

# EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

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## *AGENDA OF FEBRUARY 23, 2022*

### *REGULAR MEETING*

**TO:** John Hidahl, Chair, and  
Members of the El Dorado County Local Agency Formation  
Commission

**FROM:** Erica Sanchez, Interim Executive Officer

**AGENDA ITEM #6:** PUBLIC HEARING TO CONSIDER AMENDING THE FISCAL  
YEAR 2021-2022 BUDGET

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#### **RECOMMENDATION**

Staff recommends that the Commission:

1. Adjust the LAFCO FY 2021-22 budget by moving \$19,975 from “Employee Wage – Regular” (General Ledger Fund 5200) to “Professional Services – Other” (Fund 6500);
2. Suspend Policies & Guidelines Section 2.10.5(b) that calls for a contingency of 10% of operating costs; and
3. Adopt Resolution L-2022-01 that adopts the revised budget for FY 2021-22.

#### **REASON FOR RECOMMENDED ACTION**

Amending the FY2021-22 budget is necessary to properly account for the previously unexpected expenditure of hiring a business management firm to conduct the Executive Officer recruitment. The cost of the professional services agreement can be absorbed by salary savings resulting from the Executive Officer position vacancy. No net increase in the size of the budget will result from this reallocation.

#### **BACKGROUND**

At the January 26, 2022 meeting, the Commission authorized a professional services agreement with Municipal Resource Group (MRG) to conduct the Executive Officer recruitment at a cost of \$19,975. This new expense would most appropriately be accounted for as a Professional Services expenditure, consistent with how LAFCO has categorized similar contracts for services in the past.

The Executive Officer position has been vacant since July 6, 2021, resulting in salary savings sufficient to cover the cost of the EO recruitment. Staff is recommending the Commission transfer \$19,975 out of Line Item 5200 “Employee Wage – Regular” and allocate those funds into Line Item 6500 “Professional Services – Other” in order to properly account for the expense. A draft Revised Budget is included as Attachment A.

This reallocation will not result in the increase of the overall size of the LAFCO budget, nor will it result in changes to the agency contributions.

*Adopted and Proposed Revised FY 2021-22 Budgets at a Glance*

<b>Budget</b>	<b>Adopted FY21-22 Budget</b>	<b>Proposed Revised FY21-22 Budget</b>
Non-Agency Revenues	\$20,205	\$20,205
Agency Contributions	\$463,817	\$463,817
Prior Year Fund Balance	\$48,530	\$48,530
<b>Revenue Total</b>	<b>\$532,552</b>	<b>\$532,552</b>
Employee Expense	\$338,992	\$319,017 (-\$19,975)
Operating Expense	\$179,873	\$199,848 (+\$19,975)
Operating Contingency	\$13,687	\$13,687
<b>Expense Total</b>	<b>\$532,552</b>	<b>\$532,552</b>

*Operating Contingency*

Typically, another option would be to reallocate funds from Line Item 6300 “Operating Contingency” to cover the cost of the contract; however, there are not sufficient contingency funds available to cover the full amount of the consultant contract.

By reallocating \$19,975 from Employee Wage to Professional Services, additional monies are being allocated to operating expenses. As a result, staff also recommends that the Commission suspend Policies & Guidelines Section 2.10.5(b), which states that the budget will fund an operating contingency of 10% of operating costs. Suspending this policy ensures that the contingency in the budget remains at the same level pre-reallocation. (Note: pre-reallocation, the FY 2021-22 operating contingency was closer to 7.6% of operating costs, not 10%).

Attachments

Attachment A: Revised Budget for Fiscal Year 2021-22

Attachment B: Resolution L-2022-01 Approving Revised Budget

Attachment C: LAFCO Policies & Guidelines Section 2.10 Fund Balances