



Solano Local Agency Formation Commission

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STAFF REPORT

DATE: March 6, 2024
 TO: Local Agency Formation Commission
 FROM: Rich Seithel
 SUBJECT: **Fiscal Year 2023/24 Mid-Year Report**

RECOMMENDATION:

The Commission RECEIVE the FY 2023/24 Mid-Year report.

DISCUSSION:

The fiscal year (FY) 2023/24 Mid-Year (MY) Report provides an overview of LAFCO’s expenses and revenues through December 31, 2023, and a brief Workplan status review. The Commission adopted a \$1,045,559 FY 2023/24 operating budget on June 12, 2023. Soon after, LAFCO created a new job position for a Project Specialist, which led the Commission to adopt an Adjusted Operating Budget of \$1,223,316. (Attachment A is a table that depicts the Adjusted Final Budget by line item, Mid-Year Actuals, comparison of the two, and Year-End projections.)

I. Approved Budget:

The \$1,223,316 FY 2023/24 Adjusted Final Budget (approved Agenda Item 8B on August 14, 2023) categories include:

Table 1: Mid-Year at a Glance

Budget Categories	FY 2023/24 Adjusted Final Budget	FY 2023/24 Actuals as of Dec. 31, 2023	% of Total Approved
Salaries and Benefits (1000)	\$830,321	\$338,651	41%
Services and Supplies (2000)	\$392,996	\$132,061	34%
Other Charges (3000)	\$0	\$1,170	-
Total Expenditures	\$1,223,317	\$471,882	39%
Licenses, Permits, and Franchise (9200)	\$50,000	\$53,000	106%
Revenue from Use of Money (9400)	\$5,000	\$15,071	301%
Intergovernmental Revenues (9500)	\$895,788	\$895,788	100%
Fund Balance Appropriation	\$272,528	\$272,528	100%
Total Revenue	\$1,223,316	1,236,387	101%

(Amounts are rounded up/down to the nearest whole dollar and whole percentage.)

Commissioners

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

Alternate Commissioners

Alma Hernandez • Wanda Williams

Staff

Rich Seithel, Executive Officer • Christina Love, Deputy Executive Officer • Aaron Norman, Analyst II • Tova Guevara, Office Administrator/Clerk • Tyra Hays, Project Specialist • Mala Subramanian, Lead Legal Counsel

FY 2023/24 Workplan progress

Expenses in the Adjusted Final Budget for FY 2023/24 were built around the anticipated tasks identified in the 2023/24 Workplan (Attachment B). Major highlights from the Workplan were:

- ✓ The Rural North Vacaville Water District SOI Update was approved at the December 2023 meeting, effective January 12th, 2024.
- ✓ Fairfield Islands Annexation Phase 1 was completed on Sept. 15th, 2023. (6 parcels)
- ✓ Fairfield Islands Annexation Phase 2 was completed on Jan. 17th, 2024. (6 parcels)
- ✓ Solano Irrigation District MSR working draft (anticipated in Summer 2024).
- ✓ Solano County Cemetery Districts MSR working draft (anticipated in Spring 2024).
- ✓ The City of Fairfield and Cordelia Fire Protection District 56134 Contract. The application was submitted in November but was deemed incomplete. Staff is working diligently with both parties towards a complete application. The City of Fairfield resubmitted their application the end of February 2024.
- ✓ The Fire Reorganization between the Montezuma, Suisun, and Vacaville Fire Protection Districts. The Executive Officer has been meeting with the Districts regularly and is working on a Draft Plan and Memorandum of Understanding.
- ✓ Relocated Offices
- ✓ Hired Project Specialist
- ✓ Six District reorganizations have been completed.
- ✓ Redevelopment Agency Oversight Committee Election for seated and alternate Special District members.

II. Mid-Year Analysis:

At Mid-Year (December 31, 2023), Solano LAFCO’s expenses totaled \$471,882 (39%) and revenues totaled \$1,236,387 (101%) of the Adjusted Final Budget.

Halfway through the year, expenses and revenues are typically expected to be at or close to 50% of an approved budget. However, it may be that subobject categories are under or over the expected 50% mark.

The following table discusses subobject categories where actuals were notably lower or higher than otherwise anticipated at Mid-Year.

