

# Agenda Item 5



Balancing Community and Commerce

44 N. SAN JOAQUIN STREET □ SUITE 374 □ STOCKTON, CA 95202 □ 209-468-3198

## EXECUTIVE OFFICER'S REPORT

**PROJECT:** FY 2024/2025 Operating Budget – LAFCO 15-24

**PROPOSAL:** Approve a resolution adopting the Final FY 2024/2025 Operating Budget.

**APPLICANT:** San Joaquin Local Agency Formation Commission

**LOCATION:** N/A

**PURPOSE:** Proposed Budget for FY 2024/2025 pursuant to Government Code Section 56381, Annual Budget.

**PROCESS:** This is an administrative matter pursuant to LAFCo policies, all Commissioners to vote on the proposed budget.

## RECOMMENDATION

It is recommended that the Commission approve a resolution approving the final budget as presented at the April 11, 2024, Commission public meeting. The workshop, after a discussion regarding stipends, direction was given to conduct a survey of other LAFCo's. The survey showed that the current stipend of \$100 was at average. The survey also showed that most other LAFCo's have a cap on the stipends allowed per month with 2 days being the most common. Accordingly, staff recommends keeping the stipend at \$100 with a two-day cap per month. The individual cities contributions were adjusted slightly because the 2023 population estimates from the State Finance Department became available on April 30, 2024. All other line items in the final budget remain the same as the preliminary budget. CKH Section 56381 mandates that a final budget shall annually be approved by June 15.

## BACKGROUND

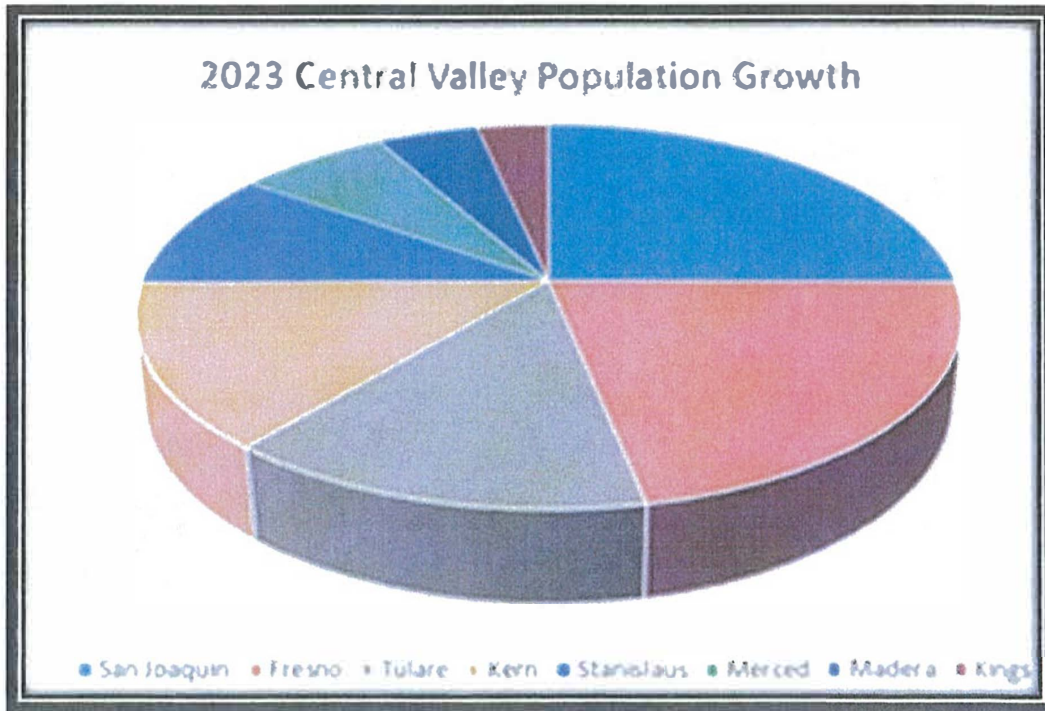
On April 11, 2024, the Commission held a public meeting to review and discuss the preliminary budget for FY 2024/2025. The preliminary budget was reviewed and recommended by the budget sub-committee of Chair Johnson and Commissioner Barton. A key component of the recommended budget for FY 2024/2025 is to keep the County and cities fair share the same as FY 2023/2024 budget. The County and collectively the eight cities fair share at \$259,638.00. With the incorporation of the City of Mountain House on July 1, 2024, the mandated contributions from individual cities that existed last fiscal year decrease and the County contribution remains the same as the approved FY 2023-2024 budget.

