



Solano Local Agency Formation Commission
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Public Hearing

DATE: May 2, 2022

TO: Local Agency Formation Commission

FROM: Rich Seithel, Executive Officer

SUBJECT: **PROPOSED BUDGET & WORKPLAN FISCAL YEAR 2022-2023**

RECOMMENDED COMMISSION ACTIONS

This agenda item is for Solano LAFCO to consider recommendations from the Executive Officer in adopting a coordinated draft budget (Attachment A) and workplan (Attachment B) for the upcoming fiscal year. Final actions will be scheduled for the June meeting. Staff recommends the Commission:

1. REVIEW the Proposed Budget and Workplan for Fiscal Year (FY) 2022/23.
2. ADOPT or adopt with modifications the Proposed Budget and Workplan.
3. DIRECT staff to distribute the Proposed Budget to the County and cities.
4. SCHEDULE a public hearing for June 13, 2022, to consider and adopt the Final Budget and Workplan.

EXECUTIVE SUMMARY

The Proposed Budget, as presented, includes appropriations totaling \$1,048,778, reflecting an increase of \$184,087 or 21% from the FY 2021-22 adjusted budget of \$864,701. The Proposed Budget recommends an increase in salaries and benefits (1000s budget category) by \$102,829 or 21% and an increase in services and supplies (2000s category) by \$37,460 or 10%. The Proposed Budget anticipates increased revenue (sub-object 9229) from project application fees from \$20,000 to \$75,000 based on the proposed workplan. The Proposed Budget recommends increasing the Commission’s reserve account (sub-object 730) from \$157,200 to \$200,998. No change is anticipated for the interest income of \$3,000.

The Proposed Budget does recommend an increase to the billing charges to the County and cities: The prior year’s billing totaled \$711,404, but the proposed 2022-23 billing to the County and cities is \$895,788, an increase of \$184,384 (the County’s share increase from FY 21-22 by \$92,192; city share increased from FY 21-22 by \$92,192. See Table 4).

Commissioners

John Vasquez, Chair • Nancy Shopay, Vice-Chair • Harry Price • Jim Sperring • Ron Rowlett

Alternate Commissioners

Ron Kott • Mitch Mashburn • Robert Guerrero

Staff

Rich Seithel, Executive Officer • Christina Love, Deputy Executive Officer • Jeffrey Lum, Analyst II • P. Scott Browne, Legal Counsel

BACKGROUND

LAFCOs are responsible for adopting proposed budgets that are circulated to the funding agencies (Solano County and the cities) and published for public comment prior to adopting a final budget. Staff discussed the attached draft Proposed Budget with the Adhoc Committee. The Final Budget will be presented at the June Commission meeting.

CKH and Solano LAFCO Policies:

The Proposed Budget was developed with consideration of CKH requirements and the Commission's Policies.

1. Per GC Section 56381(a), the Commission is required to adopt a budget that at a minimum shall be equal to the budget adopted for the previous fiscal year unless the Commission finds that reduced program costs will nevertheless allow the Commission to fulfill its purposes and programs. The Proposed Budget recommends an increase of 21% of the prior year's budget, to account for a new hire, the bi-annual audit, and office relocation.
2. The Commission's Reserves Policy requires maintaining a contingency reserve fund of not less than 20 percent of the annual budgeted expenditures. Budget line item 730 includes increasing the reserve to \$200,998 to meet the Commission's Policy.
3. Through the Proposed Workplan, the Proposed Budget recognizes LAFCO's municipal service review (MSR) and sphere of influence (SOI) responsibilities. The Proposed Workplan anticipates three city MSR/SOI projects and recommends beginning map updates for Solano's four cemetery districts in preparation for MSR/SOI reviews.

A discussion below summarizes the budget expenses with noticeable changes from the prior fiscal year; and the main components of the workplan.

DISCUSSION

Proposed Expenses:

Table 1 depicts a comparison of the proposed expenses for FY 2022-23 with the adopted budget from FY 2021-22.

