



Lou Ann Texeira
 Executive Officer

MEMBERS

- | | |
|---|--|
| Candace Andersen
<i>County Member</i> | Federal Glover
<i>County Member</i> |
| Donald A. Blubaugh
<i>Public Member</i> | Michael R. McGill
<i>Special District Member</i> |
| Tom Butt
<i>City Member</i> | Rob Schroder
<i>City Member</i> |
| Igor Skaredoff
<i>Special District Member</i> | |

ALTERNATE MEMBERS

- | |
|---|
| Diane Burgis
<i>County Member</i> |
| Stanley Caldwell
<i>Special District Member</i> |
| Charles R. Lewis, IV
<i>Public Member</i> |
| Sean Wright
<i>City Member</i> |

June 10, 2020
 Agenda Item 8

June 10, 2020 (Agenda)

Contra Costa Local Agency Formation Commission
 40 Muir Road, First Floor
 Martinez, CA 94553

FY 2020-21 Final LAFCO Budget

Dear Members of the Commission:

SUMMARY

The Contra Costa Local Agency Formation Commission (LAFCO) must adopt a proposed and final budget each year. On March 11, 2020, the Commission approved the FY 2020-21 Proposed Budget & Work Plan (available at www.contracostalafco.org). In accordance with Government Code section 56381, the proposed budget was circulated to all affected agencies and interested parties. No comments were received. The FY 2020-21 Final Budget will be presented to the Commission on June 10, 2020.

These are challenging times and the financial fallout of COVID-19 will impact counties, cities, and districts, which fund the majority of LAFCO’s budget. In recognition of the financial constraints on local agencies, staff has prepared two budget options, both of which include reductions. *Option 1* (Attachment 1) is similar to the proposed budget presented in March 2020; *Option 2* (Attachment 2) includes further budget reductions. Brief highlights of FY 2019-20 budget along with a summary of the Final FY 2020-21 LAFCO budget and budget options is provided below.

FY 2019-20 HIGHLIGHTS

FY 2019-20 was a busy year for Contra Costa LAFCO as highlighted below.

Boundary Change and Related Applications

- a. Received nine new applications including two annexations, one boundary reorganization, one district dissolution, and five out of agency service requests.
- b. Received three requests for time extensions and two requests for transfer of jurisdiction

MSRs/SOI Updates

- a. Completed “City Services” MSR/SOI updates covering all 19 cities and four community services districts
- b. Initiated 2nd round Parks & Recreation MSR/SOI updates (in process)

Special Projects/Activities

- a. Relocation of the LAFCO office to 40 Muir Road
- b. Staffing changes (i.e., retirement, recruitments, new hires)
- c. Pending Litigation (Los Medanos Community Health Care District vs. Contra Costa LAFCO)

Administrative and Other Activities

- a. Reappointment of Commissioners (i.e., both public members, one special district member, one city member and one county member)
- b. Completed FY 2017-18 financial audit and initiated FY 2018-19 audit
- c. Completed three GASB actuarial reports
- d. Completed CCCERA Employer Audit
- e. Completed update to LAFCO Directory of Local Agencies
- f. Provided comments on various local agency environmental documents
- g. Responded to one Grand Jury report
- h. Approved updates to LAFCO policies and procedures
- i. Participated in SDRMA election

For additional details, regarding goals, accomplishments, and work plan, please refer to the *FY 2020-21 Proposed LAFCO Budget* as presented in the March 11, 2020 LAFCO staff report.

FY 2020-21 FINAL BUDGET

The LAFCO budget is composed of *Expenditures* (i.e., Salaries & Benefits, Services & Supplies, Contingency, CCCERA and OPEB Liabilities) and *Revenues* (i.e., Agency Contributions, Application, and other revenues).

Considering the anticipated financial hardship local agencies will endure in FY 2020-21 and likely beyond, LAFCO staff has developed two budget options, both of which reflect reductions.

