

**LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO**

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DATE: APRIL 9, 2004
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: **AGENDA ITEM #6** – Preliminary Review of Budget for Fiscal Year 04-05,
ITEM (B) Review of Proposed Budget

RECOMMENDATION:

- 1) Adopt changes to the salary range for the following positions:
 - a) Clerk to the Commission/Office Manager (Position No. 40003) from current Range 49 to Range 55, and authorize placement of incumbent employee at Step 9 of Range 55; and,
 - b) Deputy Clerk to the Commission (Position No. 40001) current Range 37 to Range 42, and authorize placement of incumbent employee at Step 9 of Range 42.
- 2) Adopt Resolution No. 2814 amending the current Terms of Employment for LAFCO Employees to reflect the adopted staff changes.
- 3) Review and adopt the Proposed Budget for FY 2004-05 and take the following actions related to policy items:
 - a) Authorize the Executive Officer to sign the “Production Support Agreement for 2004/2005” with the County’s Information Services Department to provide information technology services for the Commission for the upcoming fiscal year; and,
 - b) Authorize the Executive Officer to sign a letter of engagement with the County Auditor/Controller-Recorder, Audits Division, to conduct the financial audit of LAFCO for FY 2003-04;

- c) Authorize direct expense payments by LAFCO for participation of the Public and/or Alternate Public Member in San Bernardino County Special Districts Association monthly meetings, Inland Empire Division of the League of California Cities or other regional association monthly meetings, if invited to participate, noting that they be considered Commission business as authorized by Government Code Section 56334.
- 4) Direct staff to forward the adopted Proposed Budget to all the independent special districts, all cities, and the County for their comment pursuant to Government Code Section 56381; and,
- 5) Schedule a public hearing for May 19, 2004 for the formal adoption of the Final Budget for Fiscal Year 2004-05.

BACKGROUND:

At the April hearing, the Commission will begin its annual rite of spring by commencing its budget review for Fiscal Year 2004-05. Staff cannot remember a presentation in which reference has not been made to the ongoing State budget crisis and its somewhat unknown effects on local government. This year is no different, with the exception that the threat to the revenue stream of local government is taking on monumental proportions. In the past, budget concerns such as these have caused a down turn in Commission activity; however, for the current year, and probably the next, the Commission's activity level is escalating (included with this report is a chart showing the activity level of the Commission over the past 10 years).

Based upon this, staff's approach to the budget for the upcoming fiscal year is to: (1) provide the funding for increased activity levels as well as maintenance of programs and services provided by the Commission; (2) reduce costs wherever possible; and (3) enhance revenues where possible.

With this approach identified, the staff is presenting the Commission with the necessary budgetary information to begin its review. Pursuant to the provisions of Government Code Section 56381, the Commission is required to adopt a proposed budget by May 1st of each year and a final budget by June 15th. Staff hereby presents the Commission with a Proposed Budget for FY 2004-05 to review and consider. As a part of this review, the staff is seeking direction from the Commission on any additions, deletions, or modifications to the line items presented.

EXPENSE CATEGORIES:

1. SALARIES AND BENEFITS:

The first item staff is recommending is that the Commission adjusts the salary range for both the Clerk to the Commission/Office Manager and the Deputy Clerk to the Commission positions. At the November hearing, when the original staff recommendation for adoption of job descriptions and review of salary structures was considered, the Commission directed that an independent review take place (a copy of the November staff report is included as a part of Attachment #3.) Ms. Mary Alcock completed that review of the Job Descriptions, along with a review of the Commission's existing "Terms of Employment" and presented her recommendations regarding both at the March hearing. The actions taken by the Commission at the March hearing were to authorize the rewrite of the existing "Terms of Employment" into a Personnel Policy and Procedure Manual, Benefit Plan, and accounting procedures, exclude any tie-in to County positions types for LAFCO employees, and to modify the Job Descriptions to exclude salary reference and expand skill and/or education requirements for the Clerk to the Commission/Office Manager and Deputy Clerk to the Commission positions.

With that review concluded, the staff is again proposing an adjustment to the salary ranges for the Clerk to the Commission/Office Manager and Deputy Clerk to the Commission positions as a part of the budget considerations. The changes proposed at the November hearing, and again here, are:

- 1) The Clerk to the Commission position be adjusted from Range 49 to Range 55 and the incumbent placed at Step 9 of the 11 range salary structure. This would allow for one additional step increase for the position.
- 2) The Deputy Clerk to the Commission position be adjusted from Range 39 to Range 42 and the incumbent placed at Step 9 of the 11 range salary structure. This would allow for one additional step increase for the position.

