



Balancing Community and Commerce

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

EXECUTIVE OFFICER'S REPORT

PROJECT: FY 2023/2024 Operating Budget

PROPOSAL: Approve a resolution adopting the Final FY 2023/2024 Operating Budget.

APPLICANT: San Joaquin Local Agency Formation Commission

LOCATION: N/A

PURPOSE: Proposed Budget for FY 2023/2024 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 with an amendment to the adopted preliminary budget in the salary and wages line item. CKH Section 56381 mandates that a final budget shall annually be approved by June 15.

BACKGROUND

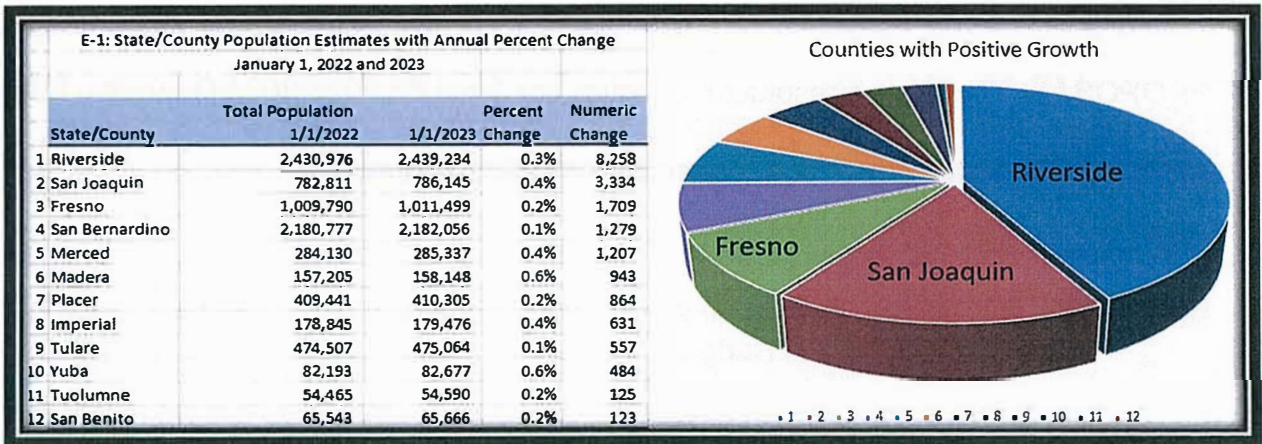
On April 13, 2023, the Commission held a public hearing regarding the preliminary budget for FY 2023/2024. Much of the discussion at that hearing focused on whether or not to apply an increase equal to the Consumer Price Index (CPI) to staff costs. The Commission expressed concern as to the sustainability wages and salaries that meet the CPI for our region. San Joaquin is within the San Francisco-Oakland-Hayward region of the CPI as measured by the US Department of Labor.

The preliminary budget was adopted with direction to bring back salary and wages in the final budget only after a motion to approve the preliminary budget. The Commission gave direction to ensure that San Joaquin LAFCo is competitive with other LAFCo's and local

regional planning agencies. Having a competitive comprehensive compensation package is the cornerstone to succession planning. Accordingly the first step, a salary survey has been completed that takes into account the wages and salaries of LAFCo's of adjacent and nearby counties, Central Valley LAFCo's and local regional planning agencies. The second step is to compare total compensation packages.

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). After a residential annexation is approved, a project must meet city mapping standards and construction of improvements before a dwelling unit can be occupied. Twelve counties added population in 2022 (please see table below). Last year San Joaquin County added 3,334 new residents, second only to Riverside County. San Joaquin County's rate of growth was the 3rd fastest in California. Thus, San Joaquin LAFCo has a history of efficiency of analyzing project compliance with state and local laws.



