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Keene Simonds

Counsel

Michael G. Colantuono

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AGENDA REPORT Public Hearing | Action

April 2, 2018

TO: San Diego Commissioners
FROM: Keene Simonds, Executive Officer
SUBJECT: Adoption of Final Workplan and Budget for 2018-2019

SUMMARY

The San Diego Local Agency Formation Commission (LAFCO) will consider recommendations from the Executive Officer in adopting a final workplan and operating budget for 2018-2019. Both items return following their adoption in draft-form in February and subsequent public review. A limited number of revisions are reflected in both items and highlighted by expanding the workplan to include updating the existing memorandum of understanding between LAFCO and the County of San Diego. Revisions to the budget are minor and accommodate modest adjustments in payroll estimates and increase projected total costs from February by an additional 0.1% and contributes to an updated budget expense of \$1.906 million; the latter of which produces an overall decrease of (\$0.080) million or (4.0%).

BACKGROUND

[Annual Budget Process | State Requirements](#)

San Diego LAFCO is responsible under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”) to adopt a proposed budget by May 1st and a final budget by June 15th. A mandatory review by all local funding agencies is required between the two adoption periods. The legislation also specifies the proposed and final budgets shall – at a minimum – be equal to the budget adopted for the previous fiscal year unless LAFCO formally finds any reduced costs will nonetheless allow the membership to meet its regulatory and planning duties.

Prescriptive Funding Sources

State law mandates operating costs for LAFCOs shall be annually funded among their represented membership categories. San Diego LAFCO’s operating costs, accordingly, are divided among four distinct membership categories that collectively include 78 local agencies. The largest apportionment is assigned to the County of San Diego at 28.6%. The independent special districts and cities less the City of San Diego are also apportioned funding percentages of 28.6% with individual amounts therein divided among the agencies based on total revenue shares in a given fiscal year.¹ The City of San Diego – and based on special legislation providing the City a dedicated seat on the Commission – is responsible for the remaining 14.3% of San Diego LAFCO’s annual operating costs.²

Current Operating Budget

San Diego LAFCO’s adopted final budget for 2017-2018 totals \$1.986 million. This amount represents the total approved operating expenditures for the fiscal year divided between three active expense units: salaries and benefits; service and supplies; and other. A matching revenue total was also budgeted to provide a projected year-end net of \$0 and done with the aid of a planned \$0.220 million transfer from reserves. Budgeted revenues are divided between four active units: intergovernmental contributions; service charges; earnings; and miscellaneous. The Commission’s total fund balance – which includes restricted, committed, and unassigned monies – as of July 1, 2017 was \$1.469 million.

Budgeted 17-18 Expenses	Budgeted 17-18 Revenues	Budgeted 17-18 Year End Balance	Beginning 17-18 Fund Balance
\$1.986	\$1.986	\$0	\$1.469
amounts in millions			

DISCUSSION

This agenda item is for San Diego LAFCO to consider recommendations from the Executive Officer in adopting a final (a) workplan and (b) operating budget for the upcoming fiscal year. Both items return to the Commission from their initial presentation and adoption in February and subsequent 45-day public review and comment period. This included providing direct notice to all 78 local funding agencies as required under statute as well as presenting to the Special Districts Advisory Committee; a process that did not generate any formal comments.³ A summary discussion of the main components underlying both items follows – including addressing revisions made since February.

¹ The most recent report on audited local revenues issued by the State Controller’s Office for cities and special districts are used in apportioning individual agency amounts.
² San Diego LAFCO is one of five LAFCOs in California with special legislation that provides for a dedicated and additional city seat on the Commission. The other four LAFCOs are Kern (City of Bakersfield), Los Angeles (City of Los Angeles), Santa Clara (City of San Jose), and Sacramento (City of Sacramento).
³ Several members of the Special Districts Advisory Committee did express interest in San Diego LAFCO further prioritizing the establishment of social media policies and procedures in the workplan and in step with expanding outreach to the general public. No formal action, however, was taken in this regard.