FY 2024/2025 Population Based LAFCo Contribution			
	Population	% Population	FY 24-25 Budget
Escalon	7,249	1%	\$ 2,857
Lathrop	37,033	6%	\$ 14,594
Lodi	66,492	10%	\$ 26,203
Manteca	90,917	14%	\$ 35,829
Mountain House	27,602	4%	\$ 10,877
Ripon	15,741	2%	\$ 6,203
Stockton	317,204	48%	\$ 125,004
Tracy	96,609	15%	\$ 38,072
Cities Total	658,847	100%	\$ 259,638
San Joaquin County	786,145	N/A	\$ 259,638

### LAFCo COMPARISON

By in large, the population growth of a particular county has a direct correlation to the overall workload demand of that county's LAFCo over the recent past (5 years or less). In 2023, San Joaquin County was the 4<sup>th</sup> highest level of population growth in the state with 7,505 new residents. San Joaquin County accounted for 25% of the overall growth within the Central Valley.

2023 Central Valley Population Growth			
County	Jan. 1, 2023	Jan. 1, 2024	2023 Growth
San Joaquin	783,903	791,408	7,505
Fresno	1,010,914	1,017,431	6,517
Tulare	474,680	478,918	4,238
Kern	906,165	910,300	4,135
Stanislaus	545,753	548,744	2,991
Merced	285,193	287,303	2,110
Madera	157,909	159,328	1,419
Kings	151,629	152,627	998



E-1: State/County Population Estimates with Annual Percent Change				
January 1, 2023 and 2024				
State/County	Total Population		Numeric	Percent
	1/1/2023	1/1/2024	Change	Change2
California	39,061,058	39,128,162	67,104	0.2
Riverside	2,428,580	2,442,378	13,798	0.6
Orange	3,141,065	3,150,835	9,770	0.3
San Bernardino	2,172,694	2,181,433	8,739	0.4
San Joaquin	783,903	791,408	7,505	1.0
Fresno	1,010,914	1,017,431	6,517	0.6
Los Angeles	9,819,312	9,824,091	4,779	0.0
Tulare	474,680	478,918	4,238	0.9
Kern	906,165	910,300	4,135	0.5
Monterey	433,953	437,614	3,661	0.8
Imperial	179,623	182,881	3,258	1.8
Stanislaus	545,753	548,744	2,991	0.5
Placer	410,085	412,844	2,759	0.7
Sacramento	1,576,639	1,578,938	2,299	0.1
Merced	285,193	287,303	2,110	0.7

Of the growth within San Joaquin County, Manteca added the most residents in 2023 with 2,365 new residents, the 6<sup>th</sup> most in the State. In 2023, Lathrop experienced the 5<sup>th</sup> fastest rate of growth in the nation of cities with a population over 20,000.

Fastest-growing U.S. cities from 2022 to 2023			
Among cities with at least 20,000 people in 2022			
City	2023 population		Increase
Celina, Texas	43.3K		26.6%
Fulshear, Texas	42.6K		25.6%
Princeton, Texas	28K		22.3%
Anna, Texas	27.5K		16.9%
Lathrop, Calif.	39.9K		13.6%

San Joaquin County had four (4) cities – Manteca, Lathrop, Stockton, and Tracy -- within the top 30 cities experiencing positive growth within the State. In addition, the City of Mountain House was recommended for to be moved to the voters within the community who by 90% voted to incorporate into the newest city in California since 2011 and within San Joaquin County since 1989.

LAFCo is part of a team with the cities and county ensuring that San Joaquin County, the Gateway County of California, is open to quality development and well positioned to continue a healthy rate of growth in 2024. LAFCo is a responsible agency for boundaries

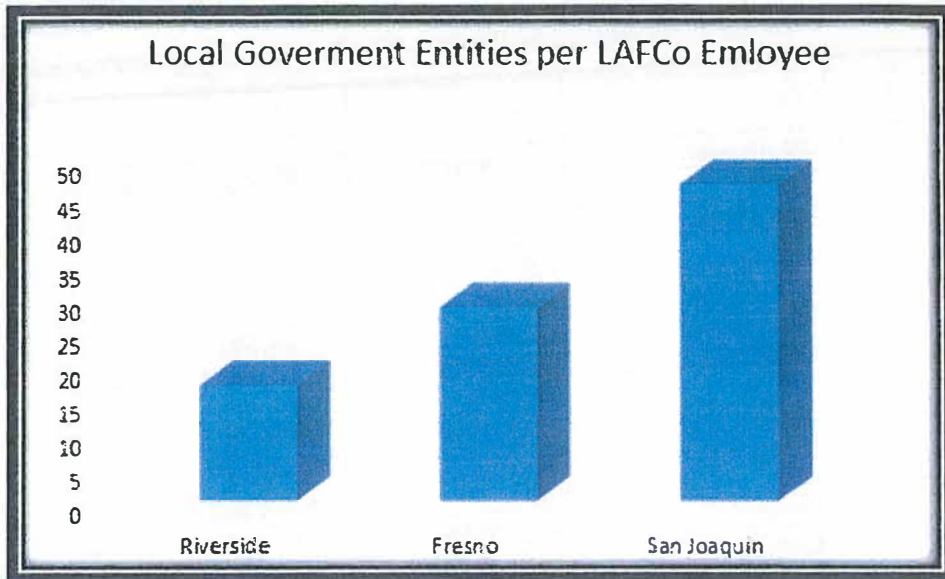
as related to factors “a” thru “q” of Section 56668. All projects will continue to be reviewed and conditioned to meet all standards that balance community and commerce (discourage sprawl, protect agricultural resources and open spaces, efficiently provide government services and encourage the orderly development of local agencies while promoting environmental justice). LAFCo staff has assisted in the continued positive balanced growth within San Joaquin County through the Indelicato reorganization that is expected to be home of 556 new residents within the next 10 years.

