES:** Increase is to cover a Full-time Executive Officer.

**82-2035 LAFCO EMPLOYEE BENEFITS:** Increase reflects the uncontrollable mandated ongoing increase tied to the salaries for benefits including retirement, health insurance, workers compensation, etc.

**82-2100 INSURANCE PROPERTY:** Slight increase due to anticipated increase in policy premiums.

**82-2101 INSURANCE LIABILITY:** Slight increase due to anticipated increase in policy premiums.

**82-2200 RENTS & LEASES-EQUIPMENT:** Slight increase to accommodate existing contracts.

**1122 REPAIRS & MAINT COSTS/ONGOING:** Increase due to anticipating replacement of the air conditioning unit in the server room. This unit is over 10 years old.

**1122 REPAIRS & MAINT COSTS/REMODELING:** Decrease due to having the remodeling completed by end of Fiscal Year 2022-2023.

## 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:** Adopt the Draft Budget for Fiscal Year 2023-2024 as presented and required by the Cortez Knox Hertzberg Reorganization Act of 2000.

### **Attachments:**

Exhibit A: Draft Budget Fiscal Year 2023-2024

### **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

# EXHIBIT A

LAFCO's Draft Budget for FY 2023-2024

LAFCO's PROPOSED DRAFT BUDGET FOR FISCAL 2023-2024

EXHIBIT A

	Fiscal 2021- 2022 Adopted Budget (approved 5/27/2021)	Fiscal 2022- 2023 Adopted Budget (approved 5/26/22)	Peliminary Actuals @ 3-6-23	Estimated Annual for 2022-2023	2022-2023 Budget Adjustment Request	Fiscal 2022- 2023 Adjusted Budget	Fiscal 2023- 2024 Proposed Draft Budget	Fiscal 2023- 2024 Increase (Decrease)
<b>Income</b>								
81-1928 CONTRB FROM OTHER AGENCIES (Cities)	253,978	253,978	253,978	253,978		253,978	294,400	40,422 b
81-1933 COUNTY MATCHING FUNDS	253,978	253,978	253,978	253,978		253,978	294,400	40,422 b
81-1808 LAFCO FEES	20,000	40,000	21,462	21,462		40,000	40,000	0
RENTS - 1122 STATE	37,056	31,632	28,215	37,620		31,632	50,934	19,302 c
*CONTINGENCY - EMERGENCY RESERVES	118,237	103,661	0	103,661	72,472 a	176,133	103,661	(72,472) b
INTEREST INCOME	0	0	5,550	5,550		0	0	0
OTHER INCOME	0	0	557	557		0	0	0
<b>Total Income</b>	<b>683,249</b>	<b>683,249</b>	<b>563,739</b>	<b>676,805</b>	<b>72,472</b>	<b>755,721</b>	<b>783,395</b>	<b>27,674</b>
<b>Expenses</b>								
82-2001 LAFCO SALARIES	273,493	281,958	189,671	295,170	13,212 a	295,170	328,598	33,428 d
82-2035 LAFCO EMPLOYEE BENEFITS	134,780	139,715	77,627	127,991		139,715	187,805	48,090 d
82-2036 COMMISSIONER STIPEND	4,500	4,500	900	2,900		4,500	4,500	0
82-2060 COMMUNICATIONS	5,040	5,040	2,404	4,122		5,040	5,040	0
82-2100 INSURANCE PROPERTY	6,264	6,900	0	6,900		6,900	7,797	897 e
82-2101 INSURANCE LIABILITY	11,340	12,500	11,628	11,628		12,500	14,125	1,625 e
82-2120 MAINTANCE -EQUIPMENT	7,000	7,000	2,121	6,741		7,000	7,000	0
82-2150 MEMBERSHIPS	6,100	6,100	0	6,100		6,100	6,100	0
82-2170 OFFICE EXPENSE (Office Supplies)	16,000	16,000	7,190	14,381		16,000	16,000	0
82-2170 OFFICE EXPENSE (Electronics)	16,000	16,000	31,799	31,943		16,000	16,000	0
82-2170 OFFICE EXPENSE (Software & Licenses)	10,000	10,000	4,547	10,000		10,000	10,000	0
82-2170 OFFICE EXPENSE (Furnishings)	1,000	1,000	0	1,000		1,000	1,000	0
82-2180 PROF & SPEC SERVICES-Legal	20,000	20,000	7,000	20,000		20,000	20,000	0
82-2180 PROF & SPEC SERVICES - Other (Annual Audit & Paychex)	22,000	23,000	5,042	23,000		23,000	23,000	0
82-2181 PROF & SPEC SERV-DATA PROCESSING/NETWORK	26,000	26,000	18,023	27,034		26,000	26,000	0
82-2182 PROF & SPEC SERV-OTHER (GIS/CAED)	8,000	12,000	0	12,000		12,000	12,000	0
82-2190 PUBLIC & LEGAL NOTICES	3,600	3,600	1,225	3,600		3,600	3,600	0
82-2200 RENTS & LEASES-EQUIPUPMENT	4,700	4,700	3,322	5,695		4,700	5,700	1,000 f
82-2230 SPECIAL DEPARTMENT EXPENSE	3,400	3,400	96	3,400		3,400	3,400	0
82-2251 TRAVEL IN COUNTY	500	500	0	500		500	500	0
82-2252 TRAVEL OUT OF COUNTY	32,609	32,609	13,503	27,005		32,609	32,609	0
82-4300 CAPITAL OUTLAY	0	0	0	0		0	0	0
1122 REPAIR & MAINT COSTS/ONGOING EXPENSE	22,520	22,520	10,984	21,968		22,520	29,520	7,000 g
1122 REPAIR & MAINT COSTS/REMODEL	27,403	5,106	34,099	63,099	59,260 a	64,366	0	(64,366) h
1122 UTILITIES	21,000	23,100	10,981	23,100		23,100	23,100	0
*CONTINGENCY - EMERGENCY RESERVES	0	0	0	0		0	0	0
<b>Total Expenses</b>	<b>683,249</b>	<b>683,249</b>	<b>432,163</b>	<b>749,277</b>	<b>72,472</b>	<b>755,721</b>	<b>783,395</b>	<b>27,674</b>
			131,576	-72,472				

