

M E M O R A N D U M

TO: Local Agency Formation Commission

FROM: LAFCO Budget Committee

SUBJECT: **Agenda Item 3.2 – Review and Consideration of Proposed Budget for Fiscal Year 2022/23**

DATE: March 28, 2022 for the Meeting of April 7, 2022

Pursuant to Government Code Section §56381, please find attached the Proposed Budget for Fiscal Year 2022/23 as unanimously recommended for adoption by the Budget Committee (Kimmelshue, Sheppard, McGreehan & Leverenz).

Summary

On March 21, 2022, the Budget Committee met to review and discuss both the current year budget projections and the Preliminary Budget for FY 2022/23. 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 understanding that although economic conditions have remained surprisingly stable this past year, local agency budgets may become financially challenged as the COVID-19 outcomes becomes better known.
4. The Commission's diligent effort over the past 15 years to implement cost saving measures, including employee furloughs, and conservatively maintaining increases in annual member agency apportionments to three 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.

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5. 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 2022/23 Budget

Funding Sources

The Proposed FY 2022/23 Budget totals \$856,409 and reflects a 12% increase from the prior years' budget. Sources include:

- Interest - \$15,000 accounting for 2%.
- Member Agency Apportionments - \$790,409 accounting for 92%. 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 12% increase in its total budget, it does in fact translate a 12% increase to member agency apportionments. However, the overall average increase to member agency apportionments for the past 15 years remains 3%.
- Charges for Services - \$25,000 accounting for 3%.
- Miscellaneous Revenue - \$6,000 accounting for 1%.
- MSR/SOI Trust Fund Transfer, \$20,000 accounting for 2%.

Expenditures

- Salaries and Wages and Benefits - \$628,589 accounting for 73%.
- Services & Supplies - \$172,820 accounting for 20%.
- Appropriations - \$55,000 accounting for 7%.

Notice

Notice of the FY 2022/23 Preliminary Budget Committee meeting held on March 21, 2022 was posted on March 16, 2022 and subsequently circulated to all member agencies, including the Butte County Special District's Association on March 17, 2021.

Public notice for the FY 2022/23 Proposed Budget Hearing (April 7, 2022) was published in the Chico Enterprise Record on March 16, 2022. In addition, the public notice was also posted on March 16, 2022 at County Administration, LAFCo's office and website.

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ACTIONS RECOMMENDED AND REQUESTED BY BUDGET COMMITTEE:

1. Receive comments from the public and affected agencies on the Proposed Budget for FY 2022/23; 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. Adopt a four percent cost of living adjustment (COLA), to the currently adopted Salary Plan; and
4. Adopt the Proposed Budget for Fiscal Year 2022/23 for transmittal to affected agencies and continue item to the next regularly scheduled Commission meeting on Thursday, May 5, 2022 for final adoption.

Attachment:

1. Proposed Budget & Narrative for Fiscal Year 2022/23



Butte Local Agency Formation Commission Proposed Budget for FY 2022/23

	2021/22			2022/23		
	Adopted: May 6, 2021			Proposed		
	Base Budget	Special Projects	Total	Base Budget	Special Projects	Total
FUNDING SOURCES						
441000 Interest	15,000	-	15,000	15,000	-	15,000
441001 Unrealized Gain/Loss	-	-	-	-	-	-
453006 Other Government Agencies (County)	317,574	-	317,574	355,683	-	355,683
453008 Other Government Agencies (Cities)	317,574	-	317,574	355,683	-	355,683
453008 Other-In-Lieu Revenue (Special Districts)	70,574	-	70,574	79,043	-	79,043
454000 Other-In-Lieu Revenue	-	-	-	-	-	-
462005 Charges for Services	16,560	-	16,560	25,000	-	25,000
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	763,282	-	763,282	856,409	-	856,409
EXPENDITURES						
Salaries and Wages						
511000 Regular Wages	359,500	-	359,500	380,188	-	380,188
511000 Extra Help	-	-	-	-	-	-
Total Salaries and Wages	359,500	-	359,500	380,188	-	380,188
Benefits						
512000 PERS EMPC	13,578	-	13,578	17,736	-	17,736
512000 PERS Miscellaneous	38,793	-	38,793	32,899	-	32,899
512000 PERS Miscellaneous PEPRA	-	-	-	7,306	-	7,306
513000 EE Group Insurance - Basic Life Insurance	96	-	96	106	-	106
513000 EE Group Insurance - Health Insurance	77,600	-	77,600	128,000	-	128,000
513000 EE Group Insurance - LTD	983	-	983	1,348	-	1,348
515000 EE Group Insurance - UI & ETT	476	-	476	450	-	450
516000 FICA/Medicare/OASDI	27,495	-	27,495	29,282	-	29,282
516000 Other Benefits - EAP	397	-	397	432	-	432
516000 Other Benefits - Flexible Spending	54	-	54	60	-	60
516000 Other Benefits - SDI	4,131	-	4,131	3,988	-	3,988
516000 Other Benefits - EE PERS	25,156	-	25,156	26,794	-	26,794
516000 Other Benefits - Cash Back Payments	6,067	-	6,067	-	-	-
Total Benefits	194,826	-	194,826	248,401	-	248,401
Total Salaries and Wages and Benefits	554,326	-	554,326	628,589	-	628,589
Services & Supplies						
523000 Communications - Cell Phone Allowance	840	-	840	840	-	840
523000 Communications - Telephone Charges	3,102	-	3,102	3,102	-	3,102
525000 Household Expense	1,000	-	1,000	1,000	-	1,000
526000 Insurance - Property & General Liability	8,457	-	8,457	6,696	-	6,696
531000 Memberships	7,015	-	7,015	8,025	-	8,025
533000 Office Expense	5,000	-	5,000	6,000	-	6,000
534000 Professional & Specialized Services						
Annual Audit	7,700	-	7,700	8,350	-	8,350
WC Claims Administration	2,540	-	2,540	3,000	-	3,000
County Auditor-Controller	3,401	-	3,401	3,401	-	3,401
County Treasurer-Tax Collector	35	-	35	250	-	250
County Human Resources	13,500	-	13,500	27,000	-	27,000
County Information Systems	6,680	-	6,680	6,680	-	6,680
Legal Counsel	25,440	-	25,440	25,440	-	25,440
GIS	18,000	-	18,000	18,000	-	18,000
Total	77,296	-	77,296	92,121	-	92,121
535000 Publications & Legal Notice	3,500	-	3,500	3,500	-	3,500
536000 Rent/Lease Equipment - Security	360	-	360	420	-	420
536000 Rent/Lease Equipment - Lease	15,346	-	15,346	15,576	-	15,576
539000 Special Departmental Expense	5,000	-	5,000	7,000	-	7,000
540000 Transportation/Travel - Transportation/Travel	11,000	-	11,000	11,000	-	11,000
540000 Transportation/Travel - Vehicle Exp. Reimbmt.	11,040	-	11,040	11,040	-	11,040
541000 Utilities	5,000	-	5,000	6,500	-	6,500
Total Services & Supplies	153,956	-	153,956	172,820	-	172,820
Appropriations						
580010 Appropriation Contingency	30,000	-	30,000	30,000	-	30,000
101001 Appropriation Reserve	25,000	-	25,000	25,000	-	25,000
Total Appropriations	55,000	-	55,000	55,000	-	55,000
Total Services & Supplies and Appropriations	208,956	-	208,956	227,820	-	227,820
Total	763,282	-	763,282	856,409	-	856,409

