


EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF MAY 26, 2021

REGULAR MEETING

TO: Tim Palmer, 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 2021-22

RECOMMENDATION

Staff recommends that the Commission:

1. Receive the information related to the adopted Proposed Budget for Fiscal Year 2021-22;
2. Open the Public Hearing on this matter;
3. Adopt LAFCO Resolution L-2021-11 approving the Final Budget for Fiscal Year 2021-22, 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 Proposed LAFCO Budget provides 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. If adopted at this meeting, the Commission will complete the second stage of the process.

BACKGROUND

Budget Summary

Revenues – The Proposed Budget for FY2021-22 is bigger than the current year budget; however, a larger-than-expected carryover amount provided the necessary funds to accomplish the twin goals of keeping the agency contributions about the same and funding an MSR to study the medium-to-small water agencies in El Dorado County. In

addition, the budget contains funds to fund a part-time Administrative Assistant for the full fiscal year and refill the Assistant Policy Analyst position in the fourth quarter of next Fiscal Year. The successful candidates would start on or about July 1, 2021 and March 1, 2022, respectively. There are no changes to the salaries or benefits of existing staff.

- **Employee Costs** – Overall employee costs are up 13%. As indicated above, these costs include funding the part time Administrative Assistant position for the full year. Costs also include refilling the Assistant Analyst position in the last quarter of FY2021-22. The ad hoc committee determined that the reason LAFCO falls behind on its MSR project plan is because of understaffing. The ad hoc committee’s goal was for El Dorado LAFCO to regain its traditional 3 & 1/2-person operating headcount (EO, AEO, PA, half-AA) by FY2022-23.
- **Operational Costs** - About a third of operating costs are budgeted at the same levels as the current year. By far the biggest operating expense in the budget will be small and medium water district MSR-SOI study. Staff circulated a request for proposals (RFP) earlier this month and a total of four responses from reputable consulting firms were received. Staff is confident the Commission will be pleased with the selected consultant.

Retirement Costs Outlook

As a reminder, the CalPERS rate is expected to increase steadily in the next few years because of the CalPERS Board of Directors’ decision to cut the “discount rate” in January 2017. This is what the employer rate is forecast to be in the next few years, according to LAFCO’s latest valuation report:

| | Employer contribution | Projected future employer contributions* | | | |
|----------------------|------------------------------|---|----------------|----------------|----------------|
| Fiscal Year | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
| Employer Rate | 10.88% | 10.9% | 10.9% | 10.9% | 10.9% |
| UAL Payment | \$8,218 | \$10,000 | \$11,000 | \$12,000 | \$13,000 |

*From the July 2020 Valuation Report

Budget at a Glance

| Budget | FY2020-21 | FY2021-22 |
|-------------------------|------------------|------------------|
| Employee Expense | \$299,244 | \$338,992 |
| Operating Expense | \$194,755 | \$179,873 |
| Operating Contingency | \$12,276 | \$13,687 |
| Expense Total | \$506,275 | \$532,552 |
| | | |
| Non-Agency Revenues | \$18,350 | \$20,205 |
| Agency Contributions | \$464,503 | \$463,817 |
| Prior Year Fund Balance | \$23,422 | \$48,530 |
| Revenue Total | \$506,275 | \$532,552 |

Attachments

Attachment A: Proposed LAFCO Budget FY 2021-22

Attachment B: Draft Resolution L-2021-11