**Projected Reserves :**

Litigation Fund	40,000
Contingency - Emergency Fund	460,000
Reserved for drawdowns to fund fiscal 2023 (includes budget adjustment)	176,133
Reserved for drawdowns to fund fiscal 2024	103,661
Unreserved Balance	39,768

**Notes (Fiscal 2023-2024 Draft Proposal):**

- a) fiscal 2022-2023 additional reserves drawdown to fund new hire's salary and building remodeling
- b) fiscal 2023-2024 use same amount of reserves drawdown as budgeted from prior year which results in shortfall to be funded by county and cities: Note county & cities have not had an increase in 5 years
- c) anticipating all suites rented for a full year with no vacancies
- d) increase due to promotions for fulltime EO and Senior Analyst, and ongoing cost increase for benefits
- e) estimate insurance premium increases
- f) estimated increase to accommodate actual contracts
- g) anticipate having to purchase replacement air conditioner for server room
- h) decrease due to having remodeling completed in fiscal 2022-2023



LAFCO Estimated Annual Cost of Salaries and Benefits for 2023-2024

EXHIBIT A

Position	Salary (as budgeted FYE 6/30/23)	Proposal FYE 6/30/24)	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
Contracted Executive Officer (Part Time) 6 months	61,000	30,500	n/a	n/a	778	442	1,891	112	33,723
Executive Officer (Full Time Employee) 6 months	0	73,500	28,841	10,452	1,874	1,066	0	112	115,845
Analyst/Accountant full year	93,787	93,787	36,802	20,904	516	1,360	0	112	153,481
Senior Analyst full year	82,680	82,680	32,444	20,904	455	1,199	0	112	137,793
Analyst/Clerk 6 months	21,091	24,731	9,705	10,452	136	359	0	112	45,494
Building Maintenance	23,400	23,400	n/a	n/a	4,877	339	1,451	112	30,179
	<b>\$ 281,958</b>	<b>\$ 328,598</b>	<b>\$ 107,792</b>	<b>\$ 62,712</b>	<b>\$ 8,635</b>	<b>\$ 4,765</b>	<b>\$ 3,342</b>	<b>\$ 560</b>	<b>\$ 516,516</b>

Retirement components  
 Health / medical 13.33%  
 Pension bond 2.337%  
 Employer 23.57%