Table 1: Summary and Comparison of Expenses

Budget Categories	2022-21 Adjusted Budget	2022-23 Proposed Budget	+/-	% Change
<i>Salaries and Benefits (1000)</i>	\$486,744	\$589,573	\$102,829	21%
<i>Services and Supplies (2000)</i>	\$377,957	\$415,417	\$37,460	10%
<i>Designated Reserve (730)</i>	\$0	\$43,798	\$43,798	-
<i>Total Expenses</i>	\$864,701	\$1,048,788	\$184,087	21%

The increase in the proposed operating budget is largely derived from the following major cost drivers:

- New Hire in September (Office Equip.) Approximately \$80,000
- Audit, bi-annual Approximately \$16,000
- Office Relocation Approximately \$12,000
- Designated Reserve \$43,798

Proposed Funding (Revenue):

LAFCO's budget is typically funded by the County and city apportionments, fees collected from project applications, interest income, and fund balance appropriation. Table 2 below summarizes the sources of funding for the Proposed Budget compared to the prior year.

Table 2: Summary of LAFCO's Sources of Funding (Revenue)

Budget Categories	2021-22 Adjusted Budget	2022-23 Proposed Budget	+/-	Percent Change
<i>Licenses, Permits, and Franchise (9200)</i>	\$20,000	\$75,000	\$55,000	257%
<i>Revenue from Use of Money (9400)</i>	\$3,000	\$3,000	\$0	0%
<i>Intergovernmental Revenues (9500)</i>	\$711,404	\$895,788	\$184,384	26%
<i>Fund Balance Appropriation</i>	\$40,953	\$75,000	\$34,047	83%
<i>Encumbrance Roll-Over</i>	\$89,346	\$0	(\$89,346)	(100%)
<i>Total Revenue</i>	\$775,357	\$1,048,788	184,085	21%

Table 3 below summarizes notable changes between the prior year and the Proposed Budget. Note that a total is not provided in the table because the budget line items identified span multiple budget categories.

Table 3: Notable Changes from FY 21/22 Adjusted Budget to FY 22/23 Proposed Budget

Line Item	Description	Explanation	Increase (Decrease) vs. FY 21/22 Adjusted Budget
1000	Salaries & Benefits	Merit increases, two employees changed age brackets, and a new hire starting in September.	\$102,829
2028	Telephone Service	New Hire in September	\$1,464
2200	Office Expense	New Hire in September, and office space relocation	\$12,000
2235	Accounting Services	Audit, (audits are biennial)	\$17,871
2239	Legal Services	Anticipate increase for legal advice	\$12,950
2245	Contracted Services	Anticipate more City MSR's, but cities pay for their own applications and costs.	(\$7,500)
2266	Central Data Processing	IT and GIS assistance fee determined by County	(\$16,603)
2295	Rents & Leases – Bldg/Imprv	Office relocation and general rent increase	\$5,966
730	Reserve	Increased Expenses raise the minimum Reserve	\$43,798
740	Fund Balance		\$34,047
9229	Licenses and Permit	Increase of projected revenue from application fees due to an increase in anticipated projects.	\$55,000

Cities and County Apportionment

As reflected in Table 2 above, the most substantial source of funding for LAFCO's operational cost comes from the County and the seven cities. For fiscal year 2022-23, the proposed invoice to the County and cities total \$895,788, an increase of \$184,384 from FY 21-22.

Staff calculated the estimated cost to the County and cities using the most recent financial report from the State Controller's Office (SCO) and based on the "Governmental Funds Revenues" per the Solano County Auditor-Controller. Table 4 on the following page provides the *estimated* billing to the County and the seven cities.