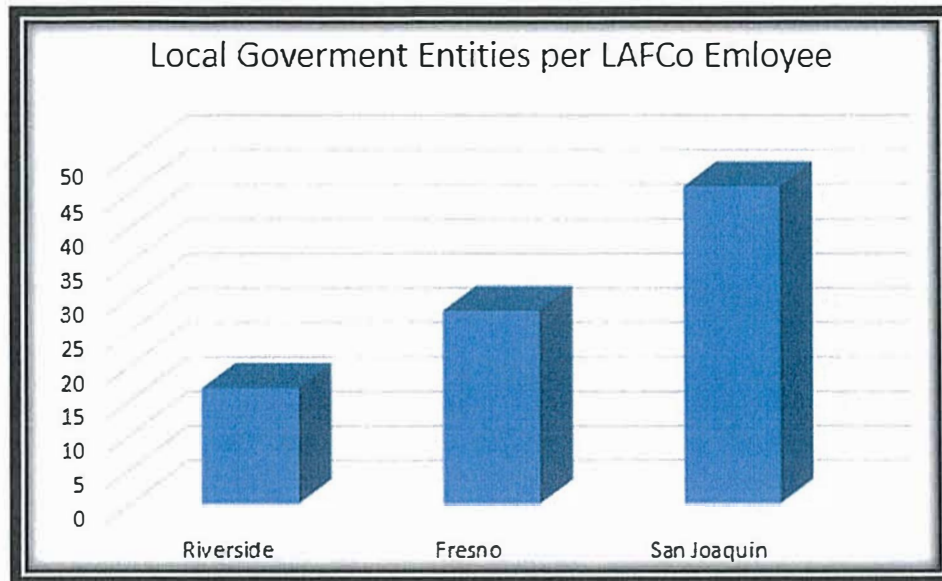
To ensure that San Joaquin County continues to have positive growth, in FY 2022/2023 LAFCo staff teamed with local planning staff to ensure annexations totaling 1,534 dwelling units. These projects were reviewed and conditioned to meet all standards that discourage sprawl, protect agricultural resources and open spaces, efficiently provide government services and encourage the orderly development of local agencies while promoting environmental justice, i.e. balancing community and commerce. With an average household size of 3.21, in FY 2022/2023 LAFCo staff has assisted in the continued positive growth within San Joaquin County of 4,924 new residents within the next 10 years as these projects build-out.

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.



Thus, San Joaquin LAFCo is effectively and efficiently providing for planned and logical growth of our hometowns in an organizationally complex environment. Last year, San Joaquin LAFCo staff ensured balanced growth hometowns for 1,360.8 new residents annually per employee.

Supporting our mission to balance community and commerce, San Joaquin LAFCo completed the following projects during the past fiscal year, FY 2022/2023:

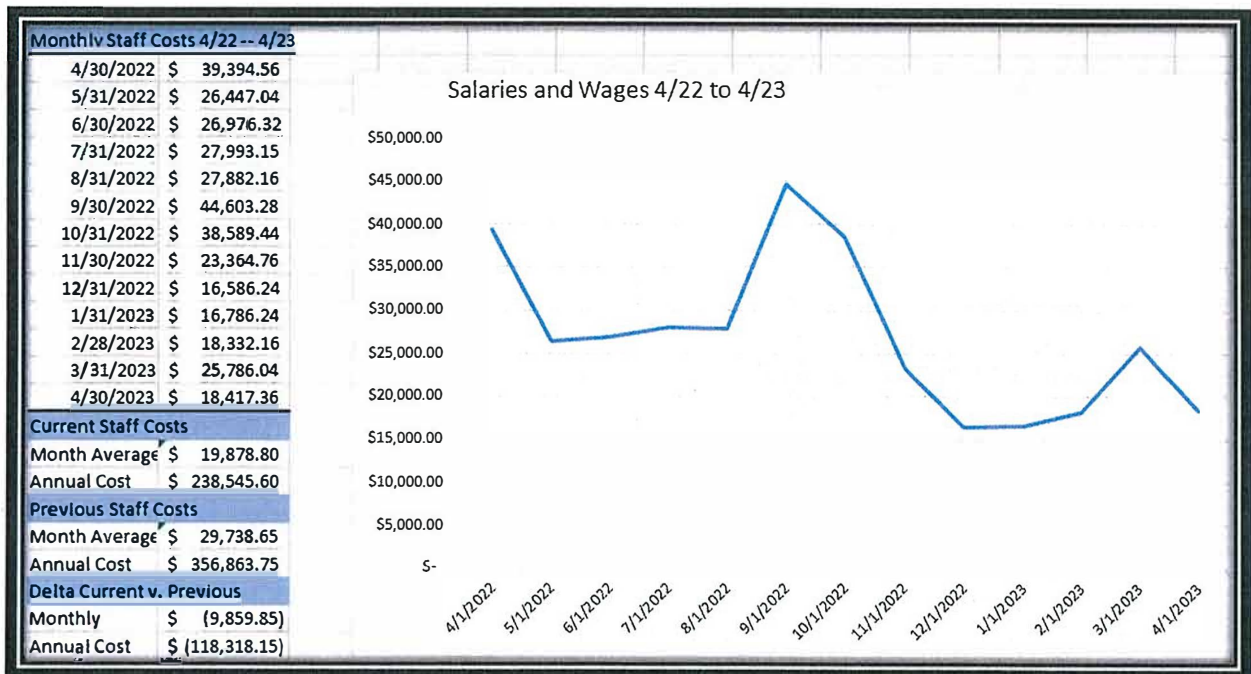
- Mountain House MSR /SOI
- City of Lathrop MSR / SOI
- City of Lodi MSR / SOI
- City of Escalon MSR / SOI
- City of Stockton MSR/SOI amendment
- Lumina Reorganization to the City of Manteca
- Lumina Reorganization to the City of Manteca Protest Hearing
- Miller Annexation to San Joaquin Irrigation District
- G & E Te Velde Annexation to San Joaquin Irrigation District
- Thornton Road Reorganization to the City of Stockton
- Time Extension for Gudel Annexation to CSA 29 and since been finalized
- Quaresma Reorganization to the City of Manteca
- Tracy Hills II Reorganization to the City of Tracy
- College Park III Reorganization to Mountain House Community Services District
- Dutra Reorganization to the City of Manteca
- Tract 4040 Neighbor A7 Reorganization to the Mountain House Community Services District

- Mariposa Industrial Park Reorganization to the City of Stockton
- Mountain House Comprehensive Financial Analysis Review for incorporation
- 17 Out of Agency Service Requests
- Staff continues to provide technical assistance to the Stockton East Water District and Woodbridge Irrigation District MSR's.
- Continuing working with Mountain House Community Services District regarding incorporation.
- Staff has created a new website
- Completed the draft copy of employee handbook, and
- Worked with a UOP graduate student to create the first San Joaquin LAFCo logo.

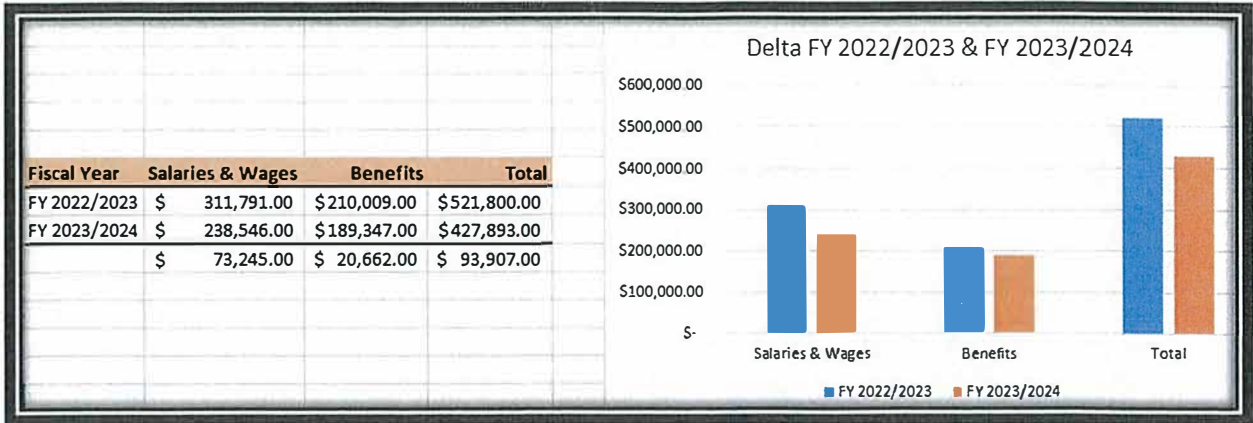
All of the above show that San Joaquin LAFCo staff continues to set the bar for efficiently partnering with cities and the county to ensure San Joaquin is and will remain the Gateway County to overall prosperity.

