



LOCAL AGENCY FORMATION COMMISSION

Dave Braun, Executive Officer

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DATE: March 30, 2022 **ITEM #4A**

TO: LAFCO Commissioners

FROM:  Dave Braun, Executive Officer

SUBJECT: Proposed 2022-23 Fiscal Year Budget and Schedule of Fees

PROPOSAL

The proposed budget and fee schedule for fiscal year 2022-2023 (Exhibit A).

BACKGROUND

Pursuant to Government Code Section 56381, the Commission must adopt a proposed budget by May 1, 2022, and a final budget by June 15, 2022, after consideration at a noticed public hearing. The statute further requires that the budget must at least be equal to the budget adopted for the previous fiscal year, unless the Commission finds "that reduced staffing or program costs will nevertheless allow the Commission to fulfill its purposes and programs." After a careful review of our agency's budget, staff has proposed a budget that is an increase from the previous year. Staff believes it is consistent with workload estimates anticipated for the upcoming fiscal year.

The 2022-2023 Budget proposes five increases to the previous year's budget. Three of these increases are minor. There is a \$200 increase in Social Security Contributions, a \$50 increase in Medicare Contributions and a \$121 increase in the CALAFCO Membership. The two other increases address changes that have occurred in regard to support staff to LAFCO. The budget for support from the Planning Department increased from \$2,000 to \$4,000 due to the current need for technical support to allow for virtual Commission meetings. The budget for Legal Services increased from \$10,500 to \$18,000 as LAFCO is now receiving legal services from an outside private law firm. The budget proposes one decrease from last year and that is for Outside Consultants, which is proposed to decrease from \$40,000 to \$35,000. The net result of all these changes is a \$4,871 increase in the 2022-2023 Budget as compared to the 2021-2022 Budget.

In regard to the 2021-2022 Budget, there was a miscalculation as to the anticipated balance in the LAFCO operating account at the beginning of the 2021-2022 fiscal year. The actual balance in the account at the beginning of the 2021-2022 fiscal year was \$61,294.57, however, this was almost \$40,000 less than anticipated when the budget was prepared (\$100,660.71).

The current balance in this account is approximately \$19,000, however, the anticipated costs for the remainder of the 2021-2022 fiscal year will exceed the amount in this account by \$18,045.88. Therefore, staff is proposing a transfer from the LAFCO Reserve Fund to the Operating Account to cover anticipated costs.

Due to the low contributions by the Cities and County to the 2021-2022 fiscal year budget, combined with the miscalculation noted above, the Operating Account is not anticipated to have a carryover balance at the end of the 2021-2022 fiscal year. As a result, the 2022-2023 budget is proposed to be almost entirely funded by the Cities and County.

It is noted that the LAFCO reserve account is projected to have a balance of \$82,269.73 at the end of the fiscal year. The reserve account is to be used for emergency situations such as litigation and studies and is not proposed to help fund the 2022-2023 fiscal year budget.

In previous years, the Commission has annually made small increases to the fee schedule in order to keep pace with inflation. This past year the Consumer Price Index was 7.5 percent through January 2022, which was the highest yearly increase since 1982. Therefore, staff is proposing an adjustment in all fees, which would increase the basic application fee from \$2,595 to \$2,790.

ANALYSIS

The proposed budget reflects an increase in the overall operating budget. This is mainly due to an anticipated increase in costs for support services (Technical Support from the Planning Department and Outside Legal Services). Workload estimates are expected to be similar to previous years prior to the COVID Pandemic. Staff is anticipating a normal level of applications that will be paid for by the applicants with an estimate of four applications.

The individual line items which changed from last year's budget are discussed below.

REVENUES:

77030-659 Contributions from County and Cities	The majority of the revenue for the FY 2022-2023 Budget will come from Madera County and the cities of Madera and Chowchilla.
77030-662713 Filing Fees	Staff estimates approximately four (4) applications.

EXPENDITURES:

77030-710203 Social Security Contribution	Increased contribution to Social Security Benefits for employees.
77030-710204 Medicare Contribution	Increased contribution to Medicare Benefits for employees.
77030-721100 CALAFCO	Increased CALAFCO Membership Dues.
77030-721436 Attorney/Legal Fees	Increased Cost for Legal Services.
77030-721486 Planning Department	Increased Cost for Technical Support.
77030-721489 Outside Consultants	Reduced cost for outside consultants.

This budget shows an increase of approximately 3.57 percent compared to last year's 2021-2022 budget.

RECOMMENDATION

Staff recommends that the Commission:

1. Approve the proposed budget for Fiscal Year 2022-2023 (Exhibit A) and approve a 7.5 percent increase in the fee schedule (Exhibit B) in accordance with the increase in the Consumer Price Index.
2. Authorize Executive Officer to transfer \$18,045.88 from the LAFCO Reserve Account to the Operating Account.

ATTACHMENTS

Exhibit A - Proposed FY 2022-2023 Budget
Exhibit B - Proposed Fee Schedule