

MEMORANDUM

TO: Local Agency Formation Commission

FROM: LAFCO Budget Committee

SUBJECT: **Agenda Item 3.1 – Review and Consideration of Proposed Budget for Fiscal Year 2024/25**

DATE: March 21, 2024 for the Meeting of April 4, 2024

Pursuant to Government Code Section §56381, please find attached the Proposed Budget for Fiscal Year 2024/25 as unanimously recommended for adoption by the Budget Committee (Johnson, McGreehan & Betts).

Summary

On March 19, 2024, the Budget Committee met to review and discuss both the current year budget projections and the Preliminary Budget for FY 2024/25. The Committee thoroughly considered the broad spectrum of fundamental responsibilities that LAFCO, as a regulatory body of the state, is expected to address beyond the specific processing of individual applications.

With this perspective in mind, the Committee's review was influenced by the following factors:

1. The Commission's recognition of the ever increasing roles that LAFCO's have in:
 - Assisting local agencies in the understanding of governance options and providing guidance to smaller agencies seeking to enhance their service capabilities;
 - Addressing local government functions and service delivery capabilities;
 - Identifying gaps in the provision of services throughout their counties; and
 - Addressing an increasing number of legislative mandates to consider disadvantaged populations and seek improved options and opportunities for cooperation between agencies to include consolidations and mergers.
2. The Commission's continued desire to maintain a consistent core staff equivalent to 3.5 full-time employees, all of whom are experienced individuals who provide superior service levels and local agency assistance.
3. The Commission's diligent effort over the past 17 years to implement cost saving measures, including employee furloughs and conservatively maintaining increases in annual member agency apportionments to 3.58 percent. In addition, the Commission has been persistent in that it continues to advise member agencies of its potential necessity to incrementally increase apportionments to meet state mandated functions.

4. The Commission's fundamental interest in balancing its desired capability to meet statutory requirements (mandates) with the ability of contributing agencies to provide adequate levels of funding.

Budget Committee Proposal for FY 2024/25 Budget

Funding Sources

The Proposed FY 2024/25 Budget totals \$881,492 and reflects a three percent increase from the prior years' budget. Sources include:

- Interest - \$12,000 accounting for 1%.
- Member Agency Apportionments – \$790,409 accounting for 89%. While the Commission has intentionally maintained flat member agency apportionments for a number of years during the recession years' ago, it has consistently advised member agencies each year during the budget process and through adopted resolutions, that in order to achieve state mandated responsibilities consistent with GC56381, the potential need to incrementally increase agency apportionments would inevitably be required to meet the Commission's expectations. Although the Budget Committee has recommended a three percent increase in its total budget, it does in fact translate a zero percent increase to member agency apportionments.
- Charges for Services - \$55,009 accounting for 6%.
- Miscellaneous Revenue - \$6,000 accounting for 1%.
- MSR/SOI Trust Fund Transfer - \$20,000 accounting for 2%.

Expenditures

- Salaries and Wages and Benefits - \$682,500 accounting for 77%.
- Services & Supplies - \$170,918 accounting for 19%.
- Appropriations - \$30,000 accounting for 3%.

It should be noted that in 2012 the Commission adopted a Fiscal Reserve Policy for the purpose of maintaining adequate fiscal reserves to address unexpected costs related to unforeseen issues. The Policy established and accounts for funds within the Butte LAFCO Treasury equal to 50-percent of the prior year Base Operations Budget with the annual budget allocation amount being incrementally increased several times over the years. The 2024/25 budget does not include a reserves allocation as the 50-percent goal has been satisfied.

Notice

Notice of the FY 2024/25 Preliminary Budget Committee meeting held on March 19, 2024 was posted on March 15, 2024 and subsequently circulated to all member agencies, including the Butte County Special District's Association on March 15, 2024.

Local Agency Formation Commission
March 21, 2024

Public notice for the FY 2024/25 Proposed Budget Hearing (April 4, 2024) was published in the Chico Enterprise Record on March 13, 2024. In addition, the public notice was also posted on March 13, 2024 at Oroville City Hall, LAFCo's office, and website.

