



Solano Local Agency Formation Commission

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Staff Report

DATE: For the Meeting of March 22, 2018
TO: Finance Committee (Commissioner Sanchez and Alt. Comm. Smith)
FROM: LAFCO Staff
SUBJECT: **PROPOSED BUDGET FISCAL YEAR 2018-2019**

BACKGROUND:

The Commission is required, pursuant to GC§56381(a), to adopt a Proposed Budget by May 1 and a Final Budget by June 15 of each year following noticed public hearings. The Solano LAFCO Finance Committee is meeting to discuss recommendations for the FY 18/19 Proposed Budget for the Commission's consideration at the scheduled April 9 LAFCO meeting.

DISCUSSION:

The Proposed Budget FY 18/19 budget includes appropriations totaling \$590,372, reflecting an overall increase of \$131,052 (29%) from the prior year (Attachment A). However, the net effect on City/County apportionment is only a 5% increase. Following is an analysis of notable expenses, revenues, and carry-over.

Commissioners

Harry Price, Chair • Jim Spering, Vice-Chair • Pete Sanchez • Nancy Shopay • John Vasquez

Alternate Commissioners

Len Augustine • Shawn Smith • Skip Thomson

Staff

Rich Seithel, Executive Officer • Michelle McIntyre, Analyst • P. Scott Browne, Legal Counsel

EXPENSES:

Expenses for funding the LAFCO operation, by budget category, for the Proposed Budget are summarized in Table One below.

Table 1 - Summary of Expenses

Budget Categories	2017-18 Adopted Budget	2018-19 Proposed Budget	Percent Change 17/18 Adopted and 18/19 Proposed
Salaries and Benefits	\$316,539	\$323,304	2%
Services and Supplies	\$142,780	\$267,068	87%
Total Expenses	\$459,319	\$590,372	29%

The Proposed Budget, by line item (Attachment A), considers 7 factors: (1) FY 17/18 Adopted Budget; (2) FY 17/18 year end projection; (3) anticipated FY 18/19 work program; (4) adjustment to on-going charges; (5) estimated revenue streams; (6) Commission directives, and; (7) carry-over. Attachment A is a Proposed Budget snapshot by line item. Table Two below identifies notable changes from prior year.

Table 2 – Notable changes from FY 17/18 Adjusted Budget to FY 18/19 Proposed Budget

Line Item	Description	Explanation	Increase (Decrease) vs. FY 17/18 Approved Budget
1110	Salaries/ Wages	Wage adjustments	\$1,271
1210	Retirement	Per Commission directive, the Proposed Budget recommends paying down approx. one third of the Commission’s unfunded accrued liability thus increasing the retirement costs for next fiscal year by \$5,333.	\$5,333
1230	Health Insurance	In general, health care costs were reduced approximately 10%. In addition, the Proposed Budget reflects a decrease due to the EO not participating in the health plan for the first 6 months of FY 18/19.	(\$8,580)
		<i>(Continued)</i>	

Line Item	Description	Explanation	Increase (Decrease) vs. FY 17/18 Approved Budget
1270	Accrued Leave PTO Payoff	The Proposed Budget recommends funding administrative leave and vacation leave payoff anticipating employees make the request pursuant the Commission's Personnel and Salary Resolution.	\$8,071
2202	Controlled Assets	Replacement of LAFCO Analyst's computer (circa-2013)	\$2,622
2235	Accounting and Financial Services	The proposed increase can be attributed to the Commission's \$13,000 biennial audit contract. The audit is scheduled for autumn 2018 and will cover FY 16/17 and 17/18.	\$13,272
2245	Contracted Services	To comply with and to facilitate the MSR 5-year cycle, as outlined in CKH, staff is recommending increasing the budget line item for municipal service reviews from \$30,000 to \$120,000. If the Finance Committee agrees with this recommendation, staff will be introducing a workplan that includes hiring consultants to prepare four municipal service reviews: two cities and two functional special districts.	\$90,000
2250	Other Professional Services	<p>The \$14,475 increase can, primarily, be attributed to funding:</p> <ul style="list-style-type: none"> ✓ GIS (maps and data) needed for municipal service review and sphere of influence studies; ✓ An agreement with Solano County for the County Surveyor to review all reorganization maps and geographic descriptions for accuracy and completeness on an as needed and basis. ✓ Reimbursements for Commissioners travel related expenses (per the of the Auditor's Office). <p>Other expenses of note are:</p> <ul style="list-style-type: none"> • Legal Services \$24,050 • Commissioner Per Diem \$7,200 (includes 3 special meetings) • Commissioner Reimbursements \$5,000 • Committee Meetings Per Diem \$2,400 • GIS Contracts \$5,000 	\$14,475