Subobject Category	Discussion	MY %
<u>Salaries and Benefits (1000 series):</u> at 41% at mid-year (\$338,651)		
Salaries and Benefits	The new Project Specialist position was filled in late September. The budget anticipated health insurance and other benefits for a staff of five. However, two employees opted out of health insurance, therefore decreasing the cost.	41%

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Subobject Category	Discussion	MY %
<i>Services and Supplies (2000 series):</i> At 34% at mid-year (\$132,061)		
Communication-Telephone System (2021) Telephone Services (2028)	<p>The budget anticipated compensating the County for the phones staff borrowed during the relocation process while Comcast worked to set up the connection. An invoice has not been sent yet.</p> <p>The budget also anticipated an increase in phone expenses for additional staff and a conference room line.</p>	25%
Liability Insurance (2051)	This is a one-time annual payment that is paid in the first quarter.	92%
Memberships (2170)	These are one-time annual payments for CALAFO and California Special District Association memberships that are paid in the first quarter.	71%
Office Expense (2200) Equipment Expense (2201) Computer Expense (2202, 2204) Maintenance – Bldgs & Improv (2140)	The funds under this budget were to help cover the cost of what was needed for the temporary office relocation. However, staff saved a significant amount of money (~\$20,000) by utilizing the surplus furniture General Services offered instead of having to fully furnish 6 spaces plus a conference room.	23%
Contracted Services (2245) Project-Related Expenses (2205, 2280)	<p>The Adjusted Final Budget includes an existing contract with Milani for the Solano Irrigation District (SID) Municipal Service Review (MSR).</p> <p>Additionally, costs for public notices for the SID MSR and Cemetery Districts MSR are included in anticipation of the public hearings for the draft documents.</p>	26%
Other Professional Services (2250)	<p>At the time the mid-year reports were run, staff noticed the LAFCO had paid Solano County Public Works for time that the County Surveyor spent reviewing legal descriptions and maps for recording. These expenses were unexpected charges to LAFCO that were not part of the fiscal year budget instructions, and therefore not anticipated in the final budget.</p> <p>These charges were completed without LAFCO knowledge or signature, and therefore staff was only made aware after the mid-year reports were run.</p>	81%
Building Lease (2295)	Solano LAFCO rents office space from Solano County. Solano County has not invoiced LAFCO for rent and therefore the full amount of funds remain in the account.	0%

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Subobject Category	Discussion	MY %
Copiers Lease (2285)	LAFCO's copier lease is for more than 12 months and therefore is considered long-term. ¹ The Approved Budget for the copier was budgeted under line item 2285, consistent with past practices. However, the Auditor-Controller Office informed staff that the proper line item is 3235 and the lease charges will be reflected in 3235.	67%
Education & Training (2310) Travel Expenses (2335, 2355)	<p>The Adjusted Final Budget anticipated 8 attendees for the 2023 CALAFCO Conference, with the purchase of tickets and hotel.</p> <p>The Budget also includes the 2024 Staff Workshop which is scheduled for April 2024. Four staff members are anticipated to attend. The budget anticipated flights for the Staff Workshop to be in Southern California and therefore expected hotel, flights, and attendance. However, the Staff Workshop is in Pleasanton so the four employees will need hotels, but not flights.</p>	29%
<u>Other Charges (3000 series)</u>		
Copiers Lease	The Auditor-Controller Office informed staff that the proper line item is 3235 and the lease charges will be reflected in 3235 for the remainder of the year.	-
<u>Revenue (9000)</u>		
Revenues, Licenses & Permits	By Mid-Year, Staff has completed several projects, which include: the two phases of Fairfield Island Annexations and six different SID Detachments. This exceeded the anticipated revenues for Licenses & Permits.	106%
Interest Income	In addition, the Interest Income reflected a good market investment with \$10,000 over what staff anticipated. This may, in part, be reflective of the increase if final budget revenues, which were subsequently able to be invested.	301%
Fund Balance Appropriation	The fund balance appropriation supported the new Project Specialist Position employee compensation and office equipment expenses.	100%

¹ Governmental Accounting Standards Board (GASB) 87 Statement effective Fiscal Year 2024.