Summary | Final Workplan in 2018-2019

The final workplan outlines 25 specific projects for the upcoming fiscal year divided between statutory (legislative directives) and administrative (discretionary matters) activities. The projects are also listed in sequence by assigned priority between high, moderate, and low. Revisions to workplan since the February meeting are limited and highlighted by adding a new project to update the existing memorandum of understanding between San Diego LAFCO and the County of San Diego. This addition was discussed by the Commission at its March meeting and seeks to revise the 1974 document to better reflect the existing relationships and needs of the two agencies. This and other changes are further reflected in the accompanying insert. A summary of all high priority projects follows with the entire listing provided in Attachment One (Exhibit A).

The final workplan incorporates four distinct revisions relative to the draft adopted in February:

- Adding an update of the MOU between LAFCO and the County.
- Adding two new municipal service reviews per the study schedule for the Julian region and San Diego County Sanitation.
- Removing a municipal service review per the study schedule involving the Poway region.
- Modifying a policy review to focus only on the fund balance; also now listed as a high priority.

- No. 1 | Reorganizations on File

There are four active reorganization proposals on file with LAFCO that all involve substantive boundary and/or service changes and are expected – albeit to different degrees – to rollover into FY2019. These four reorganization proposals primarily affect CSA No. 115, CSA No. 135, Alpine Fire Protection District, and the City of San Marcos.

- No. 2 | Expected Reorganizations

Staff is aware of at least two projects currently under consideration by local agencies that would involve substantial sphere and boundary changes and expected to be filed with LAFCO in FY2019. These two proposals principally involve the City of Escondido (Safari Highlands Ranch) and City of Vista (Rancho Lomas Verdes).

- No. 3 | Targeted LAFCO Presentations

Provide introductory overviews of LAFCO’s duties and responsibilities to local boards, councils, and community groups as part of a renewed outreach program. This includes providing presentations to specific communities ahead of scheduled municipal service reviews and with participation from the Chair and Vice Chair as their schedules permit.

- No. 4 | Staff Recruitment-Placement-Training

Recruitments for three new analysts has recently commenced with placement and training/development rolling over into FY2019.

- No. 5 | Job Class and Salary Schedule Review
This review is specific to non-executive positions and focuses on ensuring employees' (current and future) activities are appropriately aligned with organizational needs and wages and related benefits remain competitive. Work on this project commenced in February 2018, but is expected to rollover into FY2019.
- No. 6 through 8 | MSR-SOI for Escondido, San Marcos, and Vista Sub-Regions
These projects are calendared as part of the Commission's five-year study schedule and involve municipal service reviews covering the cities and supporting special districts in the mid-county region. Analyses will determine whether to proceed with associated sphere affirmations or if comprehensive updates are needed.
- No. 9 | Policy Review: Fund Balance
This is part of a periodical review of existing policies to consider whether changes are appropriate to address changes in law and/or practices as well as current membership preferences. A policy review on the fund balance and more specifically as it relates to the use of reserves has previously been identified by the Commission as a priority.
- No. 10 | Fee Schedule Update
A review of the fee schedule is appropriate to ensure an appropriate level of cost-recovery is achieved relative to Commissioners preferences while incorporating – as appropriate – changes in format and orientation. Establishing an hourly staff rate will also be explored.

