



Solano Local Agency Formation Commission

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Staff Report

DATE: February 15, 2023
TO: Local Agency Formation Commission
FROM: Rich Seithel
SUBJECT: Fiscal Year 2022/23 Mid-Year Budget Report

RECOMMENDATION:

That the Commission receive the FY 2022/23 Mid-Year Budget report.

DISCUSSION:

The fiscal year (FY) 2022/23 mid-year (MY) budget status provides an overview of LAFCO's expenses and revenues through December 31, 2022. The Commission adopted a \$1,048,788 FY 2022/23 operating budget on June 13, 2022. Attachment A is a table that depicts the approved budget by line item, mid-year actuals, comparison of the two, and year-end estimates.

I. **Approved Budget:**

The \$1,048,788 FY 2022/23 Approved Budget categories include:

Budget Categories	2022-23 Budget	% of Total Approved
Salaries and Benefits (1000)	\$589,573	56%
Services and Supplies (2000)	\$415,417	40%
Designated Reserve (730)	\$43,798	4%
Total Expenditures	\$1,048,788	100%
Licenses, Permits, and Franchise (9200)	\$75,000	7%
Revenue from Use of Money (9400)	\$3,000	1%
Intergovernmental Revenues (9500)	\$895,788	85%
Fund Balance Appropriation	\$75,000	7%
Total Revenue	\$1,048,788	100%

Commissioners

John Vasquez, Chair • Nancy Shopay, Vice-Chair • Ron Kott • Mitch Mashburn • Steve Bird

Alternate Commissioners

Robert Guerrero • Alma Hernandez • Wanda Williams

Staff

Rich Seithel, Executive Officer • Christina Love, Deputy Executive Officer • Aaron Norman, Analyst II • Mala Subramanian, Lead Legal Counsel

Expenses in the Final Approved Budget for FY 2022/23 were built around the anticipated tasks identified in the 2022/23 Workplan, see Attachment B. Major drivers were:

- The expected office relocation; which includes moving office furniture, mechanical and electrical equipment, file storage, and an increase in lease because of a larger space
- Hiring the approved office administrator/clerk; including purchasing new office furniture, new computer set-up, activating a phone line and software licenses, and an increase in salary and benefits;
- Anticipated high-profile projects expected to require third party consulting and assistance
- Biennial Audit

II. Mid-Year Analysis:

At Mid-Year, expenditures total \$298,739 (29.73%) and revenues total \$954,665 (94.99%) of the approved budget.

Budget Categories	Approved	MY Actual	MY% of Approved
Salaries and Benefits (1000)	\$589,573	\$212,588	36%
Services and Supplies (2000)	\$415,417	\$86,151	21%
Designated Reserve (730)	\$43,798	\$43,798	100%
Total Expenditures	\$1,048,788	\$342,537	33%
Licenses, Permits, and Franchise (9200)	\$75,000	\$0	0%
Revenue from Use of Money (9400)	\$3,000	\$4,675	156%
Intergovernmental Revenues (9500)	\$895,788	\$895,788	100%
Fund Balance Appropriation	\$75,000	\$75,000	100%
Total Revenue	\$1,048,788	\$975,463	93%

A mid-year budget breakdown by line item is included as Attachment A. Below is an explanation of impacts to the mid-year budget that account for differences between the Approve Budget and the mid-year actual.

1. Salaries and Benefits (1000 series):

At mid-year, salaries and benefits are at \$212,588, which is 36% of the salaries and benefits budgeted. The mid-year salaries and benefits items are less than 50% for the following reasons:

- Salaries/Wages (#1110) – Mid-year is roughly 33% of the Approved Budget. The budget anticipated hiring the Office Administrator/Clerk around September. However, because of the delay in the new larger location being available, hiring was delayed. Additionally, the departure of the LAFCO Analyst II/Sr Analyst was not anticipated. The year-end estimate includes budgeting for the new-hired LAFCO Analyst II, and for the Office Administrator/Clerk as soon as possible.

- Health and Benefits (#1000's series) – The budget anticipated health insurance and other benefits for a staff of four persons. It took two months to replace the vacant analyst position. In addition, the delay in the new, larger office created a delay for the new Office Administrator/Clerk position. Thus, the total for health and benefits for the agency is only at 26% of the anticipated cost.