ACTIONS RECOMMENDED AND REQUESTED BY BUDGET COMMITTEE:

1. Receive comments from the public and affected agencies on the Proposed Budget for FY 2024/25; and
2. Continue to place language within the budget resolution that advises member agencies of the potential need to incrementally increase agency contribution rates in order to achieve the state mandated responsibilities consistent with GC56381; and
3. Approve a four percent cost of living adjustment (COLA), to the currently adopted Salary Plan; and
4. Continue item to the next regularly scheduled Commission meeting on Thursday, May 2, 2024 for final adoption.

Attachment: Proposed Budget & Narrative for Fiscal Year 2024/25



Butte Local Agency Formation Commission Proposed Budget for FY 2024/25

	2023/24			2024/25		
	Adopted: May 4, 2023			Proposed		
	Base Budget	Special Projects	Total	Base Budget	Special Projects	Total
FUNDING SOURCES						
441000 Interest	15,000	-	15,000	12,000	-	12,000
441001 Unrealized Gain/Loss	-	-	-	-	-	-
453000 Other Government Agencies (County)	355,683	-	355,683	355,683	-	355,683
453000 Other Government Agencies (Cities)	355,683	-	355,683	355,683	-	355,683
453000 Other-In-Lieu Revenue (Special Districts)	79,043	-	79,043	79,043	-	79,043
454000 Other-In-Lieu Revenue	-	-	-	-	-	-
462005 Charges for Services - Other	50,083	-	50,083	55,009	-	55,009
473000 Miscellaneous Revenue	6,000	-	6,000	6,000	-	6,000
473000 Miscellaneous Revenue (SOI Trust Fund)	20,000	-	20,000	20,000	-	20,000
Total Funding Sources	881,492	-	881,492	883,418	-	883,418
EXPENDITURES						
Salaries and Wages						
511000 Regular Wages	422,000	-	422,000	434,500	-	434,500
Total Salaries and Wages	422,000	-	422,000	434,500	-	434,500
Benefits						
512000 Retirement	94,000	-	94,000	109,000	-	109,000
513000 Employee Group Insurance	97,000	-	97,000	100,500	-	100,500
515000 FICA/Medicare/OASDI	32,300	-	32,300	6,300	-	6,300
516000 Other Benefits	3,920	-	3,920	32,200	-	32,200
Total Benefits	227,220	-	227,220	248,000	-	248,000
Total Salaries and Wages and Benefits	649,220	-	649,220	682,500	-	682,500
Services & Supplies						
523000 Communications	3,942	-	3,942	3,942	-	3,942
525000 Household Expense	1,000	-	1,000	1,000	-	1,000
526000 Insurance	6,551	-	6,551	7,000	-	7,000
531000 Memberships	8,000	-	8,000	8,600	-	8,600
533000 Office Supplies	6,000	-	6,000	7,000	-	7,000
534000 Professional & Specialized Services	94,889	-	94,889	80,689	-	80,689
535000 Publication & Legal Notice	3,500	-	3,500	3,500	-	3,500
537000 Rents/Leases Buildings & Improvements	16,350	-	16,350	16,647	-	16,647
539000 Special Departmental Expense	7,000	-	7,000	8,000	-	8,000
540000 Transportation/Travel	22,040	-	22,040	24,540	-	24,540
541000 Utilities	8,000	-	8,000	10,000	-	10,000
Total Services & Supplies	177,272	-	177,272	170,918	-	170,918
Appropriations						
580010 Appropriation Contingency	30,000	-	30,000	30,000	-	30,000
101001 Appropriation Reserve	25,000	-	25,000	-	-	-
Total Appropriations	55,000	-	55,000	30,000	-	30,000
Total Services & Supplies and Appropriations	232,272	-	232,272	200,918	-	200,918
Total	881,492	-	881,492	883,418	-	883,418

Proposed Budget Narrative for Fiscal Year 2024-2025

April 4, 2024

FUNDING SOURCES:

441000 – Interest **\$12,000**

Interest income is accrued on treasury cash.