Summary |

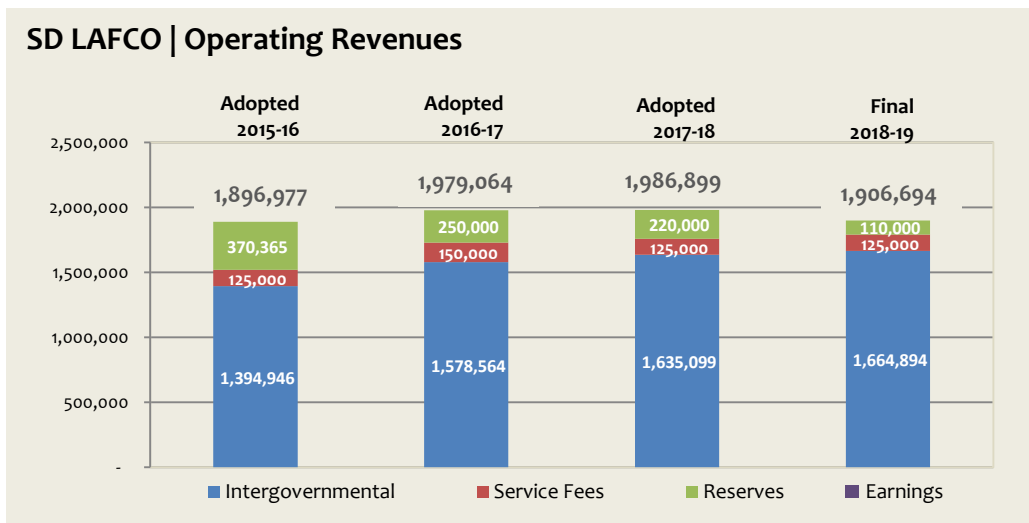
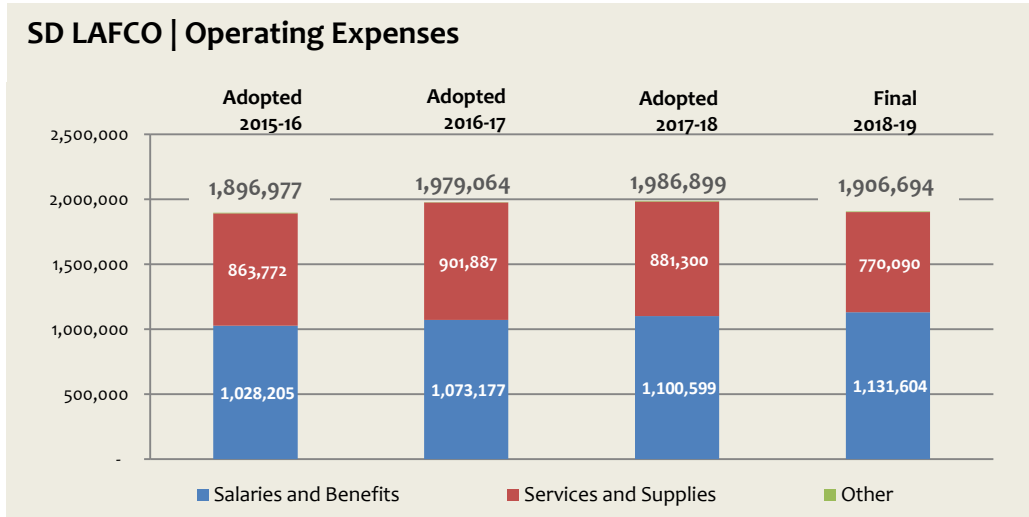
Proposed Operating Budget in 2018-19

The final operating budget developed by the Executive Officer in step with funding the referenced workplan sets expenses at \$1.907 million; a moderate net decrease of (\$0.080) million or (4.0%) over the current fiscal year. The operating expense total – which incorporates a small number of revisions since February as detailed in the accompanying insert – is divided between labor and non-labor costs at an approximate 60-to-40 percent split. Savings in non-labor costs – and most notably involving professional services – underlie the overall decrease in expenses and largely attributed to an administrative change in insourcing more projects (i.e., studies, proposals, etc.) by filling vacated staff positions that otherwise are outsourced to consultants. A matching amount of revenues is budgeted, and as such also reflects a corresponding decrease of (\$0.080) million or (4.0%) with one notable distinction. This distinction involves increasing

The final budget incorporates the following revisions relative to the draft adopted in February:

- Add approximately \$3,000 to salaries/wages. This amount covers approximately \$7,000 lump sum payments to LAFCO employees consistent with new County labor contracts while also reducing wages tied to one of the new analyst positions by close to \$4,000 based on recruitment results to date.

agency contributions by \$29,795 or 1.8% to cover the difference in reducing the use of off-setting reserves by one-half from \$0.220 million in 2017-2018 to \$0.110 million. A detailing of all budgeted revenues and expenses is provided as part of Attachment One (Exhibit B).