2. Services and Supplies (2000 series):

At mid-year, the Services and Supplies account (2000 series) is at 21% of the Approved Budget. The lower expenses can be attributed to:

- Lease Expense/Building – The current office space lease payment will not be charged until March, as it was last fiscal year. Additionally, LAFCO was expected to be relocated into a larger office space in fall 2022, which would have resulted in a higher lease. However, the relocation space has not been completed yet. LAFCO is currently in negotiations with the County for the relocation space and lease contract.
- Other Relocation Expenses – The approved budget accounted for other relocation related expenses, such as moving the commercial printer, moving phone lines, moving internet connections, and moving furniture and onsite storage.
- New Hire Equipment Expenses – Hiring the new Office Administrator/Clerk not only incurs salary and benefits expenses, but also equipping a new work station. Computer equipment, office furniture, phone and internet connections, and software memberships will be necessary.
- Contracted Services / Project Related Expenses – The Approved Budget anticipated some significant project applications that would require third party assistance. Two high profile projects of significant regional concern were anticipated to be submitted in Fall 2022, but are reportedly delayed. And the Vacaville Municipal Service Review and Sphere of Influence Update is anticipated to begin in Spring 2023

The Solano Irrigation District Municipal Service Review scope of work and contract negotiation is underway with Milani and Associates. Continued work on the Rural North Vacaville Water District Municipal Service Review conditions and the Update to the Sphere of Influence is ongoing with the District and Milani and Associates.

- Travel Expenses – The Approved Budget anticipated 3 staff persons would attend the 2022 CALAFCO conference. However, circumstances resulted in only two staff persons attending and no Commissioners. The 2023 Staff Workshop is coming in April.
- Accounting & Financial – The final budget included funding for the standard bi-annual audit. The Audit is underway and near completion, therefore the expenses will be reflected soon. Additionally, the Solano County Auditor Controller's Office (ACO), who processes vendor claims for LAFCO, invoices LAFCO for services in May typically.

3. Revenue (9000):

By mid-year, Staff was able to complete two small annexations into RNVWD. However, as of the end of January 2023, another RNVWD annexation and two SID detachments were completed. As such, \$29,000 in project application funds will be moved from the holding account to the revenue account (9200 – Licenses, Permits, and Franchise).

Staff is currently processing another RNVWD annexation. Staff is also anticipating two SID detachments, an SID annexation, and a Fairfield Island Annexation package within the next couple months. At the time of the FY 22/23 Approved Budget, there were several other large impending projects that LAFCO spoke with other agencies about, but have not come to fruition.

Year-End Estimates:

The Commission's FY 2022/23 Budget continues to be financially sound. Each category is projected to be within their budgeted amounts at year-end, or slightly under. As calculated in Attachment A, staff forecasts year-end expenditures at 89% of the adjusted budget and revenues of 96%.

Budget Categories	Approved	MY Actual	YE Est	YE vs. Approved
Salaries and Benefits (1000)	\$589,573	\$212,588	\$487,660	(\$101,913)
Services and Supplies (2000)	\$415,417	\$86,151	\$400,917	(\$14,500)
Designated Reserve (730)	\$43,798	\$43,798	\$43,798	\$0
Total Expenditures	\$1,048,788	\$342,537	\$932,375	(\$116,413)
Licenses, Permits, and Franchise (9200)	\$75,000	\$0	\$29,000	(\$46,000)
Revenue from Use of Money (9400)	\$3,000	\$4,675	\$5,000	\$6,675
Intergovernmental Revenues (9500)	\$895,788	\$895,788	\$895,788	\$0
Fund Balance Appropriation	\$75,000	\$75,000	\$75,000	\$0
Total Revenue	\$1,048,788	\$975,463	\$1,007,788	(\$44,000)

*amounts are rounded up/down to nearest whole dollar and whole percentage.

The Year-End forecast for the expenditures is \$932,375, and the forecast for revenues is \$1,007,788. Therefore, the FY 22/23 Budget is anticipated to remain fiscally sound.