<b>2023-2024 City Population Numeric Change Rankings</b>					
<b>California Cities Ranked by the 2023-2024 Numeric Change in Population</b>					
<b>Rank</b>	<b>City</b>	<b>County</b>	<b>1/2023 Total Population</b>	<b>1/2024 Total Population</b>	<b>Numeric Change</b>
1	Los Angeles	Los Angeles	3,804,420	3,814,318	9,898
2	Fresno	Fresno	543,087	546,971	3,884
3	Bakersfield	Kern	407,835	411,109	3,274
4	Irvine	Orange	311,537	314,550	3,013
5	Santa Ana	Orange	308,041	310,797	2,756
6	Manteca	San Joaquin	88,552	90,917	2,365
7	Folsom	Sacramento	85,698	88,023	2,325
8	Menifee	Riverside	109,401	111,560	2,159
9	Mountain View	Santa Clara	84,463	86,535	2,072
10	Garden Grove	Orange	169,046	171,024	1,978
11	Chico	Butte	107,639	109,589	1,950
12	Lathrop	San Joaquin	35,138	37,033	1,895
13	Victorville	San Bernardino	136,346	138,202	1,856
14	Clovis	Fresno	124,361	126,133	1,772
15	San Diego	San Diego	1,383,623	1,385,379	1,756
16	Merced	Merced	90,120	91,837	1,717
17	Ontario	San Bernardino	179,555	181,224	1,669
18	Roseville	Placer	152,726	154,329	1,603
19	Visalia	Tulare	142,968	144,532	1,564
20	Stockton	San Joaquin	315,685	317,204	1,519
21	Pasadena	Los Angeles	138,187	139,692	1,505
22	Paradise	Butte	9,205	10,691	1,486
23	Fontana	San Bernardino	212,772	214,223	1,451
24	Chula Vista	San Diego	276,813	278,247	1,434
25	Stanton	Orange	38,914	40,297	1,383
26	Yuba City	Sutter	68,984	70,256	1,272
27	Tracy	San Joaquin	95,341	96,609	1,268
28	Tulare	Tulare	69,565	70,799	1,234
29	Elk Grove	Sacramento	177,446	178,679	1,233
30	San Marcos	San Diego	94,823	95,998	1,175

The number of cities and special districts within a county is also an indicator of LAFCo workload. Riverside LAFCo has 84 local government entities that they oversee (56 special districts and 28 cities); Fresno County has 112 (15 cities and 97 special districts) while San Joaquin currently has 113 (7 cities and 105 special districts).

The density of governmental entities is an indicator of potential geographic conflicts that LAFCo's must analyze and make logical service provision decisions. San Joaquin County comprising 1,426 square miles is complex organizationally as there is a higher density of special districts than either Riverside or Fresno counties. San Joaquin has approximately 8 entities per 100 square miles. Fresno County has approximately 2 entities per 100 square miles; and, Riverside has approximately 1 entity per 100 square miles.

Riverside LAFCo has a staff of 5, Fresno LAFCo has 4 staff members, while San Joaquin LAFCo has a staff of 2.45. There are 46 governmental entities per employee in San Joaquin, 28 entities per employee in Fresno; and 16.8 per entity in Riverside.



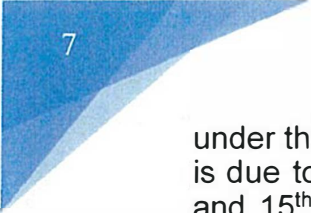
Supporting our mission to balance community and commerce, San Joaquin LAFCo completed the following projects during the past fiscal year, FY 2023/2024:

- Mountain House Comprehensive Fiscal Analysis
- Mountain House Incorporation Conditions and forward to ROV
- Mountain House Impartial Analysis
- Mountain House Certificate of Completion to State BOE
- Indelicato Reorganization to City of Manteca
- Boggs Tract Recommendation to BOS for dissolution
- California Irrigation District dissolution
- Staff has maintained all information in our website
- Worked with a UOP Business Forecasting Center for Website content.