Both budget options reflect the following as compared to the FY 2019-20 budget:

- ⬇ Overall decrease in total appropriations
- ⬇ Overall decrease in *Salaries & Employee Benefits*
- ⬆ Increase in *Services & Supplies*
- ⬆ Increase in Contingency Reserve from \$80,000 to \$100,000 in accordance with LAFCO's policy (10% of budget)

Budget Option 1 includes appropriations totaling \$1,016,954 and reflects a decrease in appropriations of 6% as compared to the FY 2019-20 budget. *Option 1* reflects the following:

- 17% decrease in *Salaries & Employee Benefits*
- 4% increase in *Services & Supplies*
- 10% decrease in total expenditures
- 6% decrease in total appropriations
- 8% decrease in agency contributions
- Retains funding (i.e., salary, benefits, employee travel) for a full-time Analyst for 6 months (FY 2019-20 budget includes funding for 12 months)
- Includes funding for a strategic planning session

Budget Option 2 includes appropriations totaling \$994,882 and reflects a decrease in appropriations of 9% as compared to the FY 2019-20 budget. *Option 2* reflects the following:

- 37% decrease in *Salaries & Employee Benefits*
- 13% increase in *Services & Supplies* and includes additional funding for MSRs and special studies
- 13% decrease in total expenditures
- 9% decrease in total appropriations
- 11% decrease in agency contributions
- Defers funding for Analyst position
- Includes funding for a strategic planning session
- Increases funding for MSRs
- Includes funding for special studies (e.g., reorganizations, consolidations, mergers, dissolutions)

CONCLUSION: Local government is the first line of defense in the fight against COVID-19. These agencies are also most vulnerable to the fiscal impacts. Revenues will fall but most expenditures will not. Local governments are faced with weathering the current health crisis, as well as how to prepare for the long-term financial challenges.

CALAFCO and LAFCOs around the state are holding weekly conference calls to discuss LAFCO's role in aiding local agencies during these challenging times. In addition to assisting with potential government reorganizations (e.g., consolidation, mergers, dissolutions, reorganizations), LAFCO can also serve as a clearinghouse/resource for local agencies; help facilitate shared services and contracts for services; and conduct special studies and focused MSRs.

Contra Costa LAFCO recognizes the financial constraints on local government, is committed to assisting local agencies, and will continue to exercise fiscal prudence.

Approval of the FY 2020-21 Final Budget will enable LAFCO to perform its core responsibilities and its statutory requirements.

RECOMMENDATIONS:

1. Receive this report and open the public hearing on the Final FY 2020-21 LAFCO Budget,
2. After receiving public comments close the hearing,
3. After Commission discussion, adopt the FY 2020-21 Final Budget – *Option 2*, with any desired changes, and authorize staff to distribute the Final Budget to the County, cities and independent special districts as required by Government Code Section 56381.

Respectfully submitted,

LOU ANN TEXEIRA
EXECUTIVE OFFICER

Attachment 1 - Final FY 2020-21 LAFCO Budget – Option 1
Attachment 2 - Final FY 2020-21 LAFCO Budget – Option 2