		<ul style="list-style-type: none"> County Surveyor Map and Geographic Boundaries Review \$3,000 Website management/enhancement \$3,000 County Auditor – CKH Mandate to Invoice Cities and County \$825 	
2354	Car Allowance	EO negotiated car allowance was not included in the FY 17/18 Adopted Budget	\$4,800
		Total	\$131,263

REVENUES/SOURCES OF FUNDING

Cities and County Apportionment

In a county where there is no independent special district representation on the commission (such as Solano LAFCO), the county and its cities each provide a one-half share of the commission's operational costs. The cities' share is apportioned according to each city's general revenues, as reported in the most recent edition of the State Controller's Cities Annual Report. The estimated charge to the County and cities is \$470,292 an increase of \$22,972 or 5% from prior year.

Table three below summarizes the estimated billing to the county and cities. It is important to note the calculations are unofficial and are included only to provide the cities an estimate. A more current version of the State Controller's Cities Annual Report will be released after adoption of the LAFCO's Final Budget. Official calculations are provided by the Auditor and, in accordance with Government Code Section 56381, apportions the net operating expenses of the commission.

Table 3 – Summary of County and Cities Apportionment

City	15/16 General Revenues	% of Total City	FY 17/18 Invoice	FY 18/19 Est. Apportion*	Difference
Benicia	\$30,562,486	10.54%	\$25,854	\$24,782	(\$1,072)
Dixon	\$12,272,159	4.23%	\$9,557	\$9,951	\$394
Fairfield	\$87,269,711	30.09%	\$68,656	\$70,764	\$2,108
Rio Vista	\$4,806,446	1.66%	\$3,364	\$3,897	\$533
Suisun City	\$8,328,559	2.87%	\$6,221	\$6,753	\$532
Vacaville	\$67,893,332	23.41%	\$46,736	\$55,052	\$8,316
Vallejo	\$78,862,719	27.19%	\$63,272	\$63,947	\$675
Cities Total	\$289,995,412	100.0%	\$223,660	\$235,146	\$11,486
County Total			\$223,660	\$235,146	\$11,486
Total			\$447,320	\$470,292	\$22,972

*Formula: City apportionment = (City %)(470,292/2) County apportionment = (470,292/2) note: The auditor is statutorily directed to apportion the net operating expenses of the commission and official calculations are provided by the auditor.

Revenues from Project Fees

Staff estimates that billable project activities will generate \$40,000 in fee revenues.

Table 4: Anticipated Projects FY 18-19

Project Name	Agency (Primary)	Acreage
Eldredge Island Annexation	City of Vacaville	27
The Farm at Alamo	City of Vacaville	215
Logistics Center	City of Suisun	280
Dixon Sphere of Influence	City of Dixon	N/A
Pacific Flyway	City of Fairfield	250
Fairfield Sphere of Influence	City of Fairfield	N/A
Brighton Landing Phase 4	Solano Irrigation District	30

CARRY-OVER:

According to Government Code Section 56381 4(c), “If, 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.” In February 2018, the Finance Committee’s recommendation to the Commission was to appropriate the FY 16/17 \$28,711 fund balance to the FY 18/19 budget. In addition, it is projected that there will be an additional \$77,079 fund balance from FY 2017/18 year-end. Combined, there will be an estimated \$105,790 carry-over for the FY 18/19 budget. Staff recommends applying the carry-over/fund balance to the following:

- | | |
|-------------------------------------|-------------------------------------|
| 1. Reserve Policy: 20% of operating | \$26,078 |
| 2. Operating Budget | <u>\$ 77,079</u> |
| | Fund Balance appropriated \$103,157 |

Statutory Deadlines

GC§56381 specifies certain statutory deadlines for adopting the LAFCO’s Proposed and Final Budget. Table Four lists the deadlines and how Solano LAFCO plans to comply with the statute.