Proposed Budget Narrative for Fiscal Year 2022-23

April 7, 2022

FUNDING SOURCES:

441000 – Interest Earned	\$15,000
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Interest income is accrued on treasury cash.

453006; 453008 – Member Agency Funding	\$790,409
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Allocation and Proportionate Share of Funding Requirement:

453006: Other Governmental Agencies (County @ 45%)
453008: Other Governmental Agencies (Cities @ 45%)
453008: Other-In-Lieu Revenue (Special Districts @ (10%))

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.

462005 – Charges for Services	\$25,000
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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
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CALAFCO Stipend.

473000 – Miscellaneous Revenue (SOI Trust Fund)	\$20,000
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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	\$380,188
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Salaries reflect base wages pursuant to the adopted Salary Plan.

512000 thru 516000 – Benefits	\$248,401
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CalPERS Retirement; ICMA Deferred Compensation & Medicare; State Unemployment Insurance, Employment Training & State Disability Insurance; Health, Dental & Vision; Employee Assistance Program; Flexible Spending Fees, Cash Back; and Basic/Long Term Life Insurance.

Expenditures: *Continued*

523000 – Communications	\$3,942
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County Communication Services (\$3,102); Cell Phone Allowance (\$840).	
525000 – Household Expense	\$1,000
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Toiletries, cleaning supplies, floor tile buffing and other household items.	
526000 – Insurance - Property & General Liability	\$6,696
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Coverages, provided through Special District Risk Management Authority.	
531000 – Memberships	\$8,025
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Memberships to professional organizations, including various publications and subscriptions that support staff development on current issues affecting the agency's responsibilities.	
533000 – Office Expense	\$6,000
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General office supplies, including computer software upgrades.	
534000 – Professional & Specialized Services	\$92,121
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Annual Audit (\$8,350); Worker's Compensation and Employer's Liability coverage, provided through Special District Risk Management Authority (\$3,000); County Auditor-Controller (\$3,401); County Treasurer-Tax Collector (\$250); County Human Resources Services (\$27,000); County Information Systems (\$6,680); Legal Counsel (\$25,440) and GIS (\$18,000).	
535000 – Publication & Legal Notices	\$3,500
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Publishing of legal notices, as required by LAFCO Policies and State Law and subscriptions.	
536000 – Rent/Lease Equipment	\$15,996
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Lease agreement, pursuant to H.P. Downer Business Center, LLC (\$15,576); and office security system (\$420).	
539000 – Special Departmental Expense	\$7,000
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Website maintenance, including security updates; copier services, postage and professional development/training.	
540000 – Transportation/Travel	\$22,040
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Attendance at conferences, meetings, training and CALAFCO participation (\$11,000); and vehicle expense reimbursements (\$11,040).	

Expenditures: *Continued*

541000 – Utilities**\$6,500**

Electricity, natural gas, water, sewer, garbage disposal, and common area maintenance charges, i.e., janitorial and landscaping

Appropriations:

580010 – Contingency**\$30,000**

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

101001 – Reserve**\$25,000**

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