

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF MARCH 22, 2017

REGULAR MEETING

TO: Shiva Frentzen, Chair, and
Members of the El Dorado County Local Agency Formation
Commission

FROM: José C. Henríquez, Executive Officer

AGENDA ITEM #6: PUBLIC HEARING TO CONSIDER AND ADOPT THE FINAL
BUDGET FOR FISCAL YEAR 2017-18

RECOMMENDATION

Staff recommends that the Commission:

1. Receive the information related to the adopted Proposed Budget for Fiscal Year 2017-2018;
2. Open the Public Hearing on this matter;
3. Adopt LAFCO Resolution L-2017-05 approving the Final Budget for Fiscal Year 2017-2018, which reflects the Commission's priorities for the coming fiscal year; and
4. Direct staff to transmit the Final Budget to the funding agencies and others as specified in Government Code §56381.

REASON FOR RECOMMENDED ACTION

The recommended LAFCO Budget provides adequate funding for El Dorado LAFCO to meet the responsibilities of the Cortese-Knox-Hertzberg Act. By State Law, this agency adopts its own budget in a two-stage process with notice to all funding agencies.

BACKGROUND

Budget Summary

- Revenues – In total, agency contributions will go down by 16%, despite applicant fee and interest revenues being forecast at the same level as the current year. The difference is that the carryover/fund balance is a known amount and it is higher than the current year. The amount used for the carryover/fund balance is \$119,975. This is the first budget under the new carryover process that your Commission adopted last year.

- Employee Costs – Employee expense (salaries and benefits) are projected to increase 10% so that it can start the process of recruiting and hiring a Clerk-Analyst who will both absorb most of the duties from the Administrative Assistant (who will retire in 2020) and assist with municipal service reviews. As explained in February, there is a long training period for anyone to work on LAFCO so it is never too early to start planning.
- Operating Costs – These are kept almost the same, with an overall slight decrease in expenditures overall, although costs for some items will increase. The budget also includes a 10% contingency.
- The lump-sum payment to CalPERS for the unfunded liability in FY2017-18 will be \$94.
- Overall, the FY2017-18 budget is 5% higher than the current year budget.

As explained in February, the budget for FY2018-19 should be the only budget in which it will contain full staffing (3.5 people) for an entire year. The budgets for FYs 2017-18 (the one you are considering to adopt today) and 2019-20 will have to budget for 3.5 people for only a partial amount of time.

Also, as discussed in February, at the moment it is unknown what the pension employer rate will be beyond FY2017-18, since there are two dynamic forces working in opposite directions. The CalPERS governing board lowered the discount rate, which would drive the employer rate up. But LAFCO is almost fully funded, if not entirely funded, which would drive the rate down. The new valuation report will be released on or around May with those calculations. Staff will follow up at that time.

Budget at a Glance

Budget		
	FY2016-17	FY2017-18
Employee Expense	\$318,719	\$351,421
Operating Expense	\$126,208	\$118,667
Operating Contingency	\$12,621	\$11,867
Expense Total	\$457,548	\$481,955
Non-Agency Revenues	\$6,977	\$6,977
Agency Contributions	\$423,501	\$355,003
Prior Year Fund Balance	\$27,070	\$119,975
Revenue Total	\$457,548	\$481,955

Attachments

- Attachment A: Approved Work Plan, FY 2017-2018
Attachment B: Proposed LAFCO Budget FY 2017-2018
Attachment C: Draft Resolution L-2017-05