
EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF MARCH 24, 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 #7: PUBLIC HEARING TO CONSIDER AND ADOPT THE
PROPOSED BUDGET FOR FISCAL YEAR 2021-22

RECOMMENDATION

Staff recommends that the Commission:

1. Receive the information related to the draft Proposed Budget for Fiscal Year 2021-22;
2. Open the Public Hearing on this matter; and
3. Adopt the Proposed Budget for Fiscal Year 2021-22.

REASON FOR RECOMMENDED ACTION

The enclosed LAFCO Budget reflects the financial priorities for the agency for next year under the Cortese-Knox-Hertzberg Act. El Dorado LAFCO adopts its own budget in a two-stage process with notice to all funding agencies. This is the first of two hearings.

BACKGROUND

Summary

This budget contains the initiatives the Commission wants to prioritize for the coming fiscal year. The twin goals from the Budget Ad Hoc Committee were to keep the agency contributions from increasing and to fund an MSR to study the medium-to-small water agencies in El Dorado County. Because of a larger-than-expected carryover amount, there are sufficient funds to accomplish both goals despite the budget being larger than the current year budget. In addition, the budget contains funds to refill the Assistant Analyst position in the fourth quarter of next Fiscal Year. The successful

candidate would start on or about March 1, 2022. There are no changes to the salaries or benefits of existing staff.

How to Read the Attached Budget:

Budgetary items will be referred to by its description and either General Ledger (GL) Account or by the term “fund.” The GL number reflects the Fund Number in the Commission’s accounting system. The Fund Number corresponds to the monthly Profit & Loss report the Commission receives as part of its meeting packet.

The attachments to this report mirror the narrative from this point forward:

- Attachment A contains the calculated carryover from FY2019-20. This number is inputted into next year’s budget as a source of revenue under GL 4100, consistent with both your direction from last year as well as with your policies.
- Attachment B contains the earned fee revenues accrued throughout calendar year 2020. This number is inputted into the budget as a source of revenue under GL 4000, consistent with both your direction from last year as well as with your policies.
- Attachment C contains the calculations for Operating Expenses.
- Attachment D contains the salary calculations and expenses for all employees.
- Attachment E contains the complete draft Proposed Budget for FY2021-22.