Table 4: Estimated Billing to the County and Cities

ESTIMATED BILLING TO COUNTY AND CITIES FOR FY 2022-23					
Agency	Governmental Funds Revenues (FY 19/20)*	Cost %	FY 21/22 Actual Invoice per Auditor	FY 22-23 Estimate	+/-
Benicia	\$ 50,640,435.00	8.40%	\$29,543.53	\$37,613.58	\$8,070.05
Dixon	\$ 38,746,653.00	6.43%	\$19,799.71	\$28,779.38	\$8,979.67
Fairfield	\$ 146,434,537.00	24.28%	\$90,542.01	\$108,765.39	\$18,223.38
Rio Vista	\$ 10,197,734.00	1.69%	\$7,737.91	\$7,574.45	-\$163.46
Suisun City	\$ 27,848,217.00	4.62%	\$15,127.43	\$20,684.48	\$5,557.05
Vacaville	\$ 162,524,795.00	26.95%	\$92,221.71	\$120,716.55	\$28,494.84
Vallejo	\$ 166,622,537.00	27.63%	\$100,729.71	\$123,760.18	\$23,030.47
<i>Subtotal: Cities</i>	<i>\$ 603,014,908.00</i>	<i>100.00%</i>	<i>\$355,702.01</i>	<i>\$447,894.00</i>	<i>\$92,191.99</i>
County			\$355,702.01	\$447,894.00	\$92,191.99
TOTAL			\$711,404.02	\$895,788.00	\$184,383.98

*Most recent report available as of 4/18/22

Please note- SCO usually releases a more current report post-adoption of LAFCO's final budget.

Revenues from Project Fees

Anticipated revenues from fees for proceedings undertaken by LAFCO are expected to increase from the prior year, from \$20,000 to \$75,000. Staff anticipates the following projects will require LAFCO action:

- Fire District Reorganization.
- Municipal Service Reviews and Sphere of Influence Reviews/Updates for Vacaville, Fairfield, and Dixon.
- Reorganizations (includes annexation into one boundary and detachments from others) for Dixon, Fairfield, and Dixon.

Interest Income

No change is proposed to interest income. For the prior year, staff estimated earning \$3,000 from interest income.

Fund Balance

Historically, the Commission applies fund balance from prior years to future years. For example, in FY 2020-21, the Commission applied \$82,494 from the prior year. For FY 2021-22, Commission applied \$40,953. Currently, the Commission's fund balance account totals \$257,693.

Staff recommends the following:

1. The Commission appropriates \$75,000 to offset the cost of funding the Proposed Budget, thus keeping the billing to the County and the seven cities relatively lower and more comparable to the prior year.
2. Consider options for the balance of \$174,401.
 - a) Increase the Commission's existing Reserve Account (0000730).
 - b) Appropriate additional funds to further offset the cost of funding the Proposed Budget.
 - c) Leave as is. (Commission may appropriate funds in future years, 2023-24.)

Scenario 1 above is depicted in the Proposed Budget, Attachment A and is staff's recommended option.

PROPOSED WORK PLAN: (see Attachment B)

In conjunction with a proposed budget, the Commission adopts an annual workplan. The Workplan typically includes tasks and projects, prioritization, categorization; and, task comments. The proposed Workplan includes 13 identified tasks with associated projects.

All identified items are important; however, given available resources, it is helpful to prioritize the items identified. A high priority classification indicates that the item is: time-sensitive, high-value, and critical. The Workplan includes eight high-priority projects/tasks and four medium priority tasks. There are four categories: Projects (P); Commission Directives (C); Administrative (A); and; Legislative (L). These categories are described as follows:

Projects – In consultation with agencies, a list of near-term projects has been developed. These projects have been submitted, or it is anticipated that they will be submitted in FY 22/23.

Commission Directive – Solano LAFCO provides leadership and partnership roles in Solano County through proactive initiatives designed to support the efficient delivery of municipal services and to foster relationships among local and regional agencies and organizations.

Administrative – The proposed FY 22/23 Workplan includes administrative projects that support organizational effectiveness and internal efficiencies. In addition to the daily LAFCO office duties and Commission meeting prep and follow-up, the proposed Workplan includes administrative tasks that help keep local agencies and the public informed and improve organizational effectiveness. It is critical to maintain internal efficiencies that support Solano LAFCO’s organizational effectiveness and to meet statutory requirements.

Legislative - Solano LAFCO is required by Statute to process organization and reorganization changes, conduct sphere of influence updates, conduct municipal service review studies, adopt local policies and procedures, address website ADA Compliance and fulfill other legal mandates.