Additional comments on the final budget and listing therein of notable expense and revenue provisions is provided as Attachment Two.

ANALYSIS

The final workplan and budget prepared by the Executive Officer are substantially identical to the draft versions presented and adopted by San Diego LAFCO at its February meeting with exceptions involving measured revisions to better reflect needs and priorities. The final workplan informs the budget and outlines 25 project goals for the fiscal year that responsively addresses San Diego LAFCO's expanding regulatory and planning responsibilities while also investing (funds and resources) in the agency's organizational capacity. Processing boundary change proposals will continue to be a priority with several notable projects already on file with LAFCO and likely to extend into 2018-2019. At least two other prominent proposals are expected to be filed during the upcoming fiscal year involving the Cities of Escondido (Safari Highlands) and Vista (Rancho Lomas Verdes). The workplan also prioritizes the implementation of LAFCO's new study schedule and tasks therein to start a new five-year round of municipal service reviews beginning in the mid-county region with Escondido, San Marcos, and Vista. Other notable and high-priority projects include a job class and salary schedule review, fee schedule update, fund balance review, and updating the memorandum of understanding between LAFCO and the County.

The final operating budget supports the workplan while also producing an overall decrease in expenses from \$1.986 million to \$1.906 million; a difference of (\$0.080) million or (4.0%) and largely attributed to insourcing projects by filling vacated staff positions that have otherwise been outsourced to consultants. Underlying this savings is the fiscal recognition the consultant market has become a less-efficient option compared to insourcing projects – and most notably municipal service reviews and sphere updates – through LAFCO staff in terms of cost and quality. Similarly, the proposed budget includes provisions to enhance recruitment and retention of high-quality staff and marked by placeholders to fund potential salary adjustments in step with the recent commencement of a job class/salary schedule review as well as investing more in training and development. Funding is also provided to design a new website, retain an outside bookkeeper, and raise per diems from \$100 to \$150 consistent with rates of other LAFCOs in the region.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO in considering this item:

Alternative Action One (Recommended):

- (a) Adopt the attached resolution provided as Attachment One approving the final workplan (Exhibit A) and final budget (Exhibit B) for 2018-2019 with any desired changes.
- (b) Authorize the Executive Officer to request the Auditor-Controller's Office calculate and apportion \$1,664,894 in total agency contributions by July 1st.

Alternative Action Two:

Continue consideration of the item to its next regular meeting scheduled for May 7, 2018 and provide direction with respect to any additional information requests.

RECOMMENDATION

It is recommended the Commission proceed with the actions identified in the preceding section as Alternative Action One. These actions would satisfy the Commission's statutory obligation to adopt a final budget by June 1st and support addressing the project goals identified in the final workplan.

PROCEDURES FOR CONSIDERATION

This item has been placed on the agenda for action as part of a noticed public hearing. The following procedures, accordingly, are recommended in the Commission's consideration.

- 1) Receive verbal report from staff;
- 2) Invite questions from the Commission;
- 3) Open the public hearing and invite audience comments (mandatory); and
- 4) Close the public hearing, discuss item, and consider recommendation.