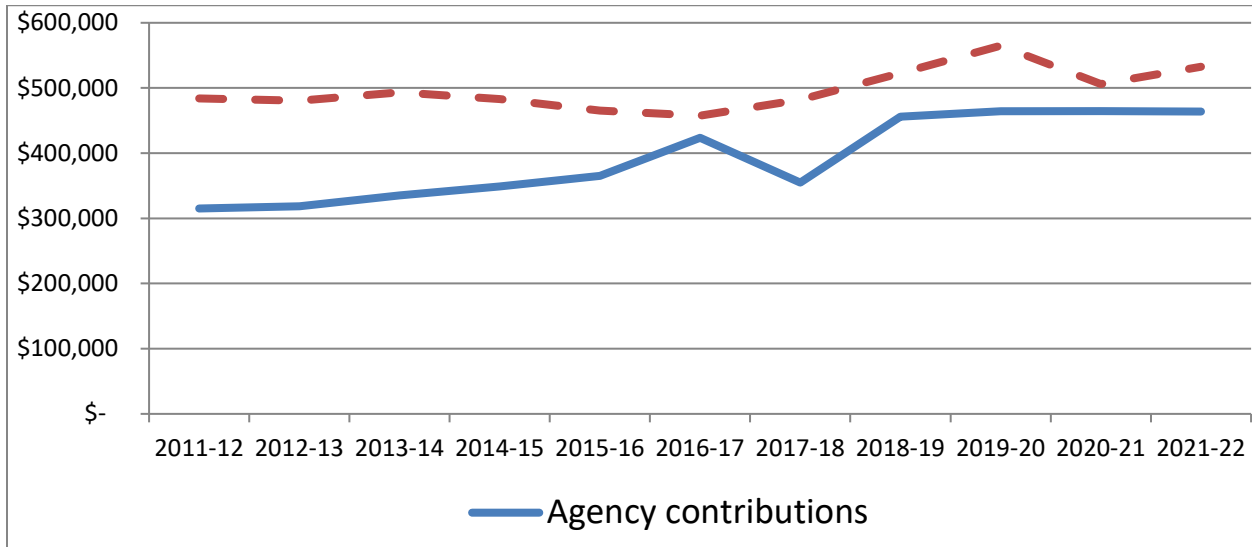
Overall Budget Highlights

In this budget, three of the four revenue sources are known numbers. The fund balance is the carryover from FY2019-20 and is found in Attachment A. In addition, the carryover/fund balance at the end of FY2019-20 is larger than expected. The applicant fees are the earned fees collected by LAFCO in calendar year 2020. LAFCO collected a comparable amount in applicant fees in 2020 as it did in 2019, despite the pandemic. The agency contributions have always been known numbers since they bridge the gap between the total budget and the other revenue sources. Adding these three items together means more revenues are available, resulting in having the opportunity to fund the mid-to-small water agencies MSR (depending on the cost) and keeping the agency contributions at about the same level as the current budget.

As outlined above, the Ad Hoc Committee’s goal was to keep agency contributions as low as possible in order to minimize the impact of fitting the cost of contracting out another MSR in the FY2021-22 budget. As a whole, employee and operating costs were kept low, increasing by 12% and 13%, respectively. These calculations included fully funding the part time Administrative Assistant for the fiscal year and the hiring of an Assistant Policy Analyst in the last quarter of the next fiscal year. Operating costs include all contractual and estimated expenses for all items and places \$43,000 in the MSR outsourcing category. This last number is an estimate, as RFP responses have not been returned.

The lump-sum payment to CalPERS for the unfunded liability in FY2020-11 will be \$8,259.

LAFCO 10-Year Budget History



The chart above shows that agency contributions as a revenue source has remained fairly flat since FY2018-19 even though the size of the overall budget has changed.

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

Expenditures

As the Commission knows, expenditures are usually broken down into three broad categories: Employee Expense, Operating Costs and Operating Contingency.

Operating Costs

Operating costs are all overhead costs to the agency that do not fall into expenses for employees. About a third of operating costs are budgeted at the same levels as the current year. Three items saw decreases. The remainder are modest increases except for General Liability Insurance (GL 5460), Legal Notices (GL 6080) and Staff Development (GL 6750).

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. While responses have not been received, we expect costs to be in the \$40,000 range. Staff expects to have a contract for the Commission to consider in the May-June 2021 timeframe so that the project starts on July 1, 2021.

Employee Expense

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; meaning this person would start on or after March 1, 2022. 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. While the increased staff will commit the Commission to larger future budgetary costs, full staffing will ensure that LAFCO is in a good position to complete its MSR project plan in a timely basis.

CalPERS Outlook

The CalPERS Board of Directors’ decision to cut the “discount rate” in January 2017. The repercussions are dramatic. This is what the employer rate is forecast to be in the next few years, according to LAFCO’s latest valuation report. The employer rate is forecasted to remain essentially flat; however, it is unknown whether that will change because of the market volatility experienced in the last few years. The UAL is forecasted to level off at \$13,000 annually starting in 2025-26:

	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

The funded ratio of LAFCO’s plan has been around 90% since LAFCO adopted its own contract with CalPERS in 2013.

Operating Contingency

By your policy, the operating contingency is funded at 10% of operating costs. Staff recommends keeping it that way since the true cost of the MSR is not known at this time. The contingency provides a little leeway in case the costs of a qualified consultant come a little over the budgeted amount.

Attachments

- Attachment A: Carryover/Fund Balance Calculations Fiscal Year 2019-2020
- Attachment B: Earned Project Revenue from Calendar Year 2020
- Attachment C: Operating Budget Calculations
- Attachment D: Employee Salary & Benefit Schedule
- Attachment E: Draft Proposed Budget FY 2021-2022

LAFCO
Carryover/Fund Balance Calculations
As of June 30, 2020
(originally Attachment A)

Gross Fund Balance as of 6/30/20	\$193,548.96
FY 2018-19 carryover used in FY2020-21	23,422.00
Earned fees from first half of 2020 to be used in FY21-22	4,491.71
Outstanding amount of EID MSR contract carried forward into FY2020-21	15,105.00
Cost of Fire MSR	95,000.00
From IT Reserves to purchase new PCs	2,000.00
From IT Reserves to purchase new server	5,000.00
FY 2019-20 carryover to be used in FY2020-21	\$48,530.25

LAFCO
Earned Project Revenue
January through December 2020
(originally Attachment B)

