

# MEMORANDUM

TO: Local Agency Formation Commission

FROM: LAFCO Budget Committee (Leverenz, Connelly, Wilkinson, Kiely)

SUBJECT: **Agenda Item 3.1 – Review and Consideration of Proposed Budget for Fiscal Year 2019/20**

DATE: March 21, 2019 for the Meeting of April 4, 2019

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Pursuant to Government Code Section §56381, please find attached the Proposed Budget for Fiscal Year 2019/20 as unanimously recommended for adoption by the Budget Committee.

## Summary

On March 21, 2019, the Budget Committee met to review and discuss both the current year budget projections and the Preliminary Budget for FY 2019/20. 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 of LAFCO:
  - 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.
  - The expected need to be significantly involved in the Camp Fire recovery efforts.
2. The Commission's continued desire to maintain a consistent core staff of 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 are generally improving, local agency budgets remain financially challenging.
4. The Commission's diligent effort over the past ten years to implement cost saving measures, including employee furloughs, and conservatively maintaining increases in annual member agency apportionments to under 3%. 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.

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 2019/20 Budget**

### Funding Sources

The Proposed FY 2019/20 Budget totals \$711,732 and reflects an increase of 6% from the prior years' budget. Sources include:

- Interest - \$15,000 accounting for 2%.
- Member Agency Apportionments - \$653,446 accounting for 92%. While the Commission very intentionally maintained flat member agency apportionments for a number of years during the recession, 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 6% increase in the total budget which translates into a 6% increase to member agency apportionments, the overall average increase to member agency apportionments for the past 13 years remains 3%.
- Charges for Services - \$17,286 accounting for 2%.
- Miscellaneous Revenue - \$6,000 accounting for 1%.
- MSR/SOI Trust Fund Transfer, \$20,000 accounting for 3%.

### Expenditures

- Wages and Benefits - \$507,642 accounting for 71%.
- Services & Supplies - \$149,090 accounting for 21%.
- Appropriations - \$55,000 accounting for 8%.

### Notice

Notice of the FY 2019/20 FY Preliminary Budget Committee meeting was posted on Thursday, March 14, 2019 and subsequently circulated to all member agencies, including the Butte County Special District's Association on Friday, March 15, 2019. Public notice for the FY 2019/20 Proposed Budget Hearing (Thursday, April 4, 2019) was published in the Chico Enterprise Record on Thursday, March 14, 2019. In addition, the public notice was also posted on Thursday, March 14, 2019 at County Administration, 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 2019/20; and
2. 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 3% cost of living adjustment (COLA) per the Bureau of Labor Statistics, to the currently adopted Salary Plan; and
4. Approve a 3% structural adjustment to the base Salary Plan that has not ever been adjusted for parity since adoption in 2007; and
5. Adopt the Proposed Budget for Fiscal Year 2019/20 for transmittal to affected agencies and continue item to the next regularly scheduled Commission meeting on Thursday, May 2, 2019 for final adoption.

Attachment:

1. Proposed Budget & Narrative for Fiscal Year 2019/20



## Butte Local Agency Formation Commission Proposed Budget for FY 2019/20

	2018/19			2019/20		
	Adopted: May 3, 2018			Proposed		
	Base Budget	Special Projects	Total	Base Budget	Special Projects	Total
<b>FUNDING SOURCES</b>						
441000 Interest	6,000	-	6,000	15,000	-	15,000
441001 Unrealized Gain/Loss	-	-	-	-	-	-
453006 Other Government Agencies (County)	277,406	-	277,406	294,050	-	294,050
453008 Other Government Agencies (Cities)	277,406	-	277,406	294,050	-	294,050
453008 Other-In-Lieu Revenue (Special Districts)	61,647	-	61,647	65,346	-	65,346
454000 Other-In-Lieu Revenue	-	-	-	-	-	-
462005 Charges for Services	21,424	-	21,424	17,286	-	17,286
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
<b>Total Funding Sources</b>	<b>669,883</b>	<b>-</b>	<b>669,883</b>	<b>711,732</b>	<b>-</b>	<b>711,732</b>
<b>EXPENDITURES</b>						
<b>Wages</b>						
511000 Regular Help Wages	309,258	-	309,258	339,123	-	339,123
511010 Extra Help Wages	19,780	-	19,780	10,383	-	10,383
<b>Total Wages</b>	<b>329,038</b>	<b>-</b>	<b>329,038</b>	<b>349,506</b>	<b>-</b>	<b>349,506</b>
<b>Benefits</b>						
512010 ER PERS	29,459	-	29,459	35,336	-	35,336
512035 PERS EMPC	9,676	-	9,676	11,591	-	11,591
513000 Health Insurance	37,000	-	37,000	50,000	-	50,000
513010 Basic Life	144	-	144	96	-	96
513020 LTD Department Heads	752	-	752	825	-	825
513030 State Unemployment Insurance	735	-	735	625	-	625
515000 FICA & Medicare	23,946	-	23,946	26,094	-	26,094
516000 Employee Assistance Program	334	-	334	334	-	334
516001 Flex Spending Fees	236	-	236	48	-	48
516002 SDI	3,018	-	3,018	3,381	-	3,381
516004 EE PERS	21,649	-	21,649	23,739	-	23,739
516010 Cash Back Payments	12,133	-	12,133	6,067	-	6,067
<b>Total Benefits</b>	<b>139,082</b>	<b>-</b>	<b>139,082</b>	<b>158,136</b>	<b>-</b>	<b>158,136</b>
<b>Total Wages and Benefits</b>	<b>468,120</b>	<b>-</b>	<b>468,120</b>	<b>507,642</b>	<b>-</b>	<b>507,642</b>
<b>Services &amp; Supplies</b>						
523000 Telephone Charges	3,102	-	3,102	3,102	-	3,102
523010 Fax, Pagers & Cell Phones	840	-	840	840	-	840
525020 Janitorial	500	-	500	1,000	-	1,000
526010 Insurance: Outside Purchase	4,875	-	4,875	5,411	-	5,411
531000 Associations Memberships	5,365	-	5,365	6,075	-	6,075
533030 Small Office Equipment	5,000	-	5,000	5,000	-	5,000
534000 Consultants						
County Accounting Services	3,401	-	3,401	3,401	-	3,401
County Treasury Services	35	-	35	35	-	35
County Human Resource Services	13,500	-	13,500	13,500	-	13,500
Annual Audit Fees	10,000	-	10,000	7,500	-	7,500
Legal Counsel Fees	24,000	-	24,000	24,000	-	24,000
GIS Consulting Services	18,000	-	18,000	18,000	-	18,000
<b>Total</b>	<b>68,936</b>	<b>-</b>	<b>68,936</b>	<b>66,436</b>	<b>-</b>	<b>66,436</b>
534005 Claims Administration	2,200	-	2,200	2,310	-	2,310
534020 Data Processing	6,680	-	6,680	6,680	-	6,680
535000 Legally Required Publications	2,000	-	2,000	3,500	-	3,500
536000 Equipment: Rent and Lease	300	-	300	300	-	300
537000 Building: Rent and Lease	14,675	-	14,675	14,896	-	14,896
539001 Special Departmental Expense	3,750	-	3,750	5,000	-	5,000
540010 Vehicle Expense Reimbursement	11,040	-	11,040	11,040	-	11,040
540020 Travel/Transportation	11,000	-	11,000	11,000	-	11,000
541000 Electricity/Gas/Water/Sewer/CAM Charges	6,500	-	6,500	6,500	-	6,500
<b>Total Services &amp; Supplies</b>	<b>146,763</b>	<b>-</b>	<b>146,763</b>	<b>149,090</b>	<b>-</b>	<b>149,090</b>
<b>Appropriations</b>						
580010 Appropriation Contingency	30,000	-	30,000	30,000	-	30,000
101001 Appropriation Reserve	25,000	-	25,000	25,000	-	25,000
<b>Total Appropriations</b>	<b>55,000</b>	<b>-</b>	<b>55,000</b>	<b>55,000</b>	<b>-</b>	<b>55,000</b>
<b>Total Services &amp; Supplies and Appropriations</b>	<b>201,763</b>	<b>-</b>	<b>201,763</b>	<b>204,090</b>	<b>-</b>	<b>204,090</b>
<b>Total</b>	<b>669,883</b>	<b>-</b>	<b>669,883</b>	<b>711,732</b>	<b>-</b>	<b>711,732</b>

