

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF MAY 25, 2016

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 #8: PROVIDE DIRECTION AND AUTHORIZE THE EXECUTIVE
OFFICER TO TAKE THE NECESSARY STEPS TO REDUCE
BUDGET COSTS

RECOMMENDATION

Staff recommends that the Commission provide direction to staff on budgetary matters and authorize the Executive Officer to take whatever necessary steps to develop policies and cut costs.

REASON FOR RECOMMENDED ACTION

The fiscal year 2016-17 budget was a difficult one to adopt because revenue projections and a lower carryover meant an increase in agency contributions. Upon adopting the budget, the Commission directed staff to create a strategic plan to address diversifying revenues and discuss it with the budget ad hoc committee. This item is the culmination of those discussions.

BACKGROUND

As indicated in the section above, the Commission directed the Executive Officer to work with the budget ad hoc committee to develop a strategic plan to diversify LAFCO's revenue sources. Attachment A contains the LAFCO Fee Schedule. As it can be seen, the Commission already has fees associated with almost all of its functions. By Commission practice, the Fee Schedule is periodically reviewed to ensure that the agency is able to recoup the costs incurred for these services. Part of the review includes the update and reset of the staff hourly rates. As a result, the biggest driver for the reduction in collecting project fee revenue is not the failure to charge applicants but the decrease in project activity. The last project to be processed by LAFCO was the Diamante Estates Reorganization in 2014.

It should be noted that applicant fees have been historically a non-factor in LAFCO's budgets. Applicant fees have not been higher than 6% of agency revenues. As part of its annual budget, CALAFCO included a question on how big of a role applicant fees play in the budgets of LAFCOs. As it can be seen in Attachment B, the experience of El Dorado LAFCO is not out of the norm, with it being one of 43 LAFCOs that indicated project fees comprise less than 10% of revenues.

Some Commissioners may wonder what keeps staff busy if there are no LAFCO projects. Attachment C contains the current MSR schedule and the Executive Officer's Report in Item 10D detail the work staff is working on at the moment. Nevertheless, as it can be seen, we are currently behind in the number of MSRs for the current fiscal year.

If the revenues cannot be increased, and this also means that it would be improper and a conflict of interest to solicit applications, then the only other place to seek budgetary relief is through minimizing costs. The budget ad hoc committee recognized this and wanted to this item placed on the agenda to provide direction to staff on cost reducing measures, including:

- Finding ways to reduce travel and training costs;
- Reducing the amount of time spent on MSRs;
- Reducing the number of meetings attended by staff;
- Reducing the mileage compensation paid to Commissioners;
- Reducing the amount of time staff spends on CALAFCO projects.

Further, two-thirds of the budget is comprised of employee costs. Some cost cutting measures have already started here. For example, the Executive Officer has been taking more time off as part of his teaching position with Sacramento State. This reduces the paid time off liability in the budget. Members of staff have or are planning on taking unpaid days off. However, other suggestions are also welcomed.

Attachments

Attachment A: Current LAFCO Fee Schedule

Attachment B: CALAFCO Survey

Attachment C: Current MSR Project Plan Schedule