MOVING FORWARD FROM FY 2022/2023

The FY 2023/2024 budget continues the improvement in cost efficiencies achieved during the previous FY 2022/2023. The table below shows that the operating cost of LAFCo has improved since November of 2022. These cost efficiencies will continue under the proposed FY2022/2023 final budget. The spike during March 2023 is due to the difference between a biweekly pay period (26 pay periods) and fixed, 1st and 15th each month (24 pay periods). A biweekly pay period results in two months having a third pay period that is reflected in a spike roughly 6 months apart.



The proposed FY 2023/2024 staff cost for LAFCo is well below the agency adopted FY 2022/2023 budget. The savings for the Wages and Salaries line item represent a savings of \$73,245.00, Benefits a savings of \$20,662 for an overall cost savings of \$93,907 when compared to the adopted FY 2022/2023 budget, please see below.



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 delivering the biggest bang for the buck to support 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.

LAFCO Salary Survey - San Joaquin Region									
Monthly Salary Ranges									
	Exec Officer			Clerk/Analyst			Clerk		
	Currently = 0.45 FTE								
	Mid-Point			Mid-Point			Mid-Point		
	(Low)	(High)	Annual Salary	(Low)	(High)	Annual Salary	(Low)	(High)	Annual Salary
Alameda	\$9,537	\$14,539	\$144,456				\$6,165	\$7,573	\$82,428
Contra Costa	\$11,473	\$15,292	\$160,590	\$5,877	\$7,795	\$82,032	\$4,900	\$6,215	\$66,690
El Dorado	\$10,833	\$13,333	\$145,000	\$4,173	\$5,072	\$55,470	\$3,434	\$4,173	\$45,642
Fresno	\$7,917	\$12,500	\$122,502	\$3,861	\$4,740	\$51,606	\$5,091	\$6,250	\$68,046
Kern			\$156,247				\$4,000	\$4,917	\$53,502
Merced	\$8,911.08	\$10,839	\$118,498	\$3,975	\$4,834	\$52,853			
Placer			\$158,389			\$64,982			
Sacramento	\$11,281	\$12,437	\$155,220				\$5,606	\$6,816	\$74,531
San Joaquin COG*	\$13,665	\$19,131	\$196,776	\$5,369	\$7,516	\$77,307	\$4,437	\$6,212	\$63,891
San Joaquin County**	\$10,504	\$12,768	\$139,632	\$5,572	\$6,774	\$74,076	\$5,054	\$6,144	\$67,188
Solano			\$154,000	\$6,243	\$7,589	\$82,992	\$4,401	\$5,350	\$58,506
Stanislaus	\$8,558	\$12,835	\$128,357	\$5,373	\$8,060	\$80,598	\$4,543	\$6,813	\$68,136
Stockton Port Dist.***	\$11,120	\$15,350	\$158,820	\$6,490	\$8,960	\$92,700	\$4,780	\$6,699	\$68,874
Tulare	\$9,566	\$13,966	\$141,192	\$4,953	\$6,037	\$65,940	\$3,665	\$4,467	\$48,789
Yolo	\$11,137	\$13,537	\$148,044	\$5,089	\$6,185	\$67,644	\$4,395	\$5,344	\$58,434
Average	\$10,375	\$13,877	\$148,515	\$5,179	\$6,687	\$70,683	\$4,652	\$5,921	\$63,435
SJ LAFCo	\$10,180	\$12,445	\$135,751	\$5,130	\$6,236	\$68,196	\$4,410	\$5,360	\$58,620
Difference	2%	10%	9%	1%	7%	4%	5%	9%	8%
Range Spread	\$3,502			\$1,508			\$1,269		
Budget Impact			\$12,764			\$2,487			\$2,167

* = Planning Group B Deputy Director of Planning, Administrative Tech, Assistant Regional Planner
 ** = Assistant Community Development Director, Associate Planner, Administrative Assistant I
 *** = Environmental & Regulatory Affairs Manager; Administrative Analyst; and Administrative Assistant II positions

The survey result suggests that 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 9%, Clerk 8% and the Clerk/Analyst position by 4%.