Type	Date	Memo	Account	Amount	Earned Fees
Deposit	01/22/2020	Deposit	1050 · Umpqua Bank	143,776.48	
		Snyder - July-Dec 2019	4000 · Fees	219.32	219.32
		EDHCSD - July-Dec 2019	4000 · Fees	874.51	874.51
		Agency Contribution	4120 · Revenue - Agency Payments	<u>142,682.65</u>	
TOTAL				143,776.48	
Deposit	06/25/2020	Deposit	1070 · Money Market	3,397.88	
		Snyder - Jan-May 2020	4010 · Fees - Other	<u>3,397.88</u>	3,397.88
TOTAL				3,397.88	
Deposit	07/23/2020	Deposit	1070 · Money Market	1,717.32	
		EDHCSD - Jan-June 2020	4000 · Fees	<u>1,717.32</u>	1,717.32
TOTAL				1,717.32	
Deposit	08/24/2020	Deposit	1070 · Money Market	1,616.22	
		SDRMA - WC Audit Reimbursement		272.69	
		AT&T Bloxom - Jan-June 2020	4000 · Fees	<u>1,343.53</u>	1,343.53
TOTAL				1,616.22	
Deposit	09/04/2020	Deposit	1070 · Money Market	259,015.30	
		Agency Contribution	4120 · Revenue - Agency Payments	<u>259,015.30</u>	
TOTAL				259,015.30	

LAFCO
Earned Project Revenue
January through December 2020
(originally Attachment B)

Type	Date	Memo	Account	Amount	Earned Fees
Deposit	11/16/2020	Deposit	1070 - Money Market	1,233.76	
		AT&T Bloxom - July-Nov 2020	4000 - Fees	1,233.76	1,233.76
TOTAL				1,233.76	
Deposit	11/25/2020	Deposit	1070 - Money Market	205,487.70	
		Agency Contribution	4120 - Revenue - Agency Payments	205,487.70	
TOTAL				205,487.70	
Deposit	12/10/2020	Deposit	1070 - Money Market	5,919.31	
		EDHCSD - July-Nov 2020	4000 - Fees	5,919.31	5,919.31
TOTAL				5,919.31	
				Total	\$ 14,705.63
				Subtract from carryover	\$ 4,491.71

Operating Budget Calculations

(originally Attachment C)

Operating Budget Calculations

5450	\$	1,477.75	\$	1,285	SDRMA (previous year's premium times worse case scenario of 15% increase)
	\$	1,477.75	Total		D

5460	\$	21,559.50	\$	15,970	SDRMA (previous year's premium times already-warned 35% increase)
	\$	4,970.30	\$	4,322	Alliant Supplemental Insurance (plus 15% increase)
	\$	26,529.80	Total		

6000	\$	-	\$	-	Antivirus cost, per workstation
	\$	480.00	\$	40	Microsoft Office 365 + Visio
	\$	1,200.00	\$	100	Streamline webhosting + software
	\$	263.18	\$	220	QuickBooks upgrade
	\$	10,425.00	\$	10,425	Monthly IT support + offsite data backup
	\$	200.00	\$	200	Internet Certificate
	\$	-	\$	-	Backup battery
	\$	-	\$	-	Server hard drive replacement
	\$	300.00	\$	300	GIS license seat
	\$	22.00	\$	22	County IT A-87 cost for an account in FENIX
	\$	-	\$	-	Laserfiche upgrade
	\$	870.00	\$	870	Laserfiche License + Digital Cities support plan
	\$	-	\$	-	Replace Office Firewall
	\$	-	\$	-	Replace UPS in Server Rack
	\$	10,000.00	\$	10,000	IT Infrastructure Expenses (Backup & desktop replacements)
	\$	-	\$	-	Hourly rate for desktop IT service
	\$	23,760.18	Total		

6010	\$	625.00	\$	125.00	County Clerk fee to file MSR/SOI NOEs
	\$	625.00	Total		

6020	\$	\$493.73	\$	454.00	QuickBooks yearly renewal fee (400 + taxes)
	\$	\$169.65	\$	2	QuickBooks automatic deposit charges per person
	\$	5,500	\$	5,000	Terrie Prud'hon 5-year average charges
	\$	25	\$	25.00	Umpqua cost for wiring transactions (carryover to CalTRUST)
	\$	\$6,188.38	Total		