Attachments:

Attachment A – Fiscal Year 2022/23 Mid-Year Budget Worksheet

Attachment B – Fiscal Year 2022/23 Workplan Status Update

ATTACHMENT B

FY 2022/23 Mid-Year Review Report							
Subobject	Subobject Description	FY 22/23 Approved Final Budget	FY 22/23 Actuals as of Dec 31, 2022	FY 22/23 Difference Between Budget & MY	% of Approved Budget	FY 22/23 End of Year Projection	EOY Projection vs. FY 22/23 Approved
0001110	SALARY/WAGES REGULAR	\$426,170	\$156,302	\$269,868	37%	\$363,802	(\$62,368)
0001210	RETIREMENT-EMPLOYER	\$50,452	\$22,417	\$28,035	44%	\$37,069	(\$13,383)
0001212	DEFERRED COMP-COUNTY MATCH	\$520	\$63	\$457	12%	\$168	(\$352)
0001220	FICA-EMPLOYER	\$6,180	\$2,528	\$3,652	41%	\$5,441	(\$739)
0001230	HEALTH INS-EMPLOYER	\$66,259	\$15,795	\$50,464	24%	\$44,943	(\$21,316)
0001231	VISION CARE INSURANCE	\$781	\$62	\$719	8%	\$462	(\$319)
0001240	COMPENSATION INSURANCE	\$1,900	\$1,410	\$490	74%	\$1,700	(\$200)
0001241	LT DISABILITY INSURANCE ER	\$3,666	\$478	\$3,188	13%	\$1,200	(\$2,466)
0001250	UNEMPLOYMENT INSURANCE	\$1,500	\$210	\$1,290	14%	\$1,500	\$0
0001260	DENTAL INS-EMPLOYER	\$3,638	\$1,182	\$2,456	32%	\$2,868	(\$770)
0001270	ACCRUED LEAVE CTO PAYOFF	\$25,000	\$11,636	\$13,364	47%	\$25,000	\$0
0001290	LIFE INSURANCE-EMPLOYER	\$3,507	\$507	\$3,000	14%	\$3,507	\$0
	SUBTOTALS	\$589,573	\$212,588	\$376,985	36%	\$487,660	(\$101,913)
0002021	COMMUNICATION-TELEPHONE SYSTEM	\$1,000	\$218	\$782	22%	\$1,000	\$0
0002026	CELL PHONE ALLOWANCE	\$2,500	\$795	\$1,705	32%	\$2,000	(\$500)
0002028	TELEPHONE SERVICES	\$4,800	\$1,975	\$2,825	41%	\$4,800	\$0
0002051	LIABILITY INSURANCE	\$7,467	\$7,025	\$442	94%	\$7,467	\$0
0002140	MAINTENANCE-BLDGS & IMPROVE	\$500	\$0	\$500	0%	\$500	\$0
0002170	MEMBERSHIPS	\$11,550	\$9,122	\$2,428	79%	\$11,550	\$0
0002180	BOOKS & SUBSCRIPTIONS	\$400	\$48	\$352	12%	\$400	\$0
0002200	OFFICE EXPENSE	\$15,000	\$1,394	\$13,606	9%	\$15,000	\$0
0002202	CONT ASSETS COMPUTER RELATED	\$3,000	\$83	\$2,917	3%	\$3,000	\$0
0002204	COMPUTER RELATED ITEMS:<\$500	\$1,000	\$0	\$1,000	0%	\$1,000	\$0
0002205	POSTAGE	\$1,000	\$10	\$990	1%	\$1,000	\$0
0002235	ACCOUNTING & FINANCIAL SERVICE	\$29,500	\$1,995	\$27,505	7%	\$27,000	(\$2,500)
0002239	LEGAL SERVICE	\$40,000	\$6,819	\$33,181	17%	\$40,000	\$0
0002245	CONTRACTED SERVICES	\$180,000	\$21,595	\$158,405	12%	\$180,000	\$0
0002250	OTHER PROFESSIONAL SERVICES	\$33,500	\$12,729	\$20,771	38%	\$23,000	(\$10,500)
0002266	CENTRAL DATA PROCESSING SVCE	\$23,100	\$11,514	\$11,586	50%	\$23,100	\$0
0002271	SOFTWARE RENTAL / SUBSCRIPTION	\$3,000	\$779	\$2,221	26%	\$3,000	\$0
0002280	PUBLICATIONS AND LEGAL NOTICES	\$1,500	\$0	\$1,500	0%	\$500	(\$1,000)
0002285	LEASE EXPENSE-COPIERS/MFD'S ST	\$8,400	\$2,489	\$5,911	30%	\$8,400	\$0
0002295	LEASE EXPENSE - BUILDINGS ST	\$25,000	\$0	\$25,000	0%	\$25,000	\$0
0002310	EDUCATION & TRAINING	\$1,000	\$24	\$976	2%	\$1,000	\$0
0002335	TRAVEL EXPENSE	\$12,000	\$3,528	\$8,472	29%	\$12,000	\$0
0002339	MANAGEMENT BUSINESS EXPENSE	\$2,000	\$230	\$1,770	11%	\$2,000	\$0
0002354	CAR ALLOWANCE	\$7,200	\$3,780	\$3,420	53%	\$7,200	\$0
0002355	PERSONAL MILEAGE	\$1,000	\$0	\$1,000	0%	\$1,000	\$0
0000730	20% RESERVE POLICY ADJUSTMENT	\$43,798	\$43,798	\$0	100%	\$43,798	\$0
	SUBTOTAL	\$459,215	\$129,949	\$329,266	28%	\$444,715	(\$14,500)
0009229	LICENSES & PERMITS-OTHER	\$75,000	\$0	\$0	0%	\$29,000	(\$46,000)
0009401	INTEREST INCOME	\$3,000	\$4,675	(\$1,675)	156%	\$5,000	\$6,675
0009511	OTHER GOVERNMENTAL AGENCIES	\$895,788	\$895,788	\$0	100%	\$895,788	\$0
0000720	FUND BALANCE APPROPRIATION	\$75,000	\$75,000	\$0	100%	\$75,000	\$0
EXPENSES		\$1,048,788	\$342,537	\$706,251	33%	\$932,375	(\$116,413)
REVENUES		\$1,048,788	\$975,463	(\$1,675)	93%	\$1,004,788	(\$44,000)