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. In reviewing team cost effectiveness, some of the discussion at the April meeting seemed to be focused on the Clerk/Analyst position. That position was recently created and a smaller sample size was used for that evaluating wages for that position. This smaller sample size resulted in a comparatively smaller adjustment needed to bring to average. That position adds to the cost effectiveness of LAFCo staff in balancing community with commerce.

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.

The action approving the preliminary budget with direction to bring back the salary and wages component was a prudent. That action allowed time for staff to perform the salary survey and have additional meetings with the budget sub-committee, Chairperson Patti and Commissioner Johnson. The recommendation is to keep salaries static so that a comprehensive compensation study can be completed during mid-fiscal year review.

FINAL BUDGET

The final budget shows membership 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.

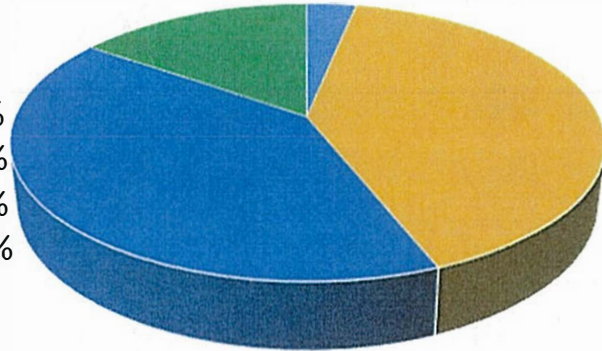
The table below shows the individual city portion of the LAFCo budget according to the State Department of Finance, Demographic Research Unit, Report E-1 for 01/01/2023. This is only for estimating purposes only as the County Auditor's office will apportion to the cities based on latest information available. Below is the revenue forecast for FY 2023/2024 budget.

City	Population	%Population	FY23/24 Budget
Escalon	7,264	1.2%	\$ 3,000.55
Lathrop	35,080	5.6%	\$ 14,490.54
Lodi	66,293	10.5%	\$ 27,383.73
Manteca	88,803	14.1%	\$ 36,681.97
Ripon	15,769	2.5%	\$ 6,513.72
Stockton	319,731	50.9%	\$ 132,071.68
Tracy	95,615	15.2%	\$ 39,495.81
Total	628,555	100%	\$ 259,638.00

The final budget projects revenues of \$631,981.64 based on the following sources:

FY 2023/2024 LAFCo Revenue Sources

Interest = \$20,456.33 = 3.2%
 County = \$259,638.00 = 41.1%
 Cities = \$259,638.00 = 41.1%
 Filing Fees = \$92,249.31 = 14.6%