6030	\$	7,725.00	\$	7,725	Contract price + misc travel expenses
	\$	700.00	\$	700	CalPERS fee for GASB 68 report
	\$	25.00	\$	25	Verification of deposit fee Umpqua charges for verifying account amounts as part of audit
	\$	8,450.00	Total		

GAS

Operating Budget Calculations

(originally Attachment C)

Operating Budget Calculations

6040	\$1,680.00	\$140.00	AT&T local and long distance
	\$840.00	\$70.00	AT&T Wireless
	\$0.00	\$0.00	Streamline Webhosting
	\$1,320.00	\$110.00	AT&T Broadband
	\$3,840.00	Total	
6050	\$440	\$400.00	Five year average
6060	\$180.00	\$ 60	per hour for SOI update. Budget for 2 SOIs
	\$0.00	\$ -	Miscellaneous GIS layers, either update or purchase
	\$180	Total	
6070	\$24,141	\$ 23,437.74	Previous year's rent +3%
6080	\$726	\$60.00	Five year monthly average
6090	\$19,000.00	\$19,000.00	BB&K 6-year average charges
6100	\$ 1,630.20	\$ 1,482	CSDA (2020 cost plus average 15% increase)
	\$ 160.00	\$ 160	Chamber of Commerce
	\$ 25.00	\$ 25	EDC Fire Chiefs
	\$ 27.50	\$ 25	CSDA Gold Country Chapter (2020 cost plus 10%)
	\$ 1,842.70	Total	
6105	\$3,677	\$3,617	Fee Schedule Cost (2022 cost per 2-9-21 email)
6210	\$ 1,485.75	\$1,415.00	Seven year average
	\$ 1,485.75	Total	
6400	\$798	\$725.00	Six year average
6600	\$0.00	\$ -	Georgetown gazette,
	\$0.00	\$ -	Tahoe Daily Tribune (stopped delivery to Western Slope after 2010)
	\$124.30	\$113	Mt. Democrat (plus 10%)
	\$261.80	\$ 238	CP&DR (plus 10%)
	\$386.10	Total	
6610	N/A	\$ -	No charges for storage
6700	\$ -	\$ -	Per week in case LAFCO rents a full sized car for workshop

Operating Budget Calculations

(originally Attachment C)

Operating Budget Calculations

6705	\$1,956.00	\$163	Contract rate per month (copier)
	\$120.00	\$10	Contract rate per month for postage machine
	\$60.00	\$60.00	Contract rate: property taxes for copier
	\$2,136.00	Total	
6710	2040	170	Utility monthly average
	\$2,040.00	Total	
6750	\$ 588.00	\$ 560	2019 per person cost (based on 1 person) for registration - conference
	\$ 640.20	\$ 194	per person per night (based on 1 person) - conference
	\$ 80.00	\$ 80	per person mobile workshop - conference
	\$ 360.00	\$ 360	Registration cost for 1 person (two additional already covered by the cancellation of 2020 Wc
	\$ 1,871.10	\$ 189	per room per night (based on 3 people) - workshop
	\$ 160.00	\$ 80	per person mobile workshop - workshop
	\$ -	\$ -	CALAFCO U class per person per class (based on three classes total); UCD Extension/CSA
	\$ 577.50	\$ 525	2019 per person cost for SDRMA clerk training workshop
	\$ 561.00	\$ 170	2019 per room per night for SDRMA clerk training workshop
	\$ -	\$ -	cost of mediation & negotiation training
	\$ 4,837.80	Total	
6760	\$ -	\$400	\$50 stipend for 8 Commissioners per meeting
6770	\$ 100.00	\$ 100.00	for misc. parking
	\$ 1,800.00	\$ 360.00	per quarter for parking permits
	\$ 246.40	\$ 246.40	mileage per person (based on 1 person) - conference
	\$ 116.48	\$ 116.48	mileage per person (based on 3 people) - workshop
	\$ -	\$ -	airfare per person (based on 4 people) - conference
	\$ 360.00	\$ 120.00	airfare per person (based on 3 people) - workshop
	\$ -	\$ -	for rental car gasoline
	\$ -	\$ -	CALAFCO BOD/Legislative Committee
	\$ -	\$0	per day parking for hotel - conference
	\$ -	\$ -	per day parking for hotel - workshop
	\$ -	\$ -	cost of parking at airport
	\$ -	\$ -	for taxi to and from airport
		mileage	
	\$ 896.00	\$ 112.00	For mileage reimbursement to 5 commissioners, total of 216 miles per meeting at \$0.56 IRS
	\$ 741.00	\$ 92.63	Mileage averaged per month for staff
	\$ 4,259.88	Total	