c: Distribution

FINAL FY 2020-21 LAFCO BUDGET

Option 1

	FY 2019-20		FY 2019-20		FY 2020-21		
	<u>Approved</u>		<u>Year-end</u>	<u>(Estimated)</u>	<u>Proposed</u>		
Salaries and Employee Benefits							
Permanent Salaries- 1011	\$ 286,575	\$	205,587	\$	248,000		
Temporary Pay - 1013		\$	8,000	\$	-		
Deferred Comp Cty Contribution - 1015	\$ 1,105	\$	1,105	\$	1,615		
FICA- 1042	\$ 21,923	\$	16,339	\$	18,972		
Retirement expense- 1044	\$ 117,971	\$	76,008	\$	97,120		
Employee Group Insurance- 1060	\$ 73,039	\$	34,251	\$	56,000		
Retiree Health Insurance- 1061	\$ 28,406	\$	28,500	\$	30,000		
Unemployment Insurance- 1063	\$ 143	\$	129	\$	150		
Workers Comp Insurance- 1070	\$ 1,273	\$	1,113	\$	1,115		
Total Salaries and Benefits	\$ 530,435	\$	371,032	\$	452,972		-17%
Services and Supplies							
Office Expense- 2100	\$ 5,000	\$	3,000	\$	4,000		
Publications -2102	\$ 25	\$	21	\$	25		
Postage -2103	\$ 1,800	\$	518	\$	1,800		
Communications - 2110	\$ 1,334	\$	1,334	\$	2,842		
Tele Exchange Services 2111	\$ 3,120	\$	3,000	\$	2,382		
Minor Furniture/Equipment - 2131	\$ 2,000	\$	18,578	\$	-		
Minor Comp Equipment - 2132	\$ 1,800	\$	-	\$	2,000		
Pubs & Legal Notices 2190	\$ 3,800	\$	769	\$	3,800		
Memberships - 2200	\$ 12,036	\$	12,022	\$	12,373		
Rents & Leases - 2250 (copier)	\$ 5,500	\$	5,578	\$	5,600		
Computer Software - 2251	\$ 612	\$	956	\$	1,000		
Bldg Occupancy Costs - 2262	\$ 24,569	\$	24,569	\$	24,569		
Bldg Life Cycle Costs - 2265	\$ 1,463	\$	1,235	\$	1,095		
Bldg Maintennace - 2284	\$ 500	\$	1,280	\$	500		
Auto Mileage Emp. - 2301	\$ 500	\$	252	\$	500		
Other Travel Employees - 2303	\$ 17,370	\$	9,869	\$	13,000		
Prof & Spec Services - 2310	\$ 237,153	\$	130,185	\$	255,113		
Assessor	\$ 8,500	\$	5,337	\$	8,000		
Financial Audit	\$ 8,700	\$	9,243	\$	8,700		
GIS/Mapping	\$ 12,000	\$	5,244	\$	12,000		
Legal	\$ 60,000	\$	20,677	\$	60,000		
MSRs	\$ 130,000	\$	70,668	\$	130,000		
Planning	\$ 11,000	\$	9,683	\$	25,000		
Special Projects (document imaging)	\$ 5,213	\$	5,213	\$	3,673		
Misc Investment Services/CCCERA Fees	\$ 240	\$	120	\$	240		
Special Studies/Workshop/Actuarial Valuation	\$ -	\$	4,000	\$	7,500		
Moving Service	\$ 1,500	\$	-	\$	-		
Contracted Temp Help - 2314 (Web)	\$ 3,060	\$	2,970	\$	3,060		
Data Processing Services - 2315	\$ 19,582	\$	16,977	\$	19,700		
Data Processing Security - 2326	\$ 210	\$	172	\$	250		
Courier - 2331	\$ 1,678	\$	850	\$	1,000		
Telcomm Rents, Leases, Labor - 2335		\$	108	\$	120		
Other Inter-Dept Costs - 2340	\$ 564	\$	-	\$	599		
Liability/E&O Insurance - 2360	\$ 5,682	\$	5,302	\$	6,854		
Commission Training/Registration/Stipends - 2467	\$ 30,000	\$	27,916	\$	31,000		
NOD/NOE Filings - 2490	\$ 700	\$	600	\$	800		
Total Services & Supplies	\$ 380,058	\$	268,061	\$	393,982		4%
Fixed Assets							
Office Equipment & Furniture - 4951	\$ 20,000	\$	-	\$	-		
Total Fixed Assets	\$ 20,000	\$	-	\$	-		
Total Expenditures	\$ 930,493	\$	639,093	\$	846,954		-10%
Contingency Reserve	\$ 80,000	\$	-	\$	100,000		
OPEB Trust	\$ 40,000	\$	40,000	\$	40,000		
CCCERA Pre-Fund	\$ 30,000	\$	30,000	\$	30,000		
TOTAL APPROPRIATIONS	\$ 1,080,493	\$	709,093	\$	1,016,954		-6%
TOTAL REVENUES							
Agency contributions - 9500 & 9800	\$ 885,493	\$	885,493	\$	816,954		-8%
Application & other revenues	\$ 25,000	\$	49,560	\$	25,000		
Fund Balance	\$ 170,000			\$	175,000		