Table 5: Deadlines and Actions

Deadlines	Statutory Requirement and <i>Planned Actions</i>
May 1	The LAFCO must adopt a Proposed Budget
	✓ <i>The Commission is scheduled to adopt a Proposed budget on April 9.</i>
June 15	The LAFCO must adopt a Final Budget
	✓ <i>The Commission is scheduled to adopt a Final Budget on June 11</i>
July 1	The auditor requests payment from cities and county
August 30	Payments must be received by the auditor

Staff Recommendations:

Staff recommends the Committee:

1. Consider the staff recommended FY 18/19 Proposed Budget.
2. Make recommendations for the April 9, 2018 Commission Meeting.

Attachments:

A –2018-19 Proposed Budget – Staff Draft

LAFCO:3450									
PROPOSED BUDGET: Fiscal Year 2018-19									
CATEGORY SUBJECT	Description	16/17 Actuals	17/18 Adopted Budget (AB)	Year to Date Feb 28, 2018	Year End Projection (YE)	Difference Between AB & YE	18/19 Proposed Budget (PB)	Difference Between AB & PB	Percent Change Between 17/18 AB and 18/19 PB
1000	SALARIES AND EMPLOYEE BENEFITS								
0001110	SALARY/WAGES REGULAR	\$ 91,785.92	\$ 241,940.00	\$ 128,902.73	\$ 209,612.00	\$ 32,328.00	\$ 243,211.41	\$ 1,271.41	1%
0001210	RETIREMENT-EMPLOYER	\$ 16,483.04	\$ 23,947.00	\$ 12,012.77	\$ 18,567.77	\$ 5,379.23	\$ 29,280.00	\$ 5,333.00	22%
0001212	DEFERRED COMP-COUNTY MATCH	\$ 130.50	\$ 260.00	\$ 80.00	\$ 125.00	\$ 135.00	\$ 260.00	\$ -	0%
0001220	FICA-EMPLOYER	\$ 1,358.50	\$ 3,328.00	\$ 1,967.75	\$ 3,190.40	\$ 137.60	\$ 3,526.57	\$ 198.57	6%
0001230	HEALTH INS-EMPLOYER	\$ 16,377.67	\$ 31,320.00	\$ 12,230.55	\$ 20,304.73	\$ 11,015.27	\$ 22,739.94	\$ (8,580.06)	-27%
0001231	VISION CARE INSURANCE	\$ 152.55	\$ 312.00	\$ 121.11	\$ 229.12	\$ 82.88	\$ 318.24	\$ 6.24	2%
0001240	COMPENSATION INSURANCE	\$ 1,388.40	\$ 1,404.00	\$ 82.55	\$ 1,404.00	\$ -	\$ 836.11	\$ (567.89)	-40%
0001241	LT DISABILITY INSURANCE ER	\$ 265.82	\$ 480.00	\$ 165.45	\$ 623.04	\$ (143.04)	\$ 1,373.40	\$ 893.40	186%
0001250	UNEMPLOYMENT INSURANCE	\$ 434.00	\$ 868.00	\$ 1,302.00	\$ 1,302.00	\$ (434.00)	\$ 868.00	\$ -	0%
0001260	DENTAL INS-EMPLOYER	\$ 1,235.93	\$ 2,424.00	\$ 1,428.65	\$ 2,158.40	\$ 265.60	\$ 2,188.80	\$ (235.20)	-10%
0001270	ACCRUED LEAVE CTO PAYOFF	\$ 1,406.68	\$ 8,816.00	\$ 1,715.47	\$ 5,218.47	\$ 3,597.53	\$ 16,886.58	\$ 8,070.58	92%
0001290	LIFE INSURANCE-EMPLOYER	\$ 576.71	\$ 1,440.00	\$ 361.35	\$ 963.92	\$ 476.08	\$ 1,814.88	\$ 374.88	26%