Draft Budget

(originally Attachment E)

DRAFT BUDGET FY 2021-22						
	Fund (or line item)	DESCRIPTION	Adopted FY 2020-21 LAFCO Budget	Line Item	Draft FY 2021-22 LAFCO Budget	
Revenues	4000	Fees	\$ 15,850	1	\$ 14,705	
	4100	Fund Balance	\$ 23,422	2	\$ 48,530	
	4120	Revenue - Agency Payments	\$ 464,503	3	\$ 463,817	
	4500	Revenue - From Reserves (IT Expenses)	\$ 2,000	4	\$ 5,000	
	4700	Revenue Interest	\$ 500	5	\$ 500	
	(5)	Sub-Total - Revenues	\$ 506,275	6	\$ 532,552	
Employee Expense	5200	Employee Wage - Regular	\$ 203,695	7	\$ 221,148	
	5210	Employee Wage - Temporary	\$ -	8	\$ -	
	5230	Employee Wage - Overtime	\$ 433	8	\$ 524	
	5310	Flex Benefits	\$ 6,000	9	\$ 6,000	
	5311	Employee Assistance	\$ 353	10	\$ 385	
	5320	Health Insurance (Less In Lieu)	\$ 23,679	11	\$ 32,371	
	5340	Retirement - CALPERS	\$ 40,340	12	\$ 44,328	
	5350	In-Lieu Health Insurance	\$ -	13	\$ -	
	5400	Payroll Tax - Medicare (1.45% of Base)	\$ 2,954	14	\$ 3,207	
	5420	Payroll Tax - SUI/ETT	\$ 1,300	15	\$ 1,300	
	5440	Disability Insurance (.53% of Base)	\$ 1,080	16	\$ 1,172	
	6800	Accrued Leave	\$ 19,411	17	\$ 28,557	
	5100	Sub-Total Employee Expenses	\$ 299,244	18	\$ 338,992	
Operating Expense	5450	Workers Comp Insurance	\$ 1,725	19	\$ 1,480	
	5460	General Liability Insurance	\$ 21,305	20	\$ 26,530	
	6000	Information Services	\$ 22,311	21	\$ 23,760	
	6010	County Clerk Fee	\$ 625	22	\$ 625	
	6020	Accounting Services	\$ 5,525	23	\$ 6,188	
	6030	Annual Audit	\$ 8,275	24	\$ 8,450	
	6040	Cell & Telephone Services	\$ 3,840	25	\$ 3,840	
	6050	Copies	\$ 480	26	\$ 480	
	6060	GIS Maps	\$ 180	27	\$ 180	
	6070	Lease Payment - Building	\$ 24,212	28	\$ 24,141	
	6080	Legal Notices	\$ 275	29	\$ 726	
	6090	Legal Services	\$ 16,000	30	\$ 19,000	
	6100	Memberships	\$ 1,793	31	\$ 1,850	
	6105	Memberships - CALAFCO	\$ 3,617	32	\$ 3,677	
	6210	Office Expense	\$ 1,485	33	\$ 1,485	
	6400	Postage	\$ 800	34	\$ 800	
	6501	Professional Services - MSR Outsourcing	\$ 72,000	35	\$ 43,000	
	6560	Direct Deposit	\$ -	36	\$ -	
	6600	Publications	\$ 125	37	\$ 387	
	6700	Rental Vehicles	\$ -	38	\$ -	
	6705	Rents/Lease - Equipment	\$ 2,136	39	\$ 2,136	
	6710	Utilities	\$ 1,800	40	\$ 2,040	
	6750	Staff Development (incl. Commissioner Development)	\$ 3,000	41	\$ 4,838	
	6770	Transportation	\$ 3,246	42	\$ 4,260	
	(44)	Sub-Total Operating Expense	\$ 194,755	43	\$ 179,873	
	6300	Operating Contingency (10% of operating expenses)	\$ 12,276	44	\$ 13,687	
	(46)	BUDGET TOTAL	\$ 506,275	45	\$ 532,552	