All of the above show that San Joaquin LAFCo staff continues to efficiently partner with public agencies and local institutions to ensure San Joaquin is and will remain the Gateway County to prosperity.

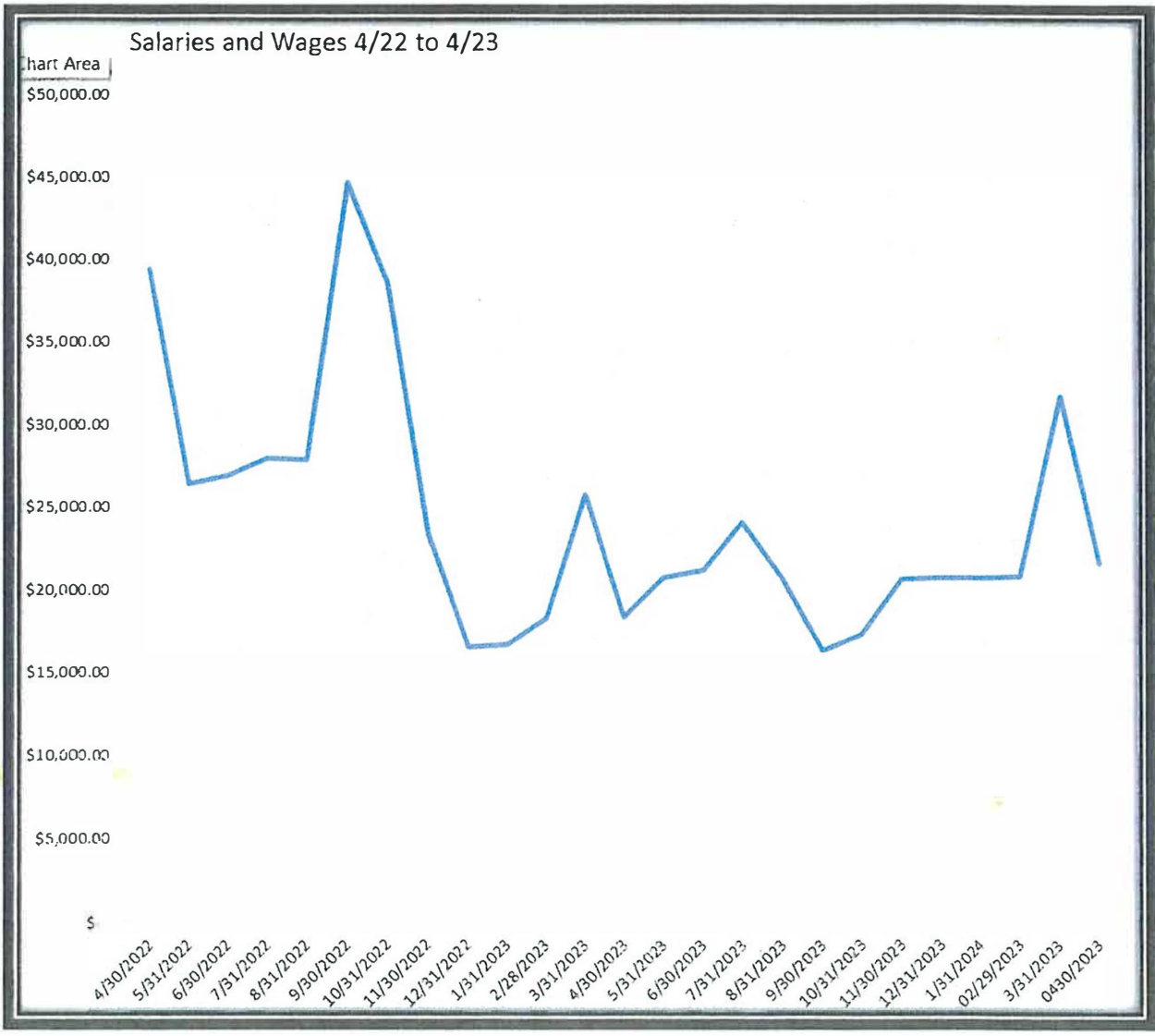
### **MOVING FORWARD FROM FY 2022/2023**

