

MEMORANDUM

TO: Local Agency Formation Commission

FROM: LAFCO Budget Committee

SUBJECT: **Agenda Item 3.1 – Review and Consideration of Proposed Budget for Fiscal Year 2020/21**

DATE: March 23, 2020 for the Meeting of April 2, 2020

Pursuant to Government Code Section §56381, please find attached the Proposed Budget for Fiscal Year 2020/21 as unanimously recommended for adoption by the Budget Committee (Leverenz, Connelly, Shepherd, McGreehan, Steel).

Summary

On March 23, 2020, the Budget Committee met to review and discuss both the current year budget projections and the Preliminary Budget for FY 2020/21. 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 been strong 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 thirteen years to implement cost saving measures, including employee furloughs, and conservatively maintaining increases in annual member agency apportionments to 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.

- 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.

Current Year (FY 2019/20) Budget Overview

Expenditure Categories	Budget	Estimated (6-30-2020)	Estimated Savings (6-30-2020)
Wages and Benefits	507,642	409,406	98,236
Services & Supplies	150,530	143,253	7,276
Appropriations	55,000	55,000	0
Total Estimated Expenditure Savings for FY 2019/20			105,512

While not reflected in the proposed budget, considerable savings in Wages and Benefits will continue from staff participation in a voluntary furlough program that equals a 10% reduction in pay depending on position. Although this effort was initially implemented in FY 2008/09 as a flexible way to reduce personnel costs (approximately \$397,025, to date) and it allowed the agency to reasonably react to fluctuations in work load. Beginning in FY 2014/15, the Commission chose to adopt a budget that more transparently reflected this quasi permanent furlough reduction in Wages and Benefits.

Budget Committee Proposal for FY 2020/21 Budget

Funding Sources

The Proposed FY 2020/21 Budget totals \$770,803 and reflects an increase of 8% from the prior years' budget. Sources include:

- Interest - \$15,000 accounting for 2%.
- Member Agency Apportionments - \$705,722 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 8% increase in the total budget which translates into a 8% increase to member agency apportionments, the overall average increase to member agency apportionments for the past 13 years remains 3%.
- Charges for Services - \$24,081 accounting for 3%.
- Miscellaneous Revenue - \$6,000 accounting for 1%.
- MSR/SOI Trust Fund Transfer, \$20,000 accounting for 3%.

Expenditures

- Wages and Benefits - \$563,955 accounting for 73%.
- Services & Supplies - \$151,848 accounting for 20%.
- Appropriations - \$55,000 accounting for 7%.

Notice

Notice of the FY 2020/21 Preliminary Budget Committee meeting was posted on March 19, 2020 and subsequently circulated to all member agencies, including the Butte County Special District's Association on March 19, 2020.

Public notice for the FY 2020/21 Proposed Budget Hearing (April 2, 2020) was published in the Chico Enterprise Record on March 11, 2020. In addition, the public notice was also posted on March 11, 2020 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 2020/21; 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 3% cost of living adjustment (COLA), to the currently adopted Salary Plan; and
4. Approve an amendment to the Executive Officer salary range adding Steps (6-8); and
5. Adopt the Proposed Budget for Fiscal Year 2020/21 for transmittal to affected agencies and continue item to the next regularly scheduled Commission meeting on Thursday, May 7, 2020 for final adoption.

Attachment:

1. Proposed Budget & Narrative for Fiscal Year 2020/21



Butte Local Agency Formation Commission Proposed Budget for FY 2020/21

	2019/20			2020/21			
	Adopted: May 2, 2019			Preliminary			
	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)	294,050	-	294,050	317,574	-	317,574
453008	Other Government Agencies (Cities)	294,050	-	294,050	317,574	-	317,574
453008	Other-In-Lieu Revenue (Special Districts)	65,346	-	65,346	70,574	-	70,574
454000	Other-In-Lieu Revenue	-	-	-	-	-	-
462005	Charges for Services	18,726	-	18,726	24,081	-	24,081
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		713,172	-	713,172	770,803	-	770,803
EXPENDITURES							
Wages							
511000	Regular Help Wages	339,123	-	339,123	362,500	-	362,500
511010	Extra Help Wages	10,383	-	10,383	10,700	-	10,700
Total Wages		349,506	-	349,506	373,200	-	373,200
Benefits							
512010	ER PERS	35,336	-	35,336	40,662	-	40,662
512035	PERS EMPC	11,591	-	11,591	13,848	-	13,848
513000	Health Insurance	50,000	-	50,000	71,200	-	71,200
513010	Basic Life	96	-	96	96	-	96
513020	LTD Department Heads	825	-	825	1,002	-	1,002
513030	State Unemployment Insurance	625	-	625	595	-	595
515000	FICA & Medicare	26,094	-	26,094	27,880	-	27,880
516000	Employee Assistance Program	334	-	334	397	-	397
516001	Flex Spending Fees	48	-	48	54	-	54
516002	SDI	3,381	-	3,381	3,584	-	3,584
516004	EE PERS	23,739	-	23,739	25,370	-	25,370
516010	Cash Back Payments	6,067	-	6,067	6,067	-	6,067
Total Benefits		158,136	-	158,136	190,755	-	190,755
Total Wages and Benefits		507,642	-	507,642	563,955	-	563,955
Services & Supplies							
523000	Telephone Charges	3,102	-	3,102	3,102	-	3,102
523010	Fax, Pagers & Cell Phones	840	-	840	840	-	840
525020	Janitorial	1,000	-	1,000	1,000	-	1,000
526010	Insurance: Outside Purchase	5,411	-	5,411	5,952	-	5,952
531000	Associations Memberships	6,075	-	6,075	7,100	-	7,100
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	7,500	-	7,500	8,055	-	8,055
	Legal Counsel Fees	25,440	-	25,440	25,440	-	25,440
	GIS Consulting Services	18,000	-	18,000	18,000	-	18,000
Total		67,876	-	67,876	68,431	-	68,431
534005	Claims Administration	2,310	-	2,310	2,540	-	2,540
534020	Data Processing	6,680	-	6,680	6,680	-	6,680
535000	Legally Required Publications	3,500	-	3,500	3,500	-	3,500
536000	Equipment: Rent and Lease	300	-	300	360	-	360
537000	Building: Rent and Lease	14,896	-	14,896	15,303	-	15,303
539001	Special Departmental Expense	5,000	-	5,000	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	5,000	-	5,000
Total Services & Supplies		150,530	-	150,530	151,848	-	151,848
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		205,530	-	205,530	206,848	-	206,848
Total		713,172	-	713,172	770,803	-	770,803

Proposed Budget Narrative for Fiscal Year 2020-21

FUNDING SOURCES:

441000 – Interest Earned **\$15,000**

Interest income is accrued on treasury cash.

453006; 453008 – Member Agency Funding **\$705,722**

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 **\$24,081**

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**

CALAFCO 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:

511000/511010 – Wages **\$373,200**

Salaries reflect base wages pursuant to the adopted Salary Plan.

5120010 thru 516010 – Benefits **\$190,755**

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.

523000 – Telephone Charges **\$3,102**

Communication County Services (\$162); Communications (\$2,940).

523010 – Fax, Pagers & Cell Phones **\$840**

Cell Phone Allowance.

525020 – Janitorial **\$1,000**

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

526010 – Insurance: Outside Purchase **\$5,952**

Property and General Liability coverage, provided through Special District Risk Management Authority.

531000 – Associations Memberships **\$7,100**

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

533030 – Small Office Equipment **\$5,000**

General offices supplies, including computer software upgrades.

534000 – Consultants **\$68,431**

County Accounting Services (\$3,401); County Treasury Services (\$35); County Human Resources Services (\$13,500); Annual Audit Fees (\$7,500); Legal Counsel Fees (\$25,440) and GIS Mapping Services (\$18,000).

534005 – Claims Administration **\$2,540**

Workers' Compensation and Employer's Liability coverage, provided through Special District Risk Management Authority.

Expenditures: *Continued*

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

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

536000 – Equipment: Rent & Lease	\$360
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Office security system.

537000 – Building: Rent & Lease	\$14,896
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Pursuant to H.P. Downer Business Center, LLC lease agreement.

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

540010 – Vehicle Expense Reimbursement	\$11,040
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Vehicle allowances.

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

541000 – Electricity/Gas/Water/Sewer/CAM Charges	\$5,000
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Electricity, natural gas, water, garbage disposal, janitorial and landscaping.

Appropriations:

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

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