III. Year-End Estimates:

For the End of Year projections, staff considered upcoming known expenses as well as an estimation of unknown expenses that generally occur each year. Known expenses include purchasing updated reference books published each year, costs associated with attending the CALFCO Staff Conference, Solano County department invoices for services, and monthly bills. Unknown but generally occurring expenses include restocking office supplies, and continued work on current project applications related to contract invoices, plancheck invoices, legal noticing, and legal advice.

The Commission’s FY 2023/24 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 expenses to be at 98% of the Adjusted Final Budget and revenues of 103%.

Table 3: Year-End Estimates

Budget Categories	Approved	MY Actual	YE Est	YE vs. Approved
Salaries and Benefits (1000)	\$830,321	\$338,651	\$819,445	(\$10,876)
Services and Supplies (2000)	\$392,996	\$132,061	\$378,694	(\$25,589)
Other Charges (3000)	\$0	\$1,170	\$11,287	\$11,287
Total Expenditures	\$1,223,317	\$471,882	\$1,198,139	(\$25,178)
Licenses, Permits, and Franchise (9200)	\$50,000	\$53,000	\$73,000	\$23,000
Revenue from Use of Money (9400)	\$5,000	\$15,071	\$15,074	\$10,074
Intergovernmental Revenues (9500)	\$895,788	\$895,788	\$895,789	\$0
Fund Balance Appropriation	\$272,528	\$272,528	\$97,771	\$0
Total Revenue	\$1,223,316	\$1,236,387	\$1,256,391	\$33,075

IV. Conclusion

The Year-End forecast for expenses is \$1,198,139, and the forecast for revenues is \$1,226,391. Therefore, the FY 23/24 Adjusted Final Budget remains fiscally sound.

Attachments:

Attachment A – Fiscal Year 2023/24 Mid-Year Budget Worksheet

Attachment B – Fiscal Year 2023/24 Workplan Status

Attachment A

Agenda Item 9.C - Fiscal Year 2023-24 Mid Year Budget

FY 2023/24 Mid-Year Review Report								
Subsubject	Subsubject Description	FY 23/24 Adjusted Final Budget	FY 23/24 Actuals as of Dec 31, 2023	FY 23/24 Difference Between Budget & MY	% of Adjusted Budget	FY 23/24 End of Year Projection	EOY Projection vs. FY 23/24 Approved	
0001110	SALARY/WAGES REGULAR	\$617,499	\$259,406	\$358,093	42%	\$617,499	\$0	
0001210	RETIREMENT-EMPLOYER	\$70,749	\$29,623	\$41,126	42%	\$70,749	\$0	
0001212	DEFERRED COMP-COUNTY MATCH	\$650	\$230	\$420	35%	\$650	\$0	
0001220	FICA-EMPLOYER	\$8,736	\$3,847	\$4,889	44%	\$8,736	\$0	
0001230	HEALTH INS-EMPLOYER	\$84,287	\$36,841	\$47,446	44%	\$74,016	(\$10,271)	
0001231	VISION CARE INSURANCE	\$750	\$185	\$565	25%	\$750	\$0	
0001240	COMPENSATION INSURANCE	\$2,200	\$1,745	\$455	79%	\$1,745	(\$455)	
0001241	LT DISABILITY INSURANCE ER	\$5,004	\$704	\$4,300	14%	\$5,004	\$0	
0001250	UNEMPLOYMENT INSURANCE	\$1,050	\$233	\$817	22%	\$900	(\$150)	
0001260	DENTAL INS-EMPLOYER	\$5,816	\$2,379	\$3,437	41%	\$5,816	\$0	
0001270	ACCRUED LEAVE CTO PAYOFF	\$28,492	\$2,473	\$26,019	9%	\$28,492	\$0	
0001290	LIFE INSURANCE-EMPLOYER	\$5,088	\$986	\$4,102	19%	\$5,088	\$0	
	SUBTOTALS	\$830,321	\$338,651	\$491,670	41%	\$819,445	(\$10,876)	
EXPENSES	0002021	COMMUNICATION-TELEPHONE SYSTEM	\$11,904	\$237	\$11,667	2%	\$8,000	(\$3,904)
	0002026	CELL PHONE ALLOWANCE	\$2,100	\$863	\$1,238	41%	\$2,100	\$0
	0002028	TELEPHONE SERVICES	\$12,180	\$3,072	\$9,108	25%	\$6,172	(\$6,008)
	0002051	LIABILITY INSURANCE	\$9,089	\$8,317	\$772	92%	\$9,089	\$0
	0002140	MAINTENANCE-BLDGS & IMPROVE	\$500	\$0	\$500	0%	\$500	\$0
	0002170	MEMBERSHIPS	\$11,498	\$8,107	\$3,391	71%	\$11,498	\$0
	0002180	BOOKS & SUBSCRIPTIONS	\$568	\$60	\$508	11%	\$568	\$0
	0002200	OFFICE EXPENSE	\$12,000	\$1,899	\$10,101	16%	\$9,293	(\$2,707)
	0002201	EQUIPMENT >\$1500	\$15,600	\$2,273	\$13,327	15%	\$7,273	(\$8,327)
	0002202	CONT ASSETS COMPUTER RELATED	\$4,500	\$0	\$4,500	0%	\$2,500	(\$2,000)
	0002204	COMPUTER RELATED ITEMS:<\$500	\$1,600	\$965	\$635	60%	\$1,600	\$0
	0002205	POSTAGE	\$700	\$77	\$623	11%	\$700	\$0
	0002235	ACCOUNTING & FINANCIAL SERVICE	\$15,000	\$3,893	\$11,107	26%	\$15,000	\$0
	0002239	LEGAL SERVICE	\$30,200	\$7,482	\$22,718	25%	\$30,200	\$0
	0002245	CONTRACTED SERVICES	\$130,000	\$34,546	\$95,454	27%	\$130,000	\$0
	0002250	OTHER PROFESSIONAL SERVICES	\$16,000	\$12,932	\$3,068	81%	\$16,000	\$0
	0002266	CENTRAL DATA PROCESSING SVCE	\$41,157	\$28,249	\$12,908	69%	\$41,157	\$0
	0002271	SOFTWARE RENTAL / SUBSCRIPTION	\$2,700	\$1,185	\$1,515	44%	\$2,400	(\$300)
	0002280	PUBLICATIONS AND LEGAL NOTICES	\$1,000	\$441	\$559	44%	\$1,000	\$0
	0002285	LEASE EXPENSE-COPIERS/MFD'S ST	\$7,000	\$4,657	\$2,343	67%	\$4,657	(\$2,343)
	0002295	LEASE EXPENSE - BUILDINGS ST	\$28,000	\$0	\$28,000	0%	\$28,000	\$0
	0002310	EDUCATION & TRAINING	\$8,000	\$4,607	\$3,393	58%	\$8,000	(\$0)
	0002335	TRAVEL EXPENSE	\$19,900	\$3,581	\$16,319	18%	\$19,900	(\$0)
0002339	MANAGEMENT BUSINESS EXPENSE	\$2,000	\$867	\$1,133	43%	\$2,000	(\$0)	
0002354	CAR ALLOWANCE	\$7,800	\$3,750	\$4,050	48%	\$7,800	\$0	
0002355	PERSONAL MILEAGE	\$2,000	\$0	\$2,000	0%	\$2,000	\$0	
	SUBTOTAL	\$392,996	\$132,061	\$260,935	34%	\$367,407	(\$25,589)	
	0003235	LEASE EXPENSE -COPIERS/MFD'S LT	\$0	\$1,170	(\$1,170)	#DIV/0!	\$11,287	\$11,287
	SUBTOTAL	\$0	\$1,170	(\$1,170)	#DIV/0!	\$11,287	\$11,287	
REVENUES	0009229	LICENSES & PERMITS-OTHER	\$50,000	\$53,000	(\$3,000)	106%	\$73,000	\$23,000
	0009401	INTEREST INCOME	\$5,000	\$15,071	(\$10,071)	301%	\$15,074	\$10,074
	0009511	OTHER GOVERNMENTAL AGENCIES	\$895,788	\$895,788	\$0	100%	\$895,789	\$0
	0000720	FUND BALANCE APPROPRIATION	\$272,528	\$272,528	\$0	100%	\$272,528	\$0
		SUBTOTAL	\$1,223,316	\$1,236,387	(\$13,071)		\$1,256,391	\$33,074
	EXPENSES	\$1,223,317	\$471,882	\$751,435	39%	\$1,198,139	(\$25,178)	
	REVENUES	\$1,223,316	\$1,236,387	(\$13,071)	101%	\$1,256,391	\$33,075	