CONCLUSION AND RECOMMENDATION:

The Proposed Budget for FY 22-23 reflects the costs and resource needs for carrying out LAFCO’s responsibilities including the FY 22-23 Workplan. In the coming weeks, staff will be presenting the Proposed Budget to the City/County Manager’s Group and the Community Development/Planning Director’s Group to solicit comments. Staff will inform the Commission of their remarks at the May 2nd Public Hearing.

The Adhoc Committee and staff recommend the Commission adopt or adopt with modifications the Proposed Budget and Workplan for the fiscal year 2022-2023.

Attachments:

A – Proposed Budget FY 22-23

B – Proposed Workplan FY 22-23

ATTACHMENT A

Proposed Budget for Fiscal Year 2022-2023

		Description	20/21 ACTUALS	21/22 Adjusted Budget (AB)	21/22 YE Estimate w/EN	FY 22/23 Proposed Budget (PB)	Diff Between PB and 20/21 AB: PB-AB	Pct of PB and AB: (PB-AB)/AB	
EXPENSES	1000	SALARIES AND EMPLOYEE BENEFITS							
	0001110	SALARY/WAGES REGULAR	\$341,282	\$357,842	\$337,351	\$ 426,170	\$ 68,328	19%	
	0001121	SALARY/WAGES-EXTRA HELP	\$4,668	\$0	\$0	\$ -	\$ -	#DIV/0!	
	0001210	RETIREMENT-EMPLOYER	\$37,304	\$43,662	\$40,436	\$ 50,452	\$ 6,790	16%	
	0001212	DEFERRED COMP-COUNTY MATCH	\$373	\$390	\$368	\$ 520	\$ 130	33%	
	0001220	FICA-EMPLOYER	\$5,663	\$5,189	\$4,910	\$ 6,180	\$ 991	19%	
	0001230	HEALTH INS-EMPLOYER	\$30,908	\$47,181	\$43,737	\$ 66,259	\$ 19,078	40%	
	0001231	VISION CARE INSURANCE	\$393	\$475	\$435	\$ 781	\$ 306	64%	
	0001240	COMPENSATION INSURANCE	-\$208	\$1,909	\$1,837	\$ 1,900	\$ (9)	0%	
	0001241	LT DISABILITY INSURANCE ER	\$1,487	\$1,603	\$1,603	\$ 3,666	\$ 2,063	129%	
	0001250	UNEMPLOYMENT INSURANCE	\$1,064	\$1,302	\$1,302	\$ 1,500	\$ 198	15%	
	0001260	DENTAL INS-EMPLOYER	\$1,952	\$2,796	\$2,602	\$ 3,638	\$ 842	30%	
	0001270	ACCRUED LEAVE CTO PAYOFF	\$22,564	\$21,894	\$39,828	\$ 25,000	\$ 3,106	14%	
	0001290	LIFE INSURANCE-EMPLOYER	\$2,145	\$2,501	\$2,501	\$ 3,507	\$ 1,006	40%	
		TOTAL	SALARIES AND EMPLOYEE BENEFITS	\$449,595	\$486,744	\$476,910	\$ 589,573	\$ 102,829	21%
		2000	SERVICES AND SUPPLIES						
		0002021	COMMUNICATION-TELEPHONE SYSTEM	\$798	\$748	\$748	\$ 1,000	\$ 252	34%
		0002025	CELLULAR COMMUNICATION SERVICE	\$643	\$616	\$0	\$ -	\$ (616)	-100%
		0002026	CELL PHONE ALLOWANCE	\$1,468	\$2,280	\$2,280	\$ 2,500	\$ 220	10%
		0002028	TELEPHONE SERVICES	\$3,414	\$3,336	\$4,200	\$ 4,800	\$ 1,464	44%
		0002051	LIABILITY INSURANCE	\$0	\$7,250	\$7,250	\$ 7,467	\$ 217	3%
		0002140	MAINTENANCE-BLDGS & IMPROVE	\$423	\$400	\$400	\$ 500	\$ 100	25%
		0002170	MEMBERSHIPS	\$8,745	\$10,267	\$10,267	\$ 11,550	\$ 1,283	12%
		0002180	BOOKS & SUBSCRIPTIONS	\$240	\$400	\$400	\$ 400	\$ -	0%
		0002200	OFFICE EXPENSE	\$2,633	\$3,000	\$4,000	\$ 15,000	\$ 12,000	400%
		0002202	CONT ASSETS COMPUTER RELATED	\$5,865	\$0	\$6,000	\$ 3,000	\$ 3,000	#DIV/0!
		0002204	COMPUTER RELATED ITEMS:<\$500	\$1,452	\$500	\$500	\$ 1,000	\$ 500	100%
