

EXECUTIVE OFFICER'S REPORT

To The
Imperial Local Agency Formation Commission

TO:

COMMISSIONERS:

*Michael W. Kelley, Supervisor, Vice-Chair
Ray Castillo, Supervisor
David H. West, Public
Maria Nava-Froelich, City
(Vacant) City*

ALTERNATE COMMISSIONERS:

*Jesus E. Escobar, Alternate Supervisor
(Vacant) Alternate Public
(Vacant) Alternate City*

REPORT DATE: February 4, 2021

FROM: Jurg Heuberger, Executive Officer



PROJECT: Draft Budget FY 2021-2022

HEARING DATE: February 25, 2021

TIME: 08:30 a.m.

AGENDA ITEM NO: 12

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 proposed DRAFT Budget for Fiscal Year 2021-2022 as required by CKH.

OPTION #2: Approve the proposed DRAFT Budget for Fiscal Year 2021-2022 as amended and required by CKH.

REPORT

Draft Budget for Fiscal Year 2021-2022

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:

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 Option 1A" in the amount of \$683,249, and "EXHIBIT A Option 1B" in the amount of \$783,368 for fiscal year 2021-2022 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, 2021** and a **final budget by June 15, 2021** 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 February 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, the current staff positions and salary ranges, and the anticipated or projected cost that LAFCO would incur during the next fiscal year.

This year's budget proposal includes some **POLICY** alternatives that include a) opening up a previously frozen salary range, b) establishing a salary for a full time Executive Officer position.

"EXHIBIT A Option 1A" represents the budget in the amount of \$683,249 which is the same as last year with some adjustments in various line items while still maintaining the same budget as the prior year.

"EXHIBIT A Option 1B" represents the proposed budget of \$783,368 reflecting estimated cost increases of bringing on a full time Executive Officer for a 6-month transitional period.

I: LINE ITEM Changes from Prior Year (EXHIBIT A Option 1A):

- 82-2001 LAFCO SALARIES: Increase of \$20,457**
Staff is recommending to open up and fund a previously frozen salary range for a Senior Analyst position. The increase reflects the potential promotion to newly funded range.
- 82-2035 LAFCO EMPLOYEE BENEFITS: Increase of \$10,661**
Increase reflects the uncontrollable mandated ongoing increases tied to the salaries for benefits including retirement, health insurance, workers comp ect..
- 82-2100 INSURANCE PROPERTY: Increase of \$464**
Slight Increase due to anticipated increase in policy premiums.
- 82-2101 INSURANCE LIABILITY: Increase of \$840**
Slight Increase due to anticipated increase in policy premiums.
- 82-2180 PROFESSIONAL & SPECIAL SERVICE (LEGAL): Increase of \$5,000**
Increased budget line item in anticipation of having additional cost related to new contract.
- 82-2180 PROFESSIONAL & SPECIAL SERVICE (OTHER): Increase of \$1,000**
Slight increase is to accommodate actual contracts.
- 82-2190 PUBLIC & LEGAL NOTICES: Increase of \$1,200**
Slight increase is to accommodate actual contracts.
- 1122 R&M REMODELING EXPENSES: Increase of \$20,378**
Increased budget line item in anticipation of upgrading 2 suites.
- CONTINGENCY – EMERGENCY RESERVES: Decrease of \$60,000**
Decrease due to having currently met our previous request of maintaining a reserves of \$210,000 for emergency and other considerations.

II: POLICY ITEMS:

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 FUND: The current policy established by the Commission is to maintain about \$210,000 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, and to offset operational costs; therefore, reducing or eliminating an increase to funding agencies.

STAFF POSITIONS AND SALARY RANGES: Current positions and salary ranges are as follows:

	Minimum	Maximum
Approved 6/28/2008 Analyst (23.78 p/h - 30.35p/h)	\$ 49,462	\$ 63,128
Approved 8/26/10 Clerk (15.89 p/h -20.28 p/h)	\$ 33,051	\$ 42,182
Approved 8/26/10 Analyst/Account (34.47 p/h - 43.99p/h)	\$ 71,698	\$ 91,499
Approved 8/26/10 Analyst (Frozen range) (30.37 p/h - 38.78 p/h)	\$ 63,170	\$ 80,662
Contract Executive Officer / part time employee	\$61,000	

III: PUBLIC NOTICE

Public notice for the proposed annexation hearing before the LAFCO Commission has been given, according to Section 56660 and 56661. Notice was issued in the form of a publication in the Imperial Valley Press at least 21-days prior to said hearing and posted on our webpage.

IV: 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.

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:

- I: Approve the proposed **DRAFT** Budget for Fiscal Year 2021-2022 as required by CKH.

LAFCO Policy

Note: All "cc" submittals are the Executive Officer's Report only. Attachments are generally too voluminous and are only supplied on CD. Information about the project may also be found on the LAFCO web page at www.iclafco.com.