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

	Activities for :		Balance		
	Current Month	Year to Date	30-Apr-23	Projected 6/30	FY 23-24
Fund Balance - Beginning of the Fiscal Year	1,289,237.23				
Revenues					
REVENUES-GENERAL	\$ -	\$ -	\$ -		
TAXES	\$ -	\$ -	\$ -		
LICENSES, PERMITS, FRANCHISES	\$ -	\$ -	\$ -		
FINES, FORFEITURES, PENALTIES	\$ -	\$ -	\$ -		
* INTEREST INCOME	\$ 10,025.00	\$ 23,378.00	\$ 23,378.00	\$ 27,275.11	\$ 20,456.33
USE OF MONEY AND PROPERTY	\$ 10,025.00	\$ 23,378.00	\$ 23,378.00	\$ 27,275.11	\$ 20,456.33
INTERGOVERNMENTAL REVENUES	\$ -	\$ -	\$ -		
CHARGES FOR SERVICES	\$ -	\$ -	\$ -		
* County Contribution	\$ -	\$ 248,220.00	\$ 248,220.00	\$ 248,220.00	\$ 259,638.00
* Cities Contribution	\$ -	\$ 248,220.00	\$ 248,220.00	\$ 248,220.00	\$ 259,638.00
* Application Filing Fees	\$ 4,757.00	\$ 147,439.52	\$ 147,439.52	\$ 147,439.52	\$ 92,249.31
* Total Revenues	\$ 4,757.00	\$ 643,879.52	\$ 643,879.52	\$ 643,879.52	\$ 611,525.31
MISCELLANEOUS REVENUES					
TRANSFERS IN	\$ -	\$ -	\$ -		
OTHER FINANCING SOURCES	\$ -	\$ -	\$ -		
SELF INS FUND SPECIAL REVENUES	\$ -	\$ -	\$ -		
MP-TEL-RADIO ISF REVENUES	\$ -	\$ -	\$ -		
SOLID WASTE SPECIAL REVENUES	\$ -	\$ -	\$ -		
HOSPITAL SPECIAL REVENUES	\$ -	\$ -	\$ -		
AIRPORT SPECIAL REVENUES	\$ -	\$ -	\$ -		
RETIREMENT FUND SPECIAL REV	\$ -	\$ -	\$ -		
AGENCY FUNDS - DEPOSITS	\$ -	\$ -	\$ -		
TOTAL REVENUE	\$ 14,782.00	\$ 583,251.00	\$ 667,257.52	\$ 671,154.63	\$ 631,981.64

Below the proposed LAFCo staff expenditure budget showing staff salaries remaining static during FY 2023/24. Noteworthy is the overall cost savings of the Salaries and Wages line item of \$61,950.03. Cafeteria costs increase by \$20,268.60 due to addition of a full time Clerk/Analyst position. The increase in health insurance line item of \$49,176 is

due to providing coverage for both the Executive Officer and Clerk Analyst Positions. The total staff cost for the FY 2023/2024 budget when compared to FY 2022/2023 excluding the \$182,346.19 one-time payout of leave is an increase of \$22,818.28.

Salaries					
SALARIES & WAGES-REGULAR	\$ 18,417.36	\$ 257,560.32	\$ 257,560.32	\$ 300,495.63	\$ 238,545.60
SALARIES-CAFETERIA	\$ 2,424.02	\$ 18,990.96	\$ 18,990.96	\$ 22,156.75	\$ 42,425.24
SALARIES-CARALLOWANCE	\$ 540.00	\$ 4,320.00	\$ 4,320.00	\$ 5,040.14	\$ 5,040.14
SALARIES-LEAVE TIME PAYOFF	\$ -	\$ 182,346.19	\$ 182,346.19	\$ 182,346.19	\$ -
TOTAL SALARIES	\$ 21,381.38	\$ 463,217.47	\$ 463,217.47	\$ 510,038.71	\$ 286,010.98
Fringe Benefits					
UNEMPLOYMENT COMP INSURANCE	\$ 9.71	\$ 133.46	\$ 133.46	\$ 155.71	\$ 167.42
RETIREMENT-EMPLOYER SHARE	\$ 6,287.44	\$ 38,043.66	\$ 38,043.66	\$ 44,385.54	\$ 57,187.47
RETIREMENT-EMPLOYER ADDTL CONT	\$ 791.86	\$ 4,746.89	\$ 4,746.89	\$ 5,538.20	\$ 5,954.81
SOCIAL SECURITY-OASDI	\$ 1,275.34	\$ 10,975.95	\$ 10,975.95	\$ 12,805.64	\$ 13,768.95
SOCIAL SECURITY-MEDICARE	\$ 298.25	\$ 6,688.14	\$ 6,688.14	\$ 7,803.05	\$ 8,390.04
LIFE INSURANCE	\$ 20.91	\$ 121.02	\$ 121.02	\$ 141.19	\$ 151.82
HEALTH INSURANCE	\$ 2,209.94	\$ 5,524.85	\$ 5,524.85	\$ 6,445.84	\$ 55,621.87
DENTAL INSURANCE	\$ 31.32	\$ 78.30	\$ 78.30	\$ 91.35	\$ 504.40
VISION CARE	\$ 5.18	\$ 12.95	\$ 12.95	\$ 15.11	\$ 134.68
TOTAL FRINGE BENEFITS	\$ 10,929.95	\$ 66,325.22	\$ 66,325.22	\$ 77,381.63	\$ 141,881.45
TOTAL STAFF COST	\$ 32,311.33	\$ 529,542.69	\$ 529,542.69	\$ 587,420.35	\$ 427,892.43