TOTAL	SALARIES AND EMPLOYEE BENEFITS	\$ 131,595.72	\$ 316,539.00	\$ 160,370.38	\$ 263,698.85	\$ 52,840.15	\$ 323,303.93	\$ 6,764.93	2%
2000	SERVICES AND SUPPLIES								
0002021	COMMUNICATION-TELEPHONE SYSTEM	\$ 712.56	\$ 600.00	\$ 364.00	\$ 712.56	\$ (112.56)	\$ 748.19	\$ 148.19	25%
0002025	CELLULAR COMMUNICATION SE	\$ -	\$ -	\$ 25.00	\$ 25.00	\$ (25.00)	\$ -	\$ -	#DIV/0!
0002026	CELL PHONE ALLOWANCE	\$ -	\$ -	\$ 275.00	\$ 675.00	\$ (675.00)	\$ 1,200.00	\$ 1,200.00	#DIV/0!
0002028	TELEPHONE SERVICES	\$ 2,399.82	\$ 2,100.00	\$ 1,484.38	\$ 2,495.86	\$ (395.86)	\$ 2,519.81	\$ 419.81	20%
0002051	LIABILITY INSURANCE	\$ 7,214.55	\$ 3,562.92	\$ -	\$ 3,562.92	\$ -	\$ 4,082.95	\$ 520.03	15%
0002140	MAINTENANCE-BLDGS & IMPROVE	\$ 113.73	\$ -	\$ 203.22	\$ 406.44	\$ (406.44)	\$ 400.00	\$ 400.00	#DIV/0!
0002170	MEMBERSHIPS	\$ 8,308.00	\$ 4,800.00	\$ 1,299.00	\$ 4,800.00	\$ -	\$ 5,114.00	\$ 314.00	7%
0002171	PROFESSIONAL LICENSES & CERT	\$ -	\$ 800.00	\$ -	\$ -	\$ 800.00	\$ -	\$ (800.00)	-100%
0002180	BOOKS & SUBSCRIPTIONS	\$ -	\$ 400.00	\$ 67.51	\$ 400.00	\$ -	\$ 400.00	\$ -	0%
0002200	OFFICE EXPENSE	\$ 1,666.32	\$ 3,500.00	\$ 2,186.35	\$ 3,000.00	\$ 500.00	\$ 3,000.00	\$ (500.00)	-14%
0002202	CONTROLLED ASSETS \$1500-\$4999	\$ -	\$ -	\$ 2,621.50	\$ 2,621.50	\$ (2,621.50)	\$ 2,621.50	\$ 2,621.50	#DIV/0!
0002203	COMPUTER COMPONENTS <\$1,500	\$ -	\$ 2,500.00	\$ -	\$ -	\$ 2,500.00	\$ -	\$ (2,500.00)	-100%
0002205	POSTAGE	\$ 140.61	\$ 500.00	\$ 145.50	\$ 291.00	\$ 209.00	\$ 500.00	\$ -	0%
0002235	ACCOUNTING & FINANCIAL SERVICE	\$ 13,839.76	\$ 7,428.00	\$ 793.38	\$ 7,428.00	\$ -	\$ 20,700.00	\$ 13,272.00	179%
0002245	CONTRACTED SERVICES	\$ 16,861.35	\$ 30,000.00	\$ 19,720.00	\$ 30,000.00	\$ -	\$ 120,000.00	\$ 90,000.00	300%
0002250	OTHER PROFESSIONAL SERVICES	\$ 168,817.26	\$ 36,000.00	\$ 10,357.00	\$ 36,000.00	\$ -	\$ 50,475.00	\$ 14,475.00	40%
0002266	CENTRAL DATA PROCESSING SVCE	\$ 7,916.71	\$ 9,000.00	\$ 6,164.00	\$ 9,246.00	\$ (246.00)	\$ 10,638.00	\$ 1,638.00	18%
0002270	SOFTWARE	\$ -	\$ 600.00	\$ 330.00	\$ 330.00	\$ 270.00	\$ 600.00	\$ -	0%
0002280	PUBLICATIONS AND LEGAL NOTICES	\$ 2,260.42	\$ 2,000.00	\$ 241.83	\$ 725.49	\$ 1,274.51	\$ 2,260.42	\$ 260.42	13%
0002285	RENTS & LEASES - EQUIPMENT	\$ 4,672.62	\$ 6,000.00	\$ 2,938.29	\$ 4,797.04	\$ 1,202.96	\$ 6,368.00	\$ 368.00	6%
0002295	RENTS & LEASES-BUILDINGS/IMPR	\$ 18,123.86	\$ 18,689.35	\$ 16,140.35	\$ 17,140.35	\$ 1,549.00	\$ 17,140.35	\$ (1,549.00)	-8%