Attachments:

EXHIBIT A: DRAFT Budget for Fiscal Year 2021-2022

CC:

City of Brawley
City of Calipatria
City of Calexico
City of El Centro
City of Holtville
City of Imperial
City of Westmorland
County of Imperial, Executive Office
Independent Special Districts

EXHIBIT A

Draft Budget Fiscal Year 2021-2022

LAFCO'S PROPOSED DRAFT BUDGET FOR FISCAL 2021-2022

LAFCO's Proposed "DRAFT" BUDGET FOR FISCAL 2021-2022 EXHIBIT A
Option 1A Option 1B

	Fiscal 2019 / 2020 Adopted Budget (approved 5/23/19)	Fiscal 2020-2021 Adopted Budget (approved 4/23/20)	preliminary actuals @ 2/16/21	estimates for year end 6/30/21	Draft Proposal Fiscal 2021- 2022	Draft Proposal Fiscal 2021-2022 (with 6 months full time EO)
Income						
81-1928 CONTRB FROM OTHER AGENCIES (Cities)	253,978	253,978	253,978	253,978	253,978	253,978
81-1933 COUNTY MATCHING FUNDS	253,978	253,978	253,978	253,978	253,978	253,978
81-1808 LAFCO FEES	30,000	30,000	16,745	16,745	20,000 a	20,000
RENTS - 1122 STATE	45,738	42,884	33,880	45,023	37,056 b	37,056
*CONTINGENCY - EMERGENCY RESERVES	99,555	102,409	0	46,047	118,237 c	218,356 A
INTEREST INCOME	0	0	1,589	1,664	0	0
OTHER INCOME	0	0	3,047	3,047	0	0
Total Income	\$ 683,249	683,249	563,217	620,482	683,249	783,368
Expenses						
82-2001 LAFCO SALARIES	247,123	253,036	144,971	251,283	273,493 d	335,993 A
82-2035 LAFCO EMPLOYEE BENEFITS	116,456	124,119	64,601	111,975	134,780 d	172,399 A
82-2036 COMMISSIONER STIPEND	4,500	4,500	900	3,400	4,500	4,500
82-2060 COMMUNICATIONS	5,040	5,040	2,738	5,054	5,040	5,040
82-2100 INSURANCE PROPERTY	5,800	5,800	0	5,800	6,264 e	6,264
82-2101 INSURANCE LIABILITY	9,500	10,500	9,997	9,997	11,340 e	11,340
82-2120 MAINTANCE -EQUIPMENT	9,000	7,000	1,994	5,654	7,000	7,000
82-2150 MEMBERSHIPS	6,100	6,100	398	5,798	6,100	6,100
82-2170 OFFICE EXPENSE (Office Supplies)	16,000	16,000	6,636	15,772	16,000	16,000
82-2170 OFFICE EXPENSE (Electronics)	16,000	16,000	13,357	17,857	16,000	16,000
82-2170 OFFICE EXPENSE (Software & Licenses)	10,000	10,000	4,015	8,095	10,000	10,000
82-2170 OFFICE EXPENSE (Furnishings)	1,000	1,000	0	3,182	1,000	1,000
82-2180 PROF & SPEC SERVICES-Legal	15,000	15,000	5,250	14,000	20,000 f	20,000
82-2180 PROF & SPEC SERVICES - Other (Annual Audit & Paychex)	21,000	21,000	12,689	18,249	22,000 g	22,000
82-2181 PROF & SPEC SERV-DATA PROCESSING/NETWORK	26,000	26,000	9,085	23,170	26,000	26,000
82-2182 PROF & SPEC SERV-OTHER (GIS/CAED)	8,000	8,000	0	8,000	8,000	8,000
82-2190 PUBLIC & LEGAL NOTICES	2,400	2,400	1,120	3,244	3,600 g	3,600
82-2200 RENTS & LEASES-EQUIPMENT	4,300	4,700	2,513	4,752	4,700	4,700
82-2230 SPECIAL DEPARTMENT EXPENSE	3,400	3,400	20	1,520	3,400	3,400
82-2251 TRAVEL IN COUNTY	500	500	0	500	500	500
82-2252 TRAVEL OUT OF COUNTY	32,609	32,609	0	6,720	32,609	32,609
82-4300 CAPITAL OUTLAY	0	0	0	0	0	0
1122 REPAIR & MAINT COSTS/ONGOING EXPENSE	22,520	22,520	6,014	16,528	22,520	22,520
1122 REPAIR & MAINT COSTS/REMODEL	80,000	7,025	0	0	27,403 h	27,403
1122 UTILITIES	21,000	21,000	8,966	19,931	21,000	21,000
*CONTINGENCY - EMERGENCY RESERVES	0	60,000	0	60,000	0	0
Total Expenses	\$ 683,249	683,249	295,263	620,482	683,249	783,368

LAFCO Estimated Annual Cost of Salaries and Benefits for 2021/2022

EXHIBIT A

Position	Salary (as budgeted @ 5-30-20)	FYE 6/30/22 (*unfreeze senior analyst range)	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	61,000	n/a	n/a	1,976	885	3,782	147	67,790
Analyst/Accountant	91,499	91,499	38,494	16,494	522	1,327	0	147	148,483
Analyst/Clerk	60,206	80,662	33,935	13,987	460	1,170	0	147	130,360
Clerk (6 months)	21,091	21,091	7,924	8,247	141	308	0	147	37,857
Building Maintenance	19,240	19,240	n/a	n/a	2,924	279	1,193	147	23,783
	<u>\$ 253,036</u>	<u>\$ 273,493</u>	<u>\$ 80,352</u>	<u>\$ 38,729</u>	<u>\$ 6,024</u>	<u>\$ 3,966</u>	<u>\$ 4,975</u>	<u>\$ 735</u>	<u>\$ 408,273</u>
		<u>\$ 62,500</u>	<u>\$ 26,294</u>	<u>\$ 8,247</u>	<u>\$ 2,025</u>	<u>\$ 906</u>	<u>\$ -</u>	<u>\$ 147</u>	<u>\$ 100,119</u>

Full Time Employee - Executive Officer \$125,00 per year
 Fiscal 2021-2022 budget for 6 months

Retirement components:
 Health / medical 13.33%
 Pension bond 5.1699%
 Employer 23.57% (Tier 3 19.07%)