		0002205	POSTAGE	\$480	\$911	\$911	\$ 1,000	\$ 89	10%
		0002216	MAINTENANCE/SERVICE CONTRACTS	\$0	\$83	\$0	\$ -	\$ (83)	
		0002235	ACCOUNTING & FINANCIAL SERVICE	\$26,808	\$11,629	\$4,000	\$ 29,500	\$ 17,871	154%
		0002239	LEGAL SERVICE	\$714	\$27,050	\$42,000	\$ 40,000	\$ 12,950	48%
		0002245	CONTRACTED SERVICES	\$30,955	\$187,500	\$187,500	\$ 180,000	\$ (7,500)	-4%
		0002250	OTHER PROFESSIONAL SERVICES	\$27,572	\$30,755	\$25,000	\$ 33,500	\$ 2,745	9%
	0002255	CREDIT CARD PROCESSING FEES	\$28	\$0	\$0	\$ -	\$ -		
	0002266	CENTRAL DATA PROCESSING SVCE	\$12,077	\$39,703	\$20,000	\$ 23,100	\$ (16,603)	-42%	
	0002270	SOFTWARE	\$0	\$900	\$1,000	\$ -	\$ (900)	-100%	
	0002271	SOFTWARE RENTAL / SUBSCRIPTION	\$1,341	\$947	\$1,000	\$ 3,000	\$ 2,053	217%	
	0002280	PUBLICATIONS AND LEGAL NOTICES	\$579	\$2,000	\$2,000	\$ 1,500	\$ (500)	-25%	
	0002285	RENTS & LEASES - EQUIPMENT	\$7,857	\$7,483	\$8,000	\$ 8,400	\$ 917	12%	
	0002295	RENTS & LEASES-BUILDINGS/IMPR	\$17,128	\$19,034	\$19,034	\$ 25,000	\$ 5,966	31%	
	0002310	EDUCATION & TRAINING	\$50	\$2,000	\$2,000	\$ 1,000	\$ (1,000)	-50%	
	0002335	TRAVEL EXPENSE	\$0	\$10,000	\$4,000	\$ 12,000	\$ 2,000	20%	
	0002339	MANAGEMENT BUSINESS EXPENSE	\$934	\$963	\$1,000	\$ 2,000	\$ 1,037	108%	
	0002354	CAR ALLOWANCE	\$7,830	\$7,200	\$8,000	\$ 7,200	\$ -	0%	
	0002355	PERSONAL MILEAGE	\$0	\$1,000	\$250	\$ 1,000	\$ -	0%	
		TOTAL	SERVICES AND SUPPLIES	\$160,035	\$377,957	\$361,740	\$ 415,417	\$ 37,460	10%
		3000	OTHER CHARGES						
	0003696	OTHER CHARGES	\$232	\$0	\$0	\$ -	\$ -	#DIV/0!	
		OTHER EXPENSES							
	0000730	20% RESERVE POLICY ADJ	\$21,233	\$0	\$0	\$ 43,798	\$ 43,798	#DIV/0!	
		TOTAL	TOTAL EXPENSES	\$631,095	\$864,701	\$838,649	\$ 1,048,788	\$ 184,087	21%
REVENUES	9200	LICENSES, PERMITS & FRANCHISE							
	0009229	LICENSES, PERMITS & FRANCHISE	\$49,000	\$20,000	\$75,000	\$ 75,000	\$ 55,000	275%	
		9400	REVENUE FROM USE OF MONEY/PROP						
	0009401	REVENUE FROM USE OF MONEY/PROP	\$6,239	\$3,000	\$3,000	\$ 3,000	\$ -	0%	
		9500	INTERGOVERNMENTAL REVENUES						
	0009511	INTERGOVERNMENTAL REVENUES	\$711,739	\$711,404	\$711,404	\$ 895,788	\$ 184,384	26%	
		OTHER REVENUE							
	740	FUND BALANCE FROM PY	\$82,494	\$40,953	\$49,245	\$ 75,000	\$ 34,047	83%	
	TOTAL	TOTAL REVENUES	\$849,472	\$775,357	\$838,732	\$ 1,048,788	\$ 273,431	35%	
SUMMARY	Expenses	1000		\$486,744	\$476,910	\$ 589,573	\$ 102,829	21%	
		2000		\$377,957	\$361,740	\$ 415,417	\$ 37,460	10%	
		3000		\$0	\$0	\$ -	\$ -	#DIV/0!	
		Reserve Adjustment		\$0	\$0	\$ 43,798	\$ 43,798	#DIV/0!	
		TOTAL EXPENDITURES		\$864,701	\$838,649	\$ 1,048,788	\$ 184,087	21%	
	Revenues	9200			\$20,000	\$75,000	\$ 75,000	\$ 55,000	275%
		9400			\$3,000	\$3,000	\$ 3,000	\$ -	0%
		9500			\$711,404	\$711,404	\$ 895,788	\$ 184,384	26%
		Fund Balance Appropriation			\$40,953	\$49,245	\$ 75,000	\$ 34,047	83%
		Encumbrance Roll-over			\$89,346	\$0	\$ -	\$ (89,346)	-100%
		TOTAL REVENUES		\$864,703	\$838,649	\$ 1,048,788	\$ 184,085	21%	