At the November hearing the concern expressed was that the reclassification was proposed to reward the incumbents in the position, rather than reflect the functions performed. During the outside review of the job description documents no changes were proposed, except to

elevate the education and experience requirements. The staff's position is that the operations of the Commission, as modified by AB 2838, are now understood, the scope and breadth of the increased activities and requirements for assumption of responsibilities for protest proceedings, notifications, service reviews, etc. are now known. Therefore, the skill sets necessary to perform the tasks associated with these positions are known and the associated salary change is appropriate. In addition, the implementation of these changes will bring these positions more in line with their counterparts, based upon the approved Job Descriptions, within Southern California LAFCOs.

Due to the companion action adopted by the Commission at the March hearing to completely rewrite the "Terms of Employment" and exclude any tie to County positions, that portion of the previous recommendation has been eliminated in this consideration. Approval of the staff's recommended action will require that the Commission adopt a resolution amending its current Terms of Employment to effectuate the changes while a new document is being prepared. A draft resolution is included as Attachment #4 to this report.

The salary and benefit categories presented in the Proposed Budget accommodate the changes outlined above and include the payment of the 3% cost-of-living increase effective July 10, 2004 for all employees as authorized by the current LAFCO Terms of Employment. It includes the anticipated accrual of one full pay period for the upcoming fiscal year and the payment of all current contract benefit amounts.

2. SERVICES AND SUPPLIES:

In reference to the expense categories within the overall Services and Supplies section, the staff is proposing the maintenance of current levels of support to activities begun in prior years, such as website activities, maintenance of city and district digitized maps, etc., within the Services and Supplies budget categories. The proposed budget accommodates the increased costs associated with the preparation of color maps for presentation to the Commission, use on the Website and for distribution of staff reports. The staff has also included the maintenance of the production support agreement with the County's Information Services Department. In addition, the budget presented includes continued authorization for audit services with the County Auditor/Controller's office. The cost for completion of the audit for FY 2003-04 has been estimated at \$6,500 (an increase of \$975 over the prior year).

The staff is responding to requests of Commissioners to include two additional items within the proposed expense list. They are:

- Establish a policy authorizing the Public Member and/or Alternate Public Member to be reimbursed for attendance at meetings sponsored by entities such as the San Bernardino County Special Districts Association (monthly) or other association type meetings within the Inland Empire. Government Code Section 56334 allows for reimbursement of direct expenses for duties associated with Commissioners' respective positions. Payments for expenses to attend the Special Districts Association meetings would be approximately \$360 per year per attendee, while the costs for other types of meetings are not known at the present time. Sufficient appropriations for this have been included within the "Other Travel" line item.
- The question has been raised regarding the provision of business cards for members of the Commission. If the Commission wishes to receive these, they can be provided at a cost of \$142 (one box of 500) per Commissioner (an addition of \$1,562 to the Account #2323).

The staff is also proposing the maintenance of a reserve account for the Commission in the amount of \$44,303 for Fiscal Year 2004-05 (shown within line item account 6025). The Commission's reserve, by past practice, has been annually established.

REVENUE CATEGORIES:

Revenue receipts during the current Fiscal Year are nearly double the targets established in the Fiscal Year 2003-04 budget. The activity level of the Commission for the current year has increased from prior years as shown on the chart included as Attachment #2 to the report. It is estimated, at this time, that current year revenues from all categories will exceed budget targets by approximately \$70,000.

For the upcoming Fiscal Year, pursuant to the provisions of Government Code Section 56381, the net costs of LAFCO are to be divided equally between the County, Cities, and Independent Special Districts. The staff is projecting that the cost to be apportioned next fiscal year will be \$456,000, a \$34,000 (or a roughly 7%) reduction over the prior year. The net costs of the Commission's operations have been reduced in each of the last two years. This net cost will

be apportioned in amounts estimated to be \$152,000 for each category, with the costs for processing by the County Auditor/Controller added to this charge (the cost for 2003-04 was \$1,885). An estimate of the distribution of these costs to the Cities (by the formula identified by statute) and the Independent Special Districts (by alternative formula adopted in 2002) are included as Attachment #5. The Auditor is required by Government Code Section 56381 to prepare this calculation by July 1 of each year based upon the most current State Controller Reports. If new reports are issued between the adoption of the budget and the distribution of charges, the individual agency costs may change.

In addition, the proposed budget anticipates revenue receipts from the modified Schedule of Fees and Charges proposed for consideration as Agenda Item #6A. If these changes are not adopted, the revenues presented in the Proposed Budget would need to be reduced to the prior level.

The Proposed Budget, including spreadsheet and narrative discussion, is attached for Commission review and consideration. The staff will be happy to answer any questions at the hearing on April 21st regarding the items presented.

/krm

Attachments:

1. Proposed Budget -- [Spreadsheet](#) and [Narrative](#)
2. Chart Presenting Proposal Activity FY 93-94 to FY 03-04
3. Staff Report from November 2003 Hearing on Staff Restructuring
4. Draft Resolution #2814 Amending the Terms of Employment
5. Estimated Distribution for City and Special District Costs
6. Draft Production Support Agreement with ISD for FY 2004-05