# Butte Local Agency Formation Commission Proposed Budget Narrative for Fiscal Year 2019-2020

April 4, 2019

## FUNDING SOURCES:

**441000 – Interest Earned** **\$15,000**

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Interest income is accrued on treasury cash.

**453006; 453008 – Member Agency Funding** **\$653,446**

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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** **\$17,286**

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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:

**511000/511010 – Wages** **\$349,506**

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Salaries reflect base wages pursuant to the adopted Salary Plan.

## **Expenditures: *Continued***

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<b>5120010 thru 516010 – Benefits</b>	<b>\$158,136</b>
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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.

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<b>523000 – Telephone Charges</b>	<b>\$3,102</b>
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Communication County Services (\$162); Communications (\$2,940).

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<b>523010 – Fax, Pagers &amp; Cell Phones</b>	<b>\$840</b>
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Cell Phone Allowance.

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<b>525020 – Janitorial</b>	<b>\$1,000</b>
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Toiletries, cleaning supplies, floor tile buffing and other household items.

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<b>526010 – Insurance: Outside Purchase</b>	<b>\$5,411</b>
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Property and General Liability coverage, provided through Special District Risk Management Authority.

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<b>531000 – Associations Memberships</b>	<b>\$6,075</b>
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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.

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<b>533030 – Small Office Equipment</b>	<b>\$5,000</b>
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General offices supplies, including computer software upgrades.

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<b>534000 – Consultants</b>	<b>\$66,436</b>
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County Accounting Services (\$3,401); County Treasury Services (\$35); County Human Resources Services (\$13,500); Annual Audit Fees (\$7,500); Legal Counsel Fees (\$24,000) and GIS Mapping Services (\$18,000).

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<b>534005 – Claims Administration</b>	<b>\$2,310</b>
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Workers' Compensation and Employer's Liability coverage, provided through Special District Risk Management Authority.

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<b>534020 – Data Processing</b>	<b>\$6,680</b>
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County Data Processing/Information Services.

## **Expenditures: *Continued***

<b>535000 – Legally Required Publications</b>	<b>\$3,500</b>
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Subscriptions and publishing of legal notices, as required by LAFCO Policies and State Law.

<b>536000 – Equipment: Rent &amp; Lease</b>	<b>\$300</b>
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Office security system.

<b>537000 – Building: Rent &amp; Lease</b>	<b>\$14,896</b>
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Pursuant to H.P. Downer Business Center, LLC lease agreement.

<b>539001 – Special Departmental Expense</b>	<b>\$5,000</b>
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Website maintenance, including security updates; professional development and training.

<b>540010 – Vehicle Expense Reimbursement</b>	<b>\$11,040</b>
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Vehicle allowances.

<b>540020 – Transportation/Travel</b>	<b>\$11,000</b>
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Attendance at conferences, meetings, trainings; and CALAFCO participation.

<b>541000 – Electricity/Gas/Water/Sewer/CAM Charges</b>	<b>\$6,500</b>
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Electricity, natural gas, water, garbage disposal, janitorial and landscaping.

## **Appropriations:**

<b>580 - Contingency</b>	<b>\$30,000</b>
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Unanticipated costs, i.e., budget shortfall coverage, special studies or legal fees.

<b>797 - Reserve</b>	<b>\$25,000</b>
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Isolated funding for accrued leave liabilities and other post employment benefits.