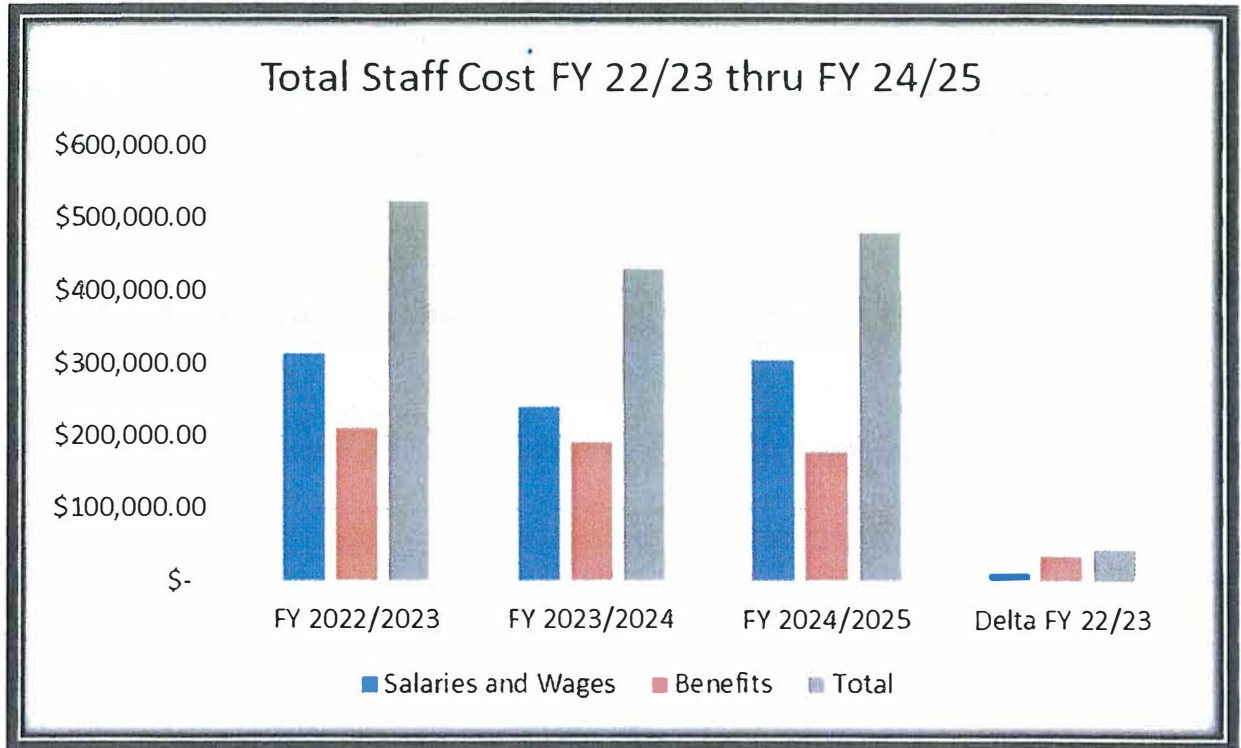
The FY 2024/2025 budget continues the improvement in cost efficiencies achieved during the previous FY 2023/2024. The table below shows that the operating cost of LAFCo has improved since November of 2022. These cost efficiencies will continue



under the proposed FY2023/2024 final budget. The spike during March 2023 and 2024 is due to the difference between a biweekly pay period (26 pay periods) and fixed, 1<sup>st</sup> and 15<sup>th</sup> each month (24 pay periods). A biweekly pay period results in two months having a third pay period that is reflected in a spike in July of 2023 and another in March 2024.

The proposed FY 2024/2025 staff cost for LAFCo is above the adopted FY 2023/2024 budget that reflects the 5% salary increase and increases in insurance and other benefits. The savings for the Wages and Salaries line item represent a savings of \$9,374.00 and Benefits a savings of \$33,461.00 for an overall cost savings of \$42,835.00 when compared to the adopted FY 2022/2023 budget, please table on next page.





### **SALARY SURVEY**

With a growing population, diverse array of special districts, and a trend of being more cost effective than previous years, San Joaquin LAFCo staff is efficient and productive. A salary survey was done comparing salary and wages to other area LAFCo's and local planning agencies. The survey suggests that the San Joaquin LAFCo is delivering services in a cost efficient manner that is adding value for the planned, logical growth of San Joaquin County. Noteworthy is the survey is a snap shot of a dynamic marketplace. As individual LAFCo's approve their respective FY 2023/2024 budgets, the results of the survey are expected to change.

The survey result suggests that the Commission may want to consider a comprehensive salary and wage study during FY 24/25 as even with a 5% increase to wages and salaries, SJLAFCo staff is below the average current salaries and wages of all staff positions need to be adjusted to bring these positions up to the mid-point of the ranges of the agencies surveyed. The Executive Officer 4%, Clerk 5% and the Clerk/Analyst position by 16%.

The results reinforce how productive San Joaquin LAFCo staff has been supporting the growth of our area. The residents and governmental entities in San Joaquin County have and will continue to receive cost effective services as shown in the cost savings over FY 2022/2023.