453000 – Other Govt. Agencies (County, Cities, Special Districts) **\$790,409**

Allocation and Proportionate Share of Funding Requirement:

County @ 45%	\$355,683
Cities @ 45%	\$355,683
Special Districts @ 10%	\$79,043

Calculations are prepared by the Butte County Auditor. Individual city shares are based on revenue as reported in the most recent edition of the Cities Annual Report published by the State Controller. Individual special district shares are based on revenues as reported in the most recent report of the "Financial Transactions Concerning Special Districts" published by the State Controller.

461400 – Auditing & Accounting Fees **\$0**

Auditor-Controller administrative fee.

462000 – Charges for Services - Other **\$55,009**

Pursuant to the adopted Fee Schedule, application filing fees are charged to applicants for the processing of applications submitted for sphere of influence amendments, formations of special districts and changes of organization and reorganization. Application processing fees vary widely depending on the complexity of the action requested.

473000 – Miscellaneous Revenue **\$6,000**

CALAFO Stipend.

473000 – Miscellaneous Revenue (SOI Trust Fund) **\$20,000**

Restricted monies held within the Sphere Trust Fund for the explicit purpose of funding Commission directed staff level review and maintenance of municipal service reviews and sphere of influence plans and related actions

EXPENDITURES:

511000 – Salaries and Wages **\$434,500**

Salaries reflect base wages pursuant to the adopted Salary Plan.

512000, 513000, 515000 and 516000 – Benefits **\$248,000**

Retirement, including UAL, GASB and Survivor; Deferred Compensation & Medicare; State Unemployment Insurance, Employment Training & State Disability Insurance; Health, Dental & Vision; Employee Assistance Program; and Basic/Long Term Life Insurance.

523000 – Communications **\$3,942**

Telephone charges (\$3,102) and cell phone allowance (\$840).

525000 – Household Expense **\$1,000**

Toiletries, cleaning supplies, floor tile buffing and other household items.

526000 – Insurance **\$7,000**

Property and General Liability Coverage.

531000 – Memberships **\$8,600**

Memberships to professional organizations, including various publications and subscriptions that support staff development on current issues affecting the agency's responsibilities.

533000 – Office Expense **\$7,000**

Office supplies, including computer software upgrades.

534000 – Professional & Specialized Services **\$80,689**

Worker's Compensation Insurance (\$3,300); Annual Audit, including CalPERS GASB Reporting (\$12,500); Legal Counsel (\$26,458); GIS Mapping (\$18,000); Paylocity (\$5,000); County Treasurer-Tax Collector (\$350); County Auditor-Controller (\$3,401); County Human Resources (\$5,000); and County Information Systems (\$6,680).

535000 – Publication & Legal Notice **\$3,500**

Legal notice publishing, as required by LAFCO Policies and State Law.

537000 – Rents/Leases Buildings & Improvements **\$16,647**

Office space, pursuant to H.P. Downer Business Center, LLC Lease Agreement (\$16,047); Office space security (\$600).

539000 – Special Departmental Expense **\$8,000**

Website maintenance, including security updates; professional development/training, etc., (\$5,437); County Copier services (\$1,563) and postage (\$1,000).

Expenditures: *Continued*

540000 – Transportation/Travel **\$24,540**

Attendance at conferences, meetings, trainings; and CALAFCO participation (\$13,500); and vehicle expense reimbursements (\$11,040).

541000 – Utilities **\$10,000**

Electricity, natural gas, water, sewer, garbage disposal, janitorial and landscaping.

Appropriations:

Contingency **\$30,000**

Unanticipated costs, i.e., budget shortfall coverage, special studies or legal fees.

Reserve **\$0**

Isolated funding for accrued leave liabilities and other post employment benefits.