2022-23 Proposed Workplan

#	Task/Project	Priority	Category	Comments
1	Fire Services	High	C	Con't. working with the applicant, districts, stakeholders, and Fire Ad Hoc Committee in analyzing the proposed reorganization.
2	Municipal Service Review (MSR)/Sphere of Influence (SOI) Updates	High	P	<i>City of Dixon (c 2014)</i> <i>City of Vacaville (c 2017) (PY funds)</i> <i>Solano Irrigation District (c 2014)</i>
3	SOI Updates	High	P	Rural North Vacaville Water District Suisun City Fire Protection Districts Adopt remaining SOI for RDs with boundary issues.
4	Reorganizations	High	P	<i>Fire Districts</i> <i>Fairfield:</i> <ul style="list-style-type: none"> • Sunset Townhomes Sunset Ave/ East Tabor Ave • DeNova Pittman Road • Property on Sunset Ave /Railroad Ave <i>Benicia:</i> <ul style="list-style-type: none"> • Benicia Road /Columbus Pkwy (Island Annexation) • Goodyear Road – ‘Compost Site’ <i>Vacaville:</i> Nut Tree Airport vicinity (Island Annexation) <i>Dixon:</i> <ul style="list-style-type: none"> • East Central Dixon • Lombardo Property
5	Boundary and Sphere of Influence (SOI) Mapping/Reconciliation	High	L	Verify, correct, and map Cemetery District boundaries and SOIs. Con't work with County GIS to update and correct boundary layers.
6	Human Resource	High	A	Hire an Office/Analyst person.
7	Audit	High	A	Contract with outside consultant to conduct an audit.
8	Outreach	High	C	Ongoing outreach to local agencies, cities, county, developers, and the public: <ul style="list-style-type: none"> • <i>Ag Innovation Group: Assist and participate in the creation and kick-off of the Ag Innovations Collaboration group.</i> • <i>Solano Economic Development Corporation</i> • <i>Planning Directors Meeting</i> • <i>CALAFCO – Bay Area EO Group</i> Improve outreach by improving website design by changing vendors.

9	Independent Special District Member Representative for Oversight Board	High	L	Run election within Special Districts to fill vacant seat on Solano Consolidation Oversight Board
10	Fees Update	Medium	A	Update application charge out rates to reflect the Commission's current costs for processing projects.
11	Website Improvement	Medium	L	Address ADA compliance, improve usability, and usefulness.
12	Island Campaign	Medium	C	Develop island annexation campaign with Resource Management and the Cities.
13	Policies and Standards	Medium	A	Improve outreach by improving website design by changing vendors. with CKH. Create Submittal Checklists.