	Mid-Point			Mid-Point			Mid-Point		
	(Low)	(High)	Annual Salary	(Low)	(High)	Annual Salary	(Low)	(High)	Annual Salary
Stanislaus - LAFCo	\$9,078	\$13,617	\$136,171				\$4,818	\$7,229	\$72,284
Fresno - LAFCo			\$180,070						\$89,919
Alameda - LAFCo			\$167,298				\$6,381	\$7,838	\$85,315
Sacramento - LAFCo			\$155,220	\$7,862	\$9,557	\$104,514			
Riverside LAFCo	\$13,092	\$17,010	\$180,617	\$5,101	\$6,770	\$71,226	\$3,462	\$5,028	\$50,927
Solano Lafco			\$180,000						\$58,224
Contra Costa LAFCo			\$188,499				\$5,106	\$6,476	\$69,492
Butte LAFCo	\$ 11,107	\$ 15,628	\$173,784	\$ 5,832	\$ 8,207	\$84,234	\$4,623	\$6,380	\$71,539
Yolo LAFCo			\$173,225						\$81,070
San Joaquin COG *	\$14,426	\$20,197	\$207,738	\$7,543	\$10,561	\$108,623	\$4,684	\$6,557	\$67,447
SJ County **	\$12,877	\$14,907	\$166,706	\$5,852	\$7,114	\$77,795	\$5,308	\$6,451	\$70,553
SJ Regional Transit ****	\$11,250	\$14,167	\$152,500	\$6,250	\$8,333	\$87,500	\$3,594	\$5,185	\$52,678
City of Stockton *****	\$13,621	\$17,381	\$186,010	\$6,031	\$7,743	\$82,643	\$5,347	\$6,866	\$73,278
City of Manteca *****	\$14,030	\$17,053	\$186,498	\$7,449	\$9,054	\$99,018	\$4,834	\$5,328	\$60,974
<b>Average</b>	<b>\$12,435</b>	<b>\$16,245</b>	<b>\$173,881</b>	<b>\$5,769</b>	<b>\$7,482</b>	<b>\$89,444</b>	<b>\$4,816</b>	<b>\$6,334</b>	<b>\$29,047</b>
<b>SJ LAFCo</b>	<b>\$11,980</b>	<b>\$14,245</b>	<b>\$167,763</b>	<b>\$5,130</b>	<b>\$6,236</b>	<b>\$74,694</b>	<b>\$4,410</b>	<b>\$5,360</b>	<b>\$27,698</b>
<b>Difference</b>	<b>4%</b>	<b>12%</b>	<b>4%</b>	<b>11%</b>	<b>17%</b>	<b>16%</b>	<b>8%</b>	<b>15%</b>	<b>5%</b>
<b>Range Spread</b>	<b>\$9,810</b>			<b>\$1,719</b>			<b>\$1,518</b>		
<b>Budget Impact</b>			<b>\$6,118</b>			<b>\$14,750</b>			<b>\$1,349</b>

\* = Planning Group B Deputy Director of Planning, Assistant Regional Planner, Administrative Tech  
 \*\* = Assistant Community Development Director, Associate Planner, Administrative Assistant I  
 \*\*\* = Environmental & Regulatory Affairs Manager; Administrative Analyst; and Administrative Assistant II  
 \*\*\*\* = Chief Administrator / Superintendent; Administrator; Senior Administrative Assistant  
 \*\*\*\*\* = Director of Community Development; Administrative Analyst; Administrative Aide II  
 \*\*\*\*\* = Director of Development; Assistant Planner; Administrative Assistant II

The salary survey took a snap shot of salaries as compared to the salaries of similar positions within other LAFCo's and local planning agencies. Fringe benefits play an important role in overall employee quality of life. To ensure the continued efficient use of public resources, staff recommends that a comprehensive compensation survey be performed prior to the mid-year budget review so that total compensation packages can be compared. The difference between the two surveys is to ensure that fringe benefits accounted for in the survey.