FINAL FY 2020-21 LAFCO BUDGET

Option 2

	FY 2019-20		FY 2019-20		FY 2020-21		
	<u>Approved</u>		<u>Year-end (Estimated)</u>		<u>Proposed</u>		
Salaries and Employee Benefits							
Permanent Salaries- 1011	\$	286,575	\$	205,587	\$	208,000	
Temporary Pay - 1013			\$	8,000	\$	-	
Deferred Comp Cty Contribution - 1015	\$	1,105	\$	1,105	\$	1,615	
FICA- 1042	\$	21,923	\$	16,339	\$	18,000	
Retirement expense- 1044	\$	117,971	\$	76,008	\$	82,120	
Employee Group Insurance- 1060	\$	73,039	\$	34,251	\$	46,000	
Retiree Health Insurance- 1061	\$	28,406	\$	28,500	\$	30,000	
Unemployment Insurance- 1063	\$	143	\$	129	\$	150	
Workers Comp Insurance- 1070	\$	1,273	\$	1,113	\$	1,115	
Total Salaries and Benefits	\$	530,435	\$	371,032	\$	387,000	-37%
Services and Supplies							
Office Expense- 2100	\$	5,000	\$	3,000	\$	4,000	
Publications -2102	\$	25	\$	21	\$	25	
Postage -2103	\$	1,800	\$	518	\$	1,800	
Communications - 2110	\$	1,334	\$	1,334	\$	2,842	
Tele Exchange Services 2111	\$	3,120	\$	3,000	\$	2,382	
Minor Furniture/Equipment - 2131	\$	2,000	\$	18,578	\$	-	
Minor Comp Equipment - 2132	\$	1,800	\$	-	\$	2,000	
Pubs & Legal Notices 2190	\$	3,800	\$	769	\$	3,800	
Memberships - 2200	\$	12,036	\$	12,022	\$	12,373	
Rents & Leases - 2250 (copier)	\$	5,500	\$	5,578	\$	5,600	
Computer Software - 2251	\$	612	\$	956	\$	1,000	
Bldg Occupancy Costs - 2262	\$	24,569	\$	24,569	\$	24,569	
Bldg Life Cycle Costs - 2265	\$	1,463	\$	1,235	\$	1,095	
Bldg Maintennace - 2284	\$	500	\$	1,280	\$	500	
Auto Mileage Emp. - 2301	\$	500	\$	252	\$	500	
Other Travel Employees - 2303	\$	17,370	\$	9,869	\$	11,900	
Prof & Spec Services - 2310	\$	237,153	\$	130,185	\$	300,113	
Assessor	\$	8,500	\$	5,337	\$	8,000	
Financial Audit	\$	8,700	\$	9,243	\$	8,700	
GIS/Mapping	\$	12,000	\$	5,244	\$	12,000	
Legal	\$	60,000	\$	20,677	\$	60,000	
MSRs	\$	130,000	\$	70,668	\$	150,000	
Planning	\$	11,000	\$	9,683	\$	25,000	
Special Projects (document imaging)	\$	5,213	\$	5,213	\$	3,673	
Misc Investment Services/CCCERA Fees	\$	240	\$	120	\$	240	
Special Studies/Workshop/Actuarial Valuation	\$	-	\$	4,000	\$	32,500	
Moving Service	\$	1,500	\$	-	\$	-	
Contracted Temp Help - 2314 (Web)	\$	3,060	\$	2,970	\$	3,060	
Data Processing Services - 2315	\$	19,582	\$	16,977	\$	19,700	
Data Processing Security - 2326	\$	210	\$	172	\$	250	
Courier - 2331	\$	1,678	\$	850	\$	1,000	
Telcomm Rents, Leases, Labor - 2335			\$	108	\$	120	
Other Inter-Dept Costs - 2340	\$	564	\$	-	\$	599	
Liability/E&O Insurance - 2360	\$	5,682	\$	5,302	\$	6,854	
Commission Training/Registration/Stipends - 2467	\$	30,000	\$	27,916	\$	31,000	
NOD/NOE Filings - 2490	\$	700	\$	600	\$	800	
Total Services & Supplies	\$	380,058	\$	268,061	\$	437,882	13%
Fixed Assets							
Office Equipment & Furniture - 4951	\$	20,000	\$	-	\$	-	
Total Fixed Assets	\$	20,000	\$	-	\$	-	
Total Expenditures	\$	930,493	\$	639,093	\$	824,882	-13%
Contingency Reserve	\$	80,000	\$	-	\$	100,000	
OPEB Trust	\$	40,000	\$	40,000	\$	40,000	
CCCERA Pre-Fund	\$	30,000	\$	30,000	\$	30,000	
TOTAL APPROPRIATIONS	\$	1,080,493	\$	709,093	\$	994,882	-9%
TOTAL REVENUES							
Agency contributions - 9500 & 9800	\$	885,493	\$	885,493	\$	794,882	-11%
Application & other revenues	\$	25,000	\$	49,560	\$	25,000	
Fund Balance	\$	170,000			\$	175,000	