



Solano Local Agency Formation Commission

675 Texas St. Ste. 6700 • Fairfield, California 94533
(707) 439-3897 • FAX: (707) 438-1788

Staff Report

DATE: June 8, 2015
TO: Local Agency Formation Commission
FROM: Elliot Mulberg, Executive Officer
Michelle McIntyre, Analyst
SUBJECT: **FINAL BUDGET FISCAL YEAR 2015-2016**

RECOMMENDATION:

It is recommended that the Commission:

1. Review the Final Budget for Fiscal Year 2015-2016.
2. Accept public testimony.
3. Adopt Resolution 15-04 to modify the bylaws to allow for commissioner compensation of \$100/meeting with a maximum of two meetings per month.
4. Adopt Resolution 15-05 to modify the reserve policy to reduce reserves to 20% of expenses and refund any excess above 20% of expenses.
5. Adopt or adopt with modifications the final budget.
6. Adopt or adopt with modifications the final budget resolution.
7. Direct staff to distribute the Final Budget to Cities, the County, and the County Auditor pursuant to Government Code section (GC§) 56381.

BACKGROUND:

LAFCO is an independent commission established by the legislature to carry out specific duties and objectives. It is responsible for adopting its budget to fulfill the purposes described in the Cortese-Knox-Hertzberg (CKH) Act. Pursuant to GC§56381, “[a]t minimum, the proposed and final budget shall be equal to the budget for the previous fiscal year unless the commission finds that reduced staffing or program costs will nevertheless allow the commission to fulfill the purposes programs of this chapter.” Furthermore, GC§56381 states, “[i]f, at the end of the fiscal year, the commission has funds in excess of what it needs, the commission may retain those funds and calculate them into the following fiscal year's budget.”

Per Diem

At its April 13 meeting the Commission adopted a proposed budget that included an increase in per diem. In order to consider that change in the final budget the bylaws need to be amended. Specifically Section 6 relating to per diem. At present Section 6 reads as follows:

“Commission members and alternates shall be paid a per diem, if authorized by the Board of Supervisors, for each day they are in attendance at meetings of the Commission.”

Should the Commission adopt the change to per diem rates as discussed by the Commission on April 13, we recommend the following change to Section 6:

“Commission members and alternates shall be paid a stipend of \$100 for attendance at meetings of the Commission with a maximum of two meetings per month.”

Reserves

Also in April when considering the proposed budget the commission recommended revising the reserve policy to 20% of expenses. The current reserve policy is set at \$200,000 although there is only \$98,898 in the reserve fund. The Finance Committee recommended reducing reserves to 20% of expenses and putting the difference between the current and proposed reserves in the studies account. The difference is approximately \$20,000. The current reserve policy and the proposed changes are shown in underline and strikeout format as follows:

“RESERVE FOR CONTINGENCIES AND ECONOMIC UNCERTAINTIES

- A. It is the policy of the Commission to maintain a reserve fund of ~~\$200,000 as a minimum~~ 20 percent of its total budgeted expenditures as reserve for contingencies and economic uncertainties. It is the intent of the Commission that the reserve fund shall only be used for extraordinary, unbudgeted, and high priority expenditures.
- B. Funds budgeted for the Reserve shall not be expended or transferred to any other account code without four (4) affirmative votes of the Commission.
- C. If the reserve balance exceeds the established amount, near or at the end of the fiscal year, the Commission, may apply the excess fund balance in the next fiscal year or credit the funding agencies against their annual contributions.”

DISCUSSION:

The Final Budget is \$394,235, a decrease of \$75,167 or approximately 16% of the current fiscal year budget. Most of that is due to savings in the cost of benefits to the Executive Officer position by hiring a consultant rather than an employee. Other cost savings were derived by the lower office rent and that LAFCO will not need an audit in the next fiscal year. Tables 1 and 2 summarize the expenses and sources of funding by budget categories for the current and upcoming fiscal year. Table 2 shows that funding sources include \$20,000 from the amended reserve policy and \$24,500 from fund balance. Licenses & Permits reflects the expectations for applications. This current year application revenues were approximately \$13,000. The \$15,000 estimate is in part based on the current year applications as well as the workplan that was adopted in April.