**FINAL BUDGET**

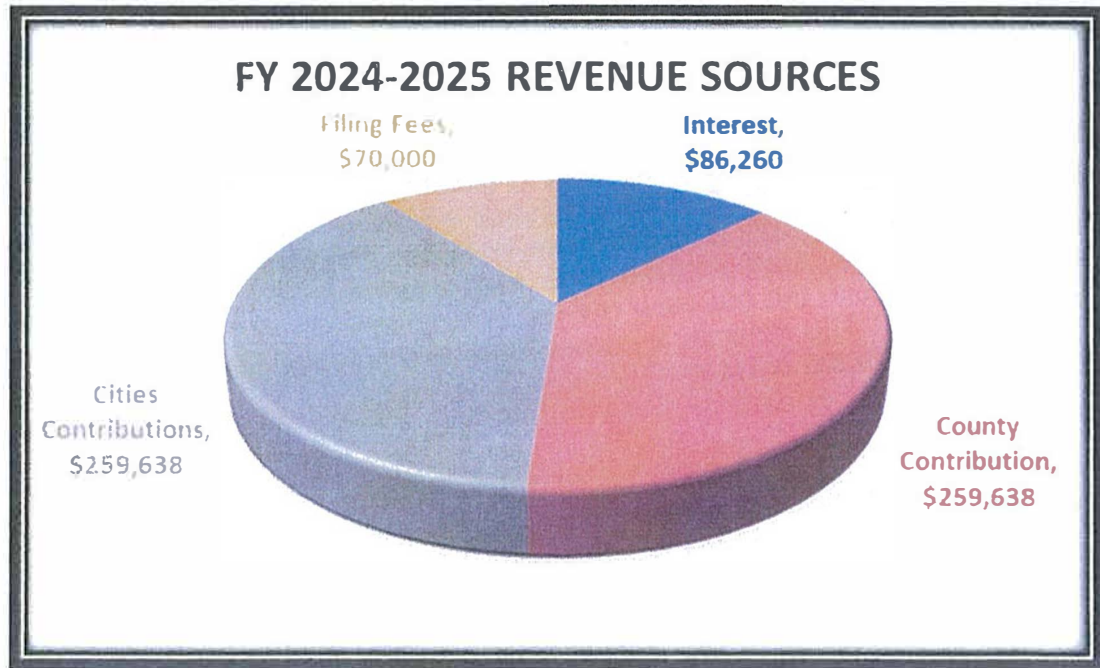
The final budget shows the county and cities contribution revenues of \$519,276 split 50/50 between the County and the cities pursuant to CKH Section 56381(b)(2). Accordingly, the County share of the proposed budget is \$259,638. As agreed to by the Mayor's Selection Committee, the cities share is apportioned in proportion to each city's population by the County Auditor.

The table below shows the individual city portion of the LAFCo budget according to the State Department of Finance, Demographic Research Unit, Report E-1 for 01/01/2024 and estimated population of the new City of Mountain House. This is only for estimating purposes only as the County Auditor's office will apportion to the cities based on latest information available. Below is the revenue forecast for FY 2024/2025 budget.

Filing fees are another important revenue stream for LAFCo. It is proposed that the filing fees be increased by 3.8%, matching the consumer price index for the region.

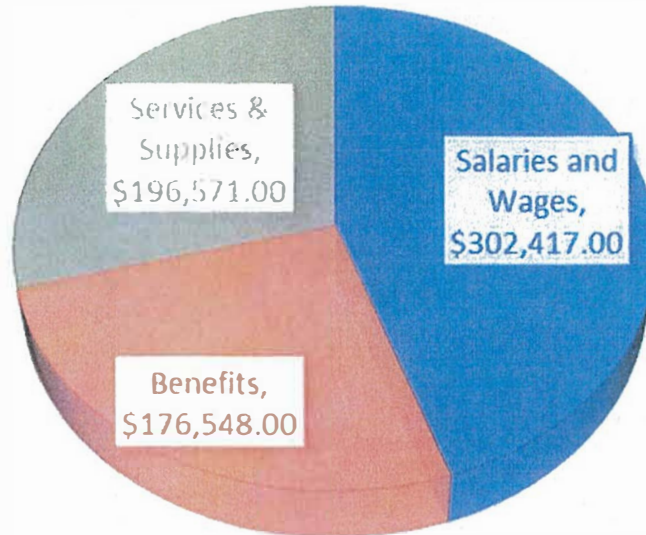
FY 2024/2025 Population Based LAFCo Contribution			
	Population	% Population	FY 24-25 Budget
Escalon	7,249	1%	\$ 2,857
Lathrop	37,033	6%	\$ 14,594
Lodi	66,492	10%	\$ 26,203
Manteca	90,917	14%	\$ 35,829
Mountain House	27,602	4%	\$ 10,877
Ripon	15,741	2%	\$ 6,203
Stockton	317,204	48%	\$ 125,004
Tracy	96,609	15%	\$ 38,072
<b>Cities Total</b>	<b>658,847</b>	<b>100%</b>	<b>\$ 259,638</b>
<b>San Joaquin County</b>	<b>786,145</b>	<b>N/A</b>	<b>\$ 259,638</b>

The final budget projects revenues of \$675,536.00 based on the following sources:



The operational cost of LAFCo is shown below:

## FY 2024/2025 OPERATIONAL COST



Below is the line-item revenue forecast for FY 2023/2024.