0002310	EDUCATION & TRAINING	\$ -	\$ 2,000.00	\$ 360.00	\$ 1,440.00	\$ 560.00	\$ 2,000.00	\$ -	0%
0002311	TUITION REIMBURSEMENT	\$ 1,100.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	#DIV/0!
0002335	TRAVEL EXPENSE	\$ 11,082.39	\$ 10,000.00	\$ 7,269.70	\$ 10,000.00	\$ -	\$ 10,000.00	\$ -	0%
0002339	MANAGEMENT BUSINESS EXPENSE	\$ 129.77	\$ 300.00	\$ 321.90	\$ 521.90	\$ (221.90)	\$ 500.00	\$ 200.00	67%
0002354	CAR ALLOWANCE	\$ -	\$ -	\$ 1,200.00	\$ 2,000.00	\$ (2,000.00)	\$ 4,800.00	\$ 4,800.00	#DIV/0!
0002355	PERSONAL MILEAGE	\$ 1,226.10	\$ 2,000.00	\$ 295.19	\$ 737.98	\$ 1,262.03	\$ 1,000.00	\$ (1,000.00)	-50%
TOTAL	SERVICES AND SUPPLIES	\$ 266,585.83	\$ 142,780.27	\$ 74,803.10	\$ 139,357.04	\$ 3,423.23	\$ 267,068.22	\$ 124,287.95	87%
9200	LICENSES, PERMITS & FRANCHISE								
0009229	LICENSES & PERMITS-OTHER	\$ 15,834.59	\$ 10,000.00	\$ 29,661.16	\$ 29,661.16	\$ (19,661.16)	\$ 40,000.00	\$ 30,000.00	300%
TOTAL	LICENSES, PERMITS & FRANCHISE	\$ 15,834.59	\$ 10,000.00	\$ 29,661.16	\$ 29,661.16	\$ (19,661.16)	\$ 40,000.00	\$ 30,000.00	300%
9400	REVENUE FROM USE OF MONEY/PROP								
0009401	INTEREST INCOME	\$ 3,154.65	\$ 2,000.00	\$ 2,845.86	\$ 3,154.65	\$ (1,154.65)	\$ 3,000.00	\$ 1,000.00	50%
TOTAL	REVENUE FROM USE OF MONEY/PROP	\$ 3,154.65	\$ 2,000.00	\$ 2,845.86	\$ 3,154.65	\$ (1,154.65)	\$ 3,000.00	\$ 1,000.00	50%
9500	INTERGOVERNMENTAL REVENUES								
0009511	OTHER GOVERNMENTAL AGENCIES	\$ 358,464.00	\$ 447,319.27	\$ 447,319.27	\$ 447,319.27	\$ -	\$ 470,292.95	\$ 22,973.68	5%
TOTAL	INTERGOVERNMENTAL REVENUES	\$ 358,464.00	\$ 447,319.27	\$ 447,319.27	\$ 447,319.27	\$ -	\$ 470,292.95	\$ 22,973.68	5%
9700	MISC REVENUES								
0009703	OTHER REVENUE	\$ 510.80	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL	MISC REVENUES	\$ 510.80	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	TOTAL EXPENDITURES	\$ 398,181.55	\$ 459,319.27	\$ 235,173.48	\$ 403,055.89	\$ 56,263.39	\$ 590,372.15	\$ 131,052.88	29%
	TOTAL REVENUES	\$ 377,964.04	\$ 459,319.27	\$ 479,826.29	\$ 480,135.08	\$ (20,815.81)	\$ 513,292.95	\$ 53,973.68	12%
	NET FUND COST 3450	\$ 20,217.51	\$ -	\$ (244,652.81)	\$ (77,079.20)	\$ 77,079.20	\$ 77,079.20	\$ 77,079.20	
0000730	Reserve Other		\$ 91,996.00	\$ 91,996.00	\$ 91,996.00	\$ -	\$ 118,074.43	\$ 26,078.43	28%
0000740	Fund Balance		\$ 28,710.95	\$ 28,710.95	\$ 28,710.95	\$ -	\$ 2,632.52	\$ (26,078.43)	-91%