Respectfully,



Keene Simonds
Executive Officer

Attachments:

- 1) Draft Resolution
 - Exhibit A: Proposed Workplan
 - Exhibit B: Proposed Budget
- 2) Memorandum | Summary of Key Expenses and Revenues
- 3) Staffing Schedule
- 4) Proof of Publication
- 5) Estimated Agency Contribution Totals in FY2018-2019

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RESOLUTION No ____

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

ADOPTING A FINAL WORKPLAN AND BUDGET
FISCAL YEAR 2018-2019

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires the San Diego Local Agency Formation Commission (“Commission”) to perform certain regulatory and planning duties for purposes of facilitating efficient and accountable local government; and

WHEREAS, the Commission is required to annually adopt proposed and final budgets by May 1st and June 15th, respectively; and

WHEREAS, the Executive Officer’s written report and recommendations on a proposed workplan and budget for 2018-2019 was presented and adopted by the Commission on February 5, 2018 and subsequently circulated for review to all funding agencies in the manner provided by law; and

WHEREAS, the Executive Officer has prepared a written report and recommendations on a final workplan and budget for 2018-2019; and

WHEREAS, the Commission has heard and fully considered all the evidence on a final workplan and budget for 2018-2019 presented at a public hearing held on April 2, 2018;

WHEREAS, the adoption of a workplan and budget are not projects under the California Environmental Quality Act.

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

1. The final workplan for 2018-2019 shown as Exhibit A is APPROVED.
2. The final operating budget for 2018-2019 shown as Exhibit B is APPROVED.
3. Commission finds the overall reduction in operating expenses shown in Exhibit B will nonetheless provide sufficient resources to fulfill the agency’s regulatory and planning responsibilities.

The foregoing resolution was duly and regularly adopted by the Commission at a public meeting held on April 2, 2018, by the following vote:

Yes: _____

No: _____

Abstain: _____

Attest:

Keene Simonds
Executive Officer

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2018-19 Workplan | Final

Introduction:

Local Agency Formation Commissions' (LAFCOs) operate under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2001 ("CKH") and are delegated broad regulatory and planning responsibilities by the Legislature to oversee the formation and subsequent development of local government agencies and their municipal service areas. Common regulatory functions include approving boundary change and outside service requests. Common planning functions include preparing studies to independently evaluate the availability, performance, and need for urban services and establishing spheres of influence – which are the Legislature's version of urban growth boundaries and gatekeepers to future boundary changes – for all cities and special districts. All regulatory and planning activities undertaken by LAFCOs may be conditioned and must be consistent with policies and procedures.

Objective:

This document represents San Diego LAFCO's ("Commission") formal 2018-19 Workplan. The Workplan draws on the recommendations of the Executive Officer as vetted and approved by the Commission. The Workplan is divided into two distinct categories – statutory and administrative – with one of three priority rankings: high, moderate, or low. The underlying intent of the Workplan is to serve as a management tool to allocate Commission resources in an accountable and transparent manner over the 12-month period. Further, while it is a stand-alone document, the Workplan should be reviewed in relationship to the adopted operating budget given the planned goals and activities are facilitated and or limited accordingly. Additionally, and as needed, the Commission reserves discretion to amend the Workplan during the fiscal year to address changes in resources and or priorities as needed.

Executive Summary:

The 2018-19 Workplan continues to guide the Commission to prioritize resources in addressing statutory duties and responsibilities. Most notably, this includes allocating sufficient resources to process several prominent reorganizations as well as initiating a new round of municipal service reviews beginning in the mid-county region. Notable new administrative projects include completing a job class/salary schedule review and fee schedule update as well as designing a new website and transitioning to e-agenda packets. A limited number of projects have also been identified as low priorities with the policy intention for the Commission to address – such as updating the application packet and establishing social media policies and protocols – as resources allow.

