

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF MAY 27, 2015

REGULAR MEETING

TO: Ken Humphreys, Chair, and
Members of the El Dorado County Local Agency Formation
Commission

FROM: José C. Henríquez, Executive Officer

AGENDA ITEM #7: PUBLIC HEARING TO CONSIDER AMENDING THE LAFCO
BUDGET FOR FISCAL YEAR 2014-15

RECOMMENDATION

If the Commission approved the contract with Quad Knopf, Inc. in Item #6, then staff recommends that the Commission consider the options for funding the \$7,338 difference between the contract cost and the allocated amount for professional services and amend the Fiscal Year 2014-15 by moving funds from the Operating Contingency to Professional Services.

REASON FOR RECOMMENDED ACTION AND BACKGROUND

In 2014, when the Commission was deliberating its budget for Fiscal Year 2014-2015, it considered whether to hire consultants to complete the Municipal Service Review and Sphere of Influence Study for the Cities of Placerville and South Lake Tahoe. Part of the discussion entailed whether staff would be able to complete the MSR/SOI study by June 2015. It knew at the time that workload issues were preventing staff from being able to complete the reports.

Towards that end, the Commission allocated funds to outsource the reports to remain on schedule. Quad Knopf, Inc. has demonstrated that it has the experience, skills, resources and understanding of the scope of work to complete a report to the Commission's satisfaction.

A contract with the firm was considered in Agenda Item #6. As indicated in that staff report, the budget allocated \$30,000 in the Professional Services – MSR Outsourcing line item. The total cost of the Quad Knopf contract is \$37,338, leaving a shortfall of \$7,338. There are two possible ways to fund the remainder:

- Allocating funds from the Operating Contingency to the Professional Services – MSR Outsourcing in the current budget; or

- Wait until after July to allocate funds from the Operating Contingency to the Professional Services – MSR Outsourcing in the FY 2015-16 budget.

While on the surface it appears as if the funding source is the same and the only question is whether the reallocation occurs in the current fiscal year or in the next, from an administrator's standpoint there is a clear preference. Postponing the reallocation into the next year introduces a level of unknown in the agency's finances. The Executive Officer would not know when, where or whether the 2015-16 Contingency will be needed as it is unknown at this point whether the Commission's 2015-16 fee revenue targets will be met or whether the allocated 2015-16 costs will come in as budgeted.

In contrast, absorbing the shortfall in this year is a known element. The Commission knows its 2014-15 revenue situation. While it has not met its fee revenue target, the larger-than-expected carryover compensates for that:

	Budgeted	Estimated in 1/30/15 to be had by end of FY2014-15	Actual as of 5/11/15
Applicant fees	\$14,428.00	\$44,414.31	\$12,406.07
Carryover	\$119,386.00	\$138,745.74	\$194,641.30
Agency contributions	\$349,092.00	\$349,092.00	\$349,092.00
Interest revenue	\$200.00	\$122.59	\$86.23
Total	\$483,106.00	\$513,014.90	\$556,225.60

The agency is reasonably assured that, with less than two months left in the fiscal year, most of the funds in the Operating Contingency will likely not be needed.

	Budgeted	Estimated in 1/30/15 to be spent by end of FY2014-15	Actual as of 5/11/15
Employee costs	\$333,400.00	\$308,326.04	\$241,864.59
Operating costs	\$136,096.00	\$130,122.02	\$115,645.78
Contingency	\$13,610.00	\$6,747.73	\$3,873.86
Total	\$483,106.00	\$445,195.79	\$361,384.23

As the Commission can see, LAFCO's expenses are running lower than reasonably projected a few months ago. The monies are there in this fiscal year; however, if the Commission is looking for extra assurance, a relatively large expenditure has not yet occurred. The Executive Officer's desk was scheduled to be replaced this year. At a cost of a little less than \$3,700, it is about half of the monies that are needed to cover the shortfall. An office furniture vendor was selected but the order is on hold pending the Commission's direction on this. If those monies are needed to shore up the shortfall, then replacing the desk will have to wait for another two years since the allocation for this year is no longer available and its replacement is not on next year's budget.