Attachment B

Agenda Item 9.C - Fiscal Year 2023-24 Mid Year Budget

2023-2024 Proposed Workplan

#	Task/Project	Priority	Category	Comments
1	Municipal Service Review (MSR) and Sphere of Influence (SOI) Updates	High	P	<ul style="list-style-type: none"> • <i>City of Suisun</i> (c 2016) – City is working on General Plan Amendments. City has started working with a consultant to prepare an MSR. No application submitted • <i>City of Dixon</i> (c 2014) – City is working on General Plan Amendments • <i>City of Vacaville</i> (c 2017) – City is working on General Plan Amendments • <i>Solano Irrigation District</i> (c 2014) – In progress (anticipated draft in March/April 2024) • <i>Cemetery Districts</i> (c 2012) – In progress (anticipated draft in March/April 2024)
2	Fire Services: City of Fairfield Fire Services Contract	High	P/L	GC §56134 Out-of-Agency Services Contract for Fairfield Fire Department and Cordelia Fire Protection District – In progress. Application submitted but deemed incomplete. Staff has been working with Fairfield to address issues. City adopted an updated application Feb 20.
3	Fire Services	High	C	Continue working with the districts, stakeholders, and Fire Ad Hoc Committee in analyzing fire services. – Executive Officer meets with Districts monthly, draft plan in progress
4	SOI Updates	High	C/P	<ul style="list-style-type: none"> • Rural North Vacaville Water District – Completed • Adopt remaining SOI for Reclamation Districts with boundary issues - Ongoing
5	Reorganizations	High	P	<p><i>Suisun</i></p> <ul style="list-style-type: none"> • Suisun Logistics Center – Staff commented on Draft Environmental Impact Report October 2024 • Highway 12 Logistics Center – No known updates <p><i>Fairfield:</i></p> <ul style="list-style-type: none"> • Island Annexations Phase 1 – Completed <ul style="list-style-type: none"> ○ Sunset Ave/ East Tabor Ave (Redtail) – Completed ○ Pittman Road (DeNova) – Completed ○ Sunset Ave /Railroad Ave (Blessed Baptist Church) – Completed • Island Annexations Phase 2 – Completed <ul style="list-style-type: none"> ○ 7 Remnant Parcels – Completed

A: Administrative; C: Commission Directives; L: Legislative; P: Projects

Attachment B

Agenda Item 9.C - Fiscal Year 2023-24 Mid Year Budget

#	Task/Project	Priority	Category	Comments
				<p><i>Vacaville:</i> - These actions require General Plan Amendments and updated MSR/SOI. Vacaville is in the process of evaluating their General Plan Amendments.</p> <ul style="list-style-type: none"> • Nut Tree Airport vicinity (Island Annexation) • Fields at Alamo Creek (east of Leisure Town) • McMurtry Creek Estates • Valley Church (Leisure Town/Sequoia) <p><i>Dixon:</i> - These actions require General Plan Amendments and updated MSR/SOI. Dixon is in the process of evaluating their General Plan Amendment.</p> <ul style="list-style-type: none"> • Lewis Planned Communities (SE Dixon) • Lombardo Property
6	Outreach	High	C	<p>Ongoing outreach to local agencies, cities, county, developers, and the public: - <i>Executive Officer attends meetings weekly. Meets with members individually at lunches.</i></p> <ul style="list-style-type: none"> • Ag Innovation Group • Solano Economic Development Corporation • Planning Directors Meeting • CALAFCO • Bay Area EO Group • Fire District Chiefs Association <p>Improve outreach with continued website updates – <i>Constantly ongoing</i></p>
7	Fees Update	Medium	A	<p>Update application charge-out rates to reflect the Commission's current costs for processing projects. – <i>Completed update to include an application, process, and fee for Fire Service Contracts.</i></p> <p><i>Anticipate additional updates with FY 24/25 Budget.</i></p>
8	Website	Medium	L	<p>Continued and ongoing updates of information accessible online – <i>Consistent updates by staff with continued training in current FY.</i></p>

A: Administrative; C: Commission Directives; L: Legislative; P: Projects