ATTACHMENT A**2022-23 Proposed Workplan**

#	Task/Project	Comments
1	Fire Services	Con't. working with the applicant, districts, stakeholders, and Fire Ad Hoc Committee in analyzing the proposed reorganization. <i>Ongoing</i>
2	Municipal Service Review (MSR)/ Sphere of Influence (SOI) Updates	City of Vacaville (c 2017) (PY funds) <i>Unkown</i> Solano Irrigation District (c 2014) <i>Negotiating Contract</i>
3	SOI Updates	Rural North Vacaville Water District <i>Underway</i> Suisun City <i>Unkown</i>
4	Reorganizations	Fire Districts <i>Ongoing</i> Fairfield: <i>Incoming</i> <ul style="list-style-type: none"> • Sunset Townhomes Sunset Ave/ East Tabor Ave • DeNova Pittman Road • Property on Sunset Ave /Railroad Ave Vacaville: Nut Tree Airport vicinity (Island Annexation) <i>Unkown</i>
5	Boundary and Sphere of Influence (SOI) Mapping/Reconciliation	Verify, correct, and map Cemetery District boundaries and SOIs. Con't work with County GIS to update and correct boundary layers. <i>Ongoing</i>
6	Human Resource	Hire an Office/Analyst person. <i>Underway</i>
7	Audit	Contract with outside consultant to conduct an audit. <i>Underway</i>
8	Outreach	Ongoing outreach to local agencies, cities, county, developers, and the public:. <ul style="list-style-type: none"> • Solano Economic Development Corporation • Planning Directors Meeting • CALAFCO – Bay Area EO Group Improve outreach by improving website design by changing vendors. <i>Updated and Ongoing</i>
9	Independent Special District Member Representative for Oversight Board	Run election within Special Districts to fill vacant seat on Solano Consolidation Oversight Board <i>Underway</i>
10	Fees Update	Update application charge out rates to reflect the Commission's current costs for processing projects.
11	Website Improvement	Address ADA compliance, improve usability, and usefulness. <i>Completed and Ongoing</i>
12	Island Campaign	Develop island annexation campaign with Resource Management and the Cities. <i>Underway</i>
13	Policies and Standards	Improve outreach by improving website design by changing vendors. with CKH. <i>Completed</i> Create Submittal Checklists.