Below is the operating non-personnel expenditure budget for LAFCo. The increase of \$64,405.76 in the Professional Services and Programs line item represents the expected budget for the Rural Fire District MSR that staff will lead with some consultant assistance.

Services and Supplies					
PROFESSIONAL SERV-PROGRAMS	\$ 3,402.00	\$ 24,807.50	\$ 24,807.50	\$ 28,942.91	\$ 93,348.67
OFFICE EXPENSE-GENERAL	\$ 4,447.92	\$ 21,913.84	\$ 21,913.84	\$ 25,566.88	\$ 26,819.65
OFFICE SUPPLIES-PURCHASING-ISF	\$ 213.79	\$ 986.44	\$ 986.44	\$ 1,150.88	\$ 1,207.27
GENERAL OFFICE SUPPLIES	\$ 18.00	\$ 115.10	\$ 115.10	\$ 134.29	\$ 140.87
OFFICE EXPENSE-POSTAGE	\$ 221.35	\$ 1,102.02	\$ 1,102.02	\$ 1,285.73	\$ 1,348.73
COMMUNICATIONS	\$ 242.48	\$ 2,424.80	\$ 2,424.80	\$ 2,829.01	\$ 3,108.06
MEMBERSHIPS	\$ -	\$ 11,287.00	\$ 11,287.00	\$ 13,168.54	\$ 13,813.80
TRANS AND TRAVEL-GENERAL	\$ -	\$ 6,309.89	\$ 6,309.89	\$ 7,361.75	\$ 8,760.00
TRANS/TRAVEL-STAFF	\$ -	\$ 1,331.00	\$ 1,331.00	\$ 1,552.88	\$ 2,666.50
AUDITOR SERVICES	\$ -	\$ 1,168.00	\$ 1,168.00	\$ 1,362.71	\$ 1,429.48
BOB MURRAY AND ASSOCIATES	\$ -	\$ 15,074.49	\$ 15,074.49	\$ 17,587.41	\$ -
PUBLICATIONS & LEGAL NOTICES	\$ 75.00	\$ 1,797.89	\$ 1,797.89	\$ 2,097.60	\$ 2,200.38
RENTS-STRUCTURES & GROUNDS	\$ 1,848.75	\$ 16,638.75	\$ 16,638.75	\$ 19,412.43	\$ 19,412.43
RENTS/LEASES-AUTO EQUIP-ISF	\$ 157.13	\$ 1,571.30	\$ 1,571.30	\$ 1,833.24	\$ 1,923.06
DATA PROCESSING CHARGES	\$ 847.96	\$ 5,655.09	\$ 5,655.09	\$ 6,597.79	\$ 11,914.94
INSURANCE-WORKER'S COMP	\$ -	\$ 378.00	\$ 378.00	\$ 441.01	\$ 593.08
INSURANCE-CASUALTY	\$ -	\$ 8,499.00	\$ 8,499.00	\$ 9,915.78	\$ 15,402.28
TOTAL SERVICES AND SUPPLIES	\$ 11,474.38	\$ 121,060.11	\$ 121,060.11	\$ 141,240.83	\$ 204,089.21
Total Operating Cost	\$ 29,088.35	\$ 522,098.75	\$ 650,602.80	\$ 728,661.18	\$ 631,981.65
Revenues - Operating Costs	\$ (13,251.35)	\$ 61,152.25	\$ 16,654.72	\$ (57,506.54)	\$ (0.00)

Proposed FY 2023/2024 Balanced Budget