FY 24-25 LAFCo Final Budget 23-May-24	FY 23-24	Mid -Year	FY 24-25
Fund Balance - Beginning of the Fiscal Year			
Revenues			
* INTEREST INCOME	\$ 20,456	\$ 43,130	\$ 86,260
USE OF MONEY AND PROPERTY	\$ 20,456	\$ 43,130	\$ 86,260
* County Contribution	\$ 259,638	\$ 259,638	\$ 259,638
* Cities Contribution	\$ 259,638	\$ 259,638	\$ 259,638
* Application Filing Fees	\$ 92,249	\$ 19,909	\$ 70,000
* Total Revenues	\$ 611,525	\$ 539,185	\$ 589,276
MISCELLANOUS REVENUES		\$ 127,065	
<b>TOTAL REVENUE</b>	<b>\$ 631,982</b>	<b>\$ 709,380</b>	<b>\$ 675,536</b>

Below the proposed LAFCo staff expenditure budget showing a proposed 5% increase in staff salaries in FY 24/25. Although an increase in this line-item from FY 23/24, this line-item is \$42,835.00 less than the approved FY 22/23 budget. Despite increases in insurance and retirement benefit costs, the FY 24/25, the overall staff cost of \$478,965 is

Expenditures			
Salaries			
SALARIES & WAGES-REGULAR	\$ 223,008	\$ 140,665	\$ 295,397
SALARIES-CAFETERIA	\$ 42,425	\$ 12,914	\$ -
SALARIES-CAR ALLOWANCE	\$ 5,040	\$ 4,050	\$ 7,020
ADMINISTRATION BENEFITS	\$ -	\$ 2,697	\$ -
<b>TOTAL SALARIES</b>	<b>\$ 270,474</b>	<b>\$ 160,326</b>	<b>\$ 302,417</b>
Fringe Benefits			
UNEMPLOYMENT COMP INSURANCE	\$ 167	\$ 213	\$ 425
RETIREMENT-EMPLOYER SHARE	\$ 57,187	\$ 49,604	\$ 99,208
RETIREMENT-EMPLOYER ADDTL CONT	\$ 5,955	\$ 6,216	\$ 12,432
SOCIAL SECURITY-OASDI	\$ 13,769	\$ 8,676	\$ 17,351
SOCIAL SECURITY-MEDICARE	\$ 8,390	\$ 2,164	\$ 4,329
LIFE INSURANCE	\$ 152	\$ 150	\$ 299
HEALTH INSURANCE	\$ 55,622	\$ 21,003	\$ 42,007
DENTAL INSURANCE	\$ 504	\$ 199	\$ 399
VISION CARE	\$ 135	\$ 49	\$ 98
<b>TOTAL FRINGE BENEFITS</b>	<b>\$ 141,881</b>	<b>\$ 88,274</b>	<b>\$ 176,548</b>
<b>TOTAL STAFF COST</b>	<b>\$ 412,355</b>	<b>\$ 248,600</b>	<b>\$ 478,965</b>

Below is the operating non-personnel expenditure budget for LAFCo.

Services and Supplies			
PROFESSIONAL SERV-PROGRAMS	\$ 108,886	\$ 73,717	\$ 75,802
OFFICE EXPENSE-GENERAL	\$ 26,820	\$ 17,831	\$ 26,820
OFFICE SUPPLIES-PURCHASING-ISF	\$ 1,207	\$ 274	\$ 549
GENERAL OFFICE SUPPLIES	\$ 141	\$ 79	\$ 158
OFFICE EXPENSE-POSTAGE	\$ 1,349	\$ 575	\$ 1,149
COMMUNICATIONS	\$ 3,108	\$ 1,219	\$ 2,437
MEMBERSHIPS	\$ 13,814	\$ 13,855	\$ 12,409
TRANS AND TRAVEL-GENERAL COMMISSIONERS	\$ 8,760	\$ 11,158	\$ 15,000
TRANS/TRAVEL-STAFF	\$ 2,667	\$ 4,734	\$ 7,000
AUDITOR SERVICES	\$ 1,429	\$ -	\$ 1,501
PROFESSIONAL SERV- COUNTY	\$ -	\$ 2,964	\$ 3,112
PUBLICATIONS & LEGAL NOTICES	\$ 2,200	\$ 270	\$ 540
RENTS-STRUCTURES & GROUNDS	\$ 19,412	\$ 12,941	\$ 22,738
RENTS/LEASES-AUTO EQUIP-ISF	\$ 1,923	\$ 1,041	\$ 2,083
DATA PROCESSING CHARGES	\$ 11,915	\$ 5,104	\$ 10,207
INSURANCE-WORKER'S COMP	\$ 593	\$ 453	\$ 906
INSURANCE-CASUALTY - SLIP	\$ 15,402	\$ 12,872	\$ 14,159
<b>TOTAL SERVICES AND SUPPLIES</b>	<b>\$ 219,626</b>	<b>\$ 159,088</b>	<b>\$ 196,571</b>
<b>Total Operating Cost</b>	<b>\$ 631,982</b>	<b>\$ 407,688</b>	<b>\$ 675,536</b>