Priority	Level	Type	Status	Project	Key Issues
1	High	Statutory	Rollover	Reorganizations on File - CSA No. 115 (Pepper Drive) - CSA No. 135 (East Island Areas) - Alpine Fire Protection (Unserved SOI Lands) - City of San Marcos (Highlands)	These four active proposals all involve substantive boundary and/or service changes and are expected to rollover into FY2019.
2	High	Statutory	New	Expected Reorganizations - City of Escondido (Safari Highlands) - City of Vista (Rancho Lomas Verdes)	These two projects – which are currently under environmental review by the lead agencies – involve substantive sphere and jurisdictional changes and expected to be filed with LAFCO in FY2019.
3	High	Administrative	Rollover	Targeted LAFCO Presentations	Introductory overview of LAFCO’s duties and responsibilities to boards, councils, and community groups.
4	High	Administrative	Rollover	Staff Recruitment, Placement, and Training	Recruitments for three new analysts commenced in FY2018 and will rollover into FY2019 in terms of training and development.
5	High	Administrative	Rollover	Job Class and Salary Schedule Review	This review is specific to non-executive positions and focuses on ensuring employees’ (current and future) activities are appropriately aligned and/or accounted in their class and wages remain competitive. Work commenced in January 2018 but expected to rollover into FY2019.
6	High	Statutory	New	MSR SOI City of Escondido Region	Consistent with Study Schedule and includes Escondido, Deer Springs FPD, and Rincon del Diablo MWD
7	High	Statutory	New	MSR SOI City of Vista Region	Consistent with Study Schedule and includes San Marcos, San Marcos FPD, and Vallecitos WD.
8	High	Statutory	New	MSR SOI City of San Marcos Region	Consistent with Study Schedule and includes Vista, Vista ID, Vista FPD, and Buena Sanitation.
9	High	Administrative	New	Policy Reviews - Fund Balance	Periodical review of existing policies relative to practices and trends, and consider whether changes are appropriate to better reflect current membership preferences.
10	High	Administrative	New	Fee Schedule Update	Review fee schedule to ensure appropriate level of cost-recovery while incorporating – as appropriate – changes in format and orientation as well as developing a blended hourly staff rate.
11	Moderate	Administrative	New	MOU Update with County of San Diego	Update existing 1974 MOU with the County of San Diego to reflect current agency relationships/needs.
12	Moderate	Administrative	New	E-Agenda Packets	Simplify agenda packet production by transitioning to electronic tablets.
13	Moderate	Statutory	New	MSR SOI Julian Region	Consistent with Study Schedule and includes Julian-Cuyamaca FPD, Julian CSD, and several others.
14	Moderate	Administrative	New	Bookkeeping Services	Create a chart of accounts for LAFCO in QuickBooks scaled to the agency’s operations while maintaining linkage and accessibility to the County’s accounting system. Also establish protocol for outside bookkeeper to provide monthly reconciliation of account statements.
15	Moderate	Administrative	New	2017-18 Audit Report	Best practice; follow up on previous audit recommendations.
16	Moderate	Administrative	Rollover	Website Update	Design and launch website update that provides users with a more intuitive and appealing layout and expand content to include – and among other items – a public portal to search/retrieve digital records.
17	Moderate	Statutory	New	MSR SOI San Diego County Sanitation District	Consistent with Study Schedule and includes multiple community wastewater service areas.
18	Moderate	Administrative	Rollover	CALAFCO Association of Southern LAFCOs	Continue to participate and provide leadership within CALAFCO and Association of Southern LAFCOs.
19	Moderate	Administrative	Rollover	Digital Archiving	Continue project to digitize LAFCO records.
20	Low	Administrative	New	Agency Logo	Establish an agency logo for use on letterhead and other communications (website, publications, etc.). Branding activity.
21	Low	Administrative	New	Informational Report on SGMA	Examine State Groundwater Management Act (SGMA) implementation issues in San Diego County relative to LAFCO’s duties and interests.
22	Low	Statutory	New	Informational Report on JPAs	Follows recent passage of SB 1266 and requirement for municipal-serving JPAs to begin filing agreements/amendments with LAFCOs.
23	Low	Administrative	New	Update Application Packet	Streamline existing packet to more readily distinguish between proposal types and incorporate informational needs based on new statutory requirements.
24	Low	Administrative	New	Local Agency Directory	User-friendly publication identifying and summarizing local governmental agencies and their services in San Diego County.
25	Low	Administrative	New	Establish Social Media Policies and Protocols	Expand outreach to capture alternate media forums.