Table 1 - Summary of Expenses

Sub Object	2014-15 Adopted Budget	2015-16 Proposed Budget
Salaries and Benefits (1000s)	\$282,403	\$124,655
Services and Supplies (2000s)	\$186,999	\$269,580
Total Expenses	\$469,402	\$394,235

Table 2 - Summary of Funding Sources

Line Item	2014-15 Adopted Budget	2015-16 Proposed By Finance Committee
Other Governmental Agencies (0009511)	\$357,795	\$334,185
Licenses & Permits (0009229)	\$20,000	\$15,000
Interest Income (0009401)	\$500	\$500
Reserves		\$20,000
Fund Balance	\$91,107	\$24,550
Total Funding	\$469,402	\$394,235

Agency Contribution:

The CKH Act mandates funding for LAFCO shall be apportioned among the agencies represented on LAFCO by a formula provided in GC §56381. The County’s share of the budget is fixed at 50% annually, while the share for each city must be determined each year by the general revenues of each city (per an earlier agreement of Solano’s Cities) as reported in the most recent State Controller’s Cities Annual Report. Currently, the most recent report available is 2011-2012. Table 3 summarizes the Cities and County’s share of the LAFCO budget. The following calculations are unofficial estimates; all final contributions are statutorily subject to the calculations of the Auditor/Controller.

Table 3 - Cities/County Estimated Share of LAFCO 2015-16 Budget

City	General Revenue	% of LAFCO Budget	Share FY 14/15	Estimated Share FY 2015/16
Benicia	\$ 28,722,733	7.136%	\$25,532	\$23,848
Dixon	\$ 10,459,914	2.599%	\$9,299	\$8,685
Fairfield	\$ 48,703,582	12.100%	\$43,293	\$40,437
Rio Vista	\$ 3,083,152	0.766%	\$2,741	\$2,560
Suisun City	\$ 6,455,476	1.604%	\$5,739	\$5,360
Vacaville	\$ 47,160,706	11.717%	\$41,923	\$39,156
Vallejo	\$ 56,664,083	14.078%	\$50,370	\$47,047
Total City Share		50%	\$178,898	\$167,092
Total County Share		50%	\$178,897	\$167,093
Total		100%	\$357,795	\$334,185

Resolutions amending the bylaws and the reserve policy are added as Attachment A and Attachment B. The resolution adopting the budget follows as Attachment C and proposed budget follows as Attachment D.

Important Budgetary Deadlines:

- May 1 – Commission must adopt a proposed budget.
LAFCO adopted a proposed budget on April 13, 2015.
- June 15 - Commission must approve a final budget.
LAFCO is scheduled to adopt a final budget on June 8, 2015.
- July 1 - County Auditor shall request payment from required entities prior to this date.
- August 30 - Payments must be received by County Auditor.

Attachments:

- A - Resolution amending the bylaws
 B – Resolution amending the reserve policy
 C – Resolution adopting the final FY 15/16 budget
 D – FY 2015-2016 Final Budget

Attachment A

**RESOLUTION NO. 15-04
RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF SOLANO COUNTY AMENDING THE
BYLAWS**

WHEREAS, the Local Agency Formation Commission of Solano County adopted a set of bylaws on March 3, 1997; and

WHEREAS, the bylaws were last amended on June 9, 2008; and

WHEREAS, Commissioners currently receive a stipend of \$50 per meeting for each Solano LAFCO meeting they attend; and

WHEREAS, a survey of Bay Area LAFCOs has shown that Solano LAFCO has the lowest stipend of any Bay Area LAFCO; and

WHEREAS, the Local Agency Formation Commission of Solano County has conducted a duly noticed public meeting on June 8, 2015, to discuss, review, hear public testimony and consider amending Section 6 of the Bylaws to increase the commissioner stipend.

NOW, THEREFORE, BE IT RESOLVED that the Bylaws Section 6 is amended to read

“Commission members and alternates shall be paid a stipend of \$100 for attendance at meetings of the Commission with a maximum of two meetings per month.”

UPON MOTION of Commissioner _____ seconded by Commissioner _____, the foregoing resolution is adopted this 8th day of June, 2015 by the following roll call vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

John Saunderson, Chair
Local Agency Formation Commission
County of Solano, State of California

ATTEST:

Elliot Mulberg, Executive Officer

Attachment B

**RESOLUTION NO. 15-05
RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF SOLANO COUNTY AMENDING THE
RESERVE POLICY**

WHEREAS, the Local Agency Formation Commission of Solano County adopted a reserve policy on June 14, 2010; and

WHEREAS, after research to review the reserve policies of other LAFCO's the Commission determined that Solano LAFCO should adopt a reserve policy of \$200,000; and

WHEREAS, similar research has shown that many agencies have set a reserve policy of 20% of expenditures; and

WHEREAS, the reserve account balance of Local Agency Formation Commission of Solano County currently stands at \$98,898 or approximately 25% of expenditures of the proposed budget.

WHEREAS, the Local Agency Formation Commission of Solano County has conducted a duly noticed public meeting on June 8, 2015, to discuss, review, hear testimony and consider amending the reserve policy to 20% of expenditures; and

WHEREAS, establishing a reserve of 20% of expenditures leaves an excess of approximately \$20,000 in the reserve fund; and

WHEREAS, the Local Agency Formation Commission of Solano County is in need of additional funding for special studies.

NOW, THEREFORE, BE IT RESOLVED that the reserve policy be amended to 20% of budgeted expenditures and that the remaining \$20,000 is allocated to Account 2245 Contracted Services.

UPON MOTION of Commissioner ----- seconded by Commissioner -----, the foregoing resolution is adopted this 8th day of June, 2015 by the following roll call vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

John Saunderson, Chair
Local Agency Formation Commission
County of Solano, State of California

ATTEST:

Elliot Mulberg, Executive Officer

Attachment C

**RESOLUTION NO. 15-06
RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF SOLANO COUNTY APPROVING THE
FISCAL YEAR 2015-16 FINAL BUDGET**

WHEREAS, the Local Agency Formation Commission of Solano County has conducted a duly noticed public hearing on June 8, 2015, during which all additions and deletions amending the Final Budget for Fiscal Year 2015-2016 (FY 2015-16) were considered and made.

WHEREAS, in accordance with Government Code Section 56381, that the Final Budget for FY 2015-16 is hereby allocated in accordance to the following:

Salaries and Employee Benefits	\$124,655
Services and Supplies	<u>\$269,580</u>
TOTAL BUDGET REQUIREMENTS	\$394,235

WHEREAS, the Final Budget for FY 2015-16 is approximately 16% less than the previous Fiscal Year’s Budget; and,

WHEREAS, the Commission finds that the reduced program costs will nevertheless allow the Commission to fulfill the purposes of LAFCO; and,

WHEREAS, the means of financing the expenditures program will be by monies derived from revenue, interest, fund balance available, reserves, and contributions from the County and cities totaling \$394,235.

NOW, THEREFORE, BE IT RESOLVED that the Final Budget for FY 2015-16 be and is hereby adopted with Attachment D which shows in detail the approved appropriations subject to limitations attached hereto and by reference made a part hereof.

UPON MOTION of Commissioner Batchelor seconded by Commissioner Vasquez, the foregoing resolution is adopted this 8th day of June, 2015 by the following roll call vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

John Saunderson, Chair
Local Agency Formation Commission
County of Solano, State of California

ATTEST:

Elliot Mulberg, Executive Officer

SOLANO LAFCO					
FINAL PROPOSED BUDGET 2015/16 w Finance Committee Recommendations					
SUBJECT CATEGORY DESCRIPTIONS	ADOPTED 2013-2014	ADOPTED 2014-2015 BUDGET	2014-2015 PROJECTED	PROPOSED 2015-2016 BUDGET	
1000 - Salaries and Employee Benefits					
0001110	\$ 80,366.88	\$ 190,876.00	\$ 83,894.60	\$ 91,494.00	
0001210	\$ 17,956.59	\$ 42,870.00	\$ 16,613.37	\$ 9,674.00	
0001212	\$ 130.50	\$ 260.00	\$ 130.00	\$ 130.00	
0001220	\$ 7,099.45	\$ 11,834.00	\$ 2,654.78	\$ 1,334.00	
0001230	\$ 6,060.90	\$ 22,003.00	\$ 10,807.70	\$ 15,204.00	
0001231	\$ 147.01	\$ 420.00	\$ 152.00	\$ 152.00	
0001240	\$ 835.72	\$ 1,430.00	\$ 836.00	\$ 836.00	
0001241	\$ 508.03	\$ 1,387.00	\$ 166.00	\$ 166.00	
0001250	\$ 434.00	\$ 798.00	\$ 434.00	\$ 434.00	
0001260	\$ 1,299.65	\$ 1,872.00	\$ 1,247.00	\$ 1,247.00	
0001270	\$ 3,079.19	\$ 7,266.00	\$ 3,369.00	\$ 3,519.00	
0001290	\$ 506.34	\$ 1,387.00	\$ 465.00	\$ 465.00	
TOTAL Salaries and Employee Benefits	\$ 118,424.26	\$ 282,403.00	\$ 120,769.44	\$ 124,655.00	
2000 - Services and Supplies					
0002025	\$ 50.00	\$ -	\$ -	\$ -	
0002028	\$ 1,993.21	\$ 2,000.00	\$ 2,187.58	\$ 2,100.00	
0002035	\$ 124.00	\$ 300.00	\$ -	\$ 500.00	
0002051	\$ 3,926.51	\$ 3,927.00	\$ 5,784.00	\$ 4,700.00	
0002120		\$ 50.00	\$ -		
0002140	\$ 124.00	\$ 500.00	\$ 248.00	\$ 150.00	
0002170	\$ 4,429.66	\$ 4,238.00	\$ 5,122.66	\$ 4,430.00	
0002171	\$ -	\$ 800.00	\$ -	\$ 800.00	
0002180	\$ 30.00	\$ 400.00	\$ 200.00	\$ 400.00	
0002200	\$ 1,083.17	\$ 4,000.00	\$ 2,000.00	\$ 2,500.00	
0002201			\$ -		
0002202		\$ 2,000.00	\$ 1,955.15		
0002203	\$ 85.99	\$ 500.00	\$ 500.00	\$ 500.00	
0002205	\$ 767.30	\$ 1,500.00	\$ 400.00	\$ 1,500.00	
0002235	\$ 7,235.42	\$ 20,410.00	\$ 20,400.00	\$ 6,636.00	
0002245	\$ 19,188.12	\$ 50,000.00	\$ 62,968.56	\$ 40,000.00	(Includes \$20,000 transferred from reserves)
0002250	\$ 143,010.60	\$ 39,400.00	\$ 158,000.00	\$ 157,600.00	
0002261	\$ 278.92		\$ 139.99	\$ -	
0002266	\$ 6,671.05	\$ 8,674.00	\$ 8,674.00	\$ 8,872.00	
0002270	\$ 99.84	\$ 500.00	\$ 500.00	\$ 600.00	
0002280	\$ 350.44	\$ 1,000.00	\$ 600.00	\$ 1,000.00	
0002285	\$ 7,965.87	\$ 5,500.00	\$ 5,403.00	\$ 6,000.00	
0002295	\$ 27,600.00	\$ 28,500.00	\$ 31,000.00	\$ 18,942.00	
0002310	\$ 272.00	\$ 1,000.00	\$ 1,000.00	\$ 2,000.00	
0002311	\$ 745.00	\$ 2,200.00	\$ 1,100.00	\$ 1,100.00	
0002335	\$ 3,136.37	\$ 5,500.00	\$ 5,000.00	\$ 6,500.00	
0002339	\$ 159.63	\$ 300.00	\$ 300.00	\$ 300.00	
0002355	\$ 661.68	\$ 1,200.00	\$ 1,000.00	\$ 2,000.00	
0002360	\$ 2,379.28	\$ 2,600.00	\$ 2,800.00	\$ 450.00	
TOTAL Services and Supplies	\$ 232,368.06	\$ 186,999.00	\$ 317,282.94	\$ 269,580.00	
0003300	\$ 27,978.03			\$ -	
Total Expenses	\$ 378,770.35	\$ 469,402.00	\$ 438,052.38	\$ 394,235.00	
9200 - Licenses, Permits & Franchise					
0009229	\$ 22,221.56	\$ 20,000.00	\$ 13,200.00	\$ 15,000.00	
TOTAL Licenses, Permits & Franchise	\$ 22,221.56	\$ 20,000.00	\$ 13,200.00	\$ 15,000.00	
9400 - Revenue From Use Of Money/Prop					
0009401	\$ 1,385.26	\$ 500.00	\$ 500.00	\$ 500.00	
TOTAL Revenue From Use Of Money/Prop	\$ 1,385.26	\$ 500.00	\$ 500.00	\$ 500.00	
Total Expenses minus revenue from applications and interest income		\$ 448,902.00	\$ 424,352.38	\$ 378,735.00	
FUND BALANCE	\$ 91,107.00		\$ 24,549.62		
				\$ 354,185	Expenses less fund balance

Page intentionally left blank for photocopying