FINAL OPERATING BUDGET | 2018-19

OPERATING EXPENSES

Salary and Benefit Unit

Accounts Descriptions

		FY2015-16		FY2016-17		FY2017-18		FY2018-19		
		Adopted FY15-16	Actual FY15-16	Adopted FY16-17	Actual FY16-17	Adopted FY17-18	Projected FY17-18	FINAL (Proposed) FY18-19	Difference	
5110-51310	Salaries and Wages	1,028,205	493,668	1,073,177	538,165	1,100,599	620,960	689,719		
51410	Retirement - SDCERA	-	153,326	-	187,262	-	169,454	239,780		
51415	Retirement - OPEB	-	8,188	-	9,323	-	7,367	10,560		
51421	Retirement - Pension Obligation Bonds	-	30,851	-	34,496	-	28,773	41,598		
51450	Payroll Tax (Social and Medicare)	-	32,921	-	36,919	-	32,179	48,958		
51510-51550	Group Insurance (Health)	-	66,797	-	69,440	-	73,735	96,958		
51560	Unemployment Insurance	-	161	-	154	-	1,577	4,032		
		1,028,205	785,912	1,073,177	875,759	1,100,599	934,044	1,131,604	2.8%	31,005

Services and Supplies Unit

Accounts Descriptions

52074	Telecommunications	500	-	500	-	500	2,200	2,500	400.0%	2,000
52178	Vehicle - Maintenance	2,000	1,150	2,000	1,456	2,000	1,500	2,000	0.0%	-
52182	Vehicle - Fuel	500	1,274	1,500	1,096	1,500	1,300	1,500	0.0%	-
52270	Memberships	9,000	7,577	10,107	8,107	15,000	12,000	13,000	-13.3%	(2,000)
52304	Miscellaneous	-	-	50	-	50	6,000	50	0.0%	-
52330	Office: General	1,000	-	1,000	-	1,000	8,500	8,500	750.0%	7,500
52332	Office: Postage	500	-	500	-	500	-	500	0.0%	-
52334	Office: Printing	2,000	7,194	7,500	20	7,500	3,500	10,000	46.7%	3,500
52336	Office: Books and Guidelines	2,000	110	2,000	-	2,000	850	2,000	0.0%	-
52338	Office: Drafting/Engineering	50	-	50	-	50	-	50	0.0%	-
52344	Office: Stores Unallocated	15,000	13,974	17,500	10,806	18,000	12,320	17,500	-2.8%	(500)
52354	Office: County Mail Services	8,000	9,228	9,500	8,220	9,000	7,500	9,000	0.0%	-
52370	Professional Services: Consultants	427,500	378,861	402,500	408,717	382,500	374,290	259,110	-32.3%	(123,390)
52490	Publications and Legal Notices	2,500	127	2,500	57	7,500	1,250	5,000	-33.3%	(2,500)
52504	Leases: Equipment	1,166	5,996	-	4,779	4,000	5,224	6,500	62.5%	2,500
52530	Leases: Office Space	75,000	73,875	77,000	75,722	80,000	77,931	79,880	-0.2%	(120)
52550	Special Expenses: County Overhead	126,000	190,483	100,000	196,412	155,000	140,000	155,000	0.0%	-
52562	Special Expenses: New Hire Backgrounds	-	93	-	-	-	350	-	-	-
52566	Special Expenses: Minor Equipment	1,000	-	1,000	-	1,000	1,000	1,000	0.0%	-
52602	Computer Training	2,000	-	2,000	-	2,000	-	2,000	0.0%	-
52610	Travel and Training In County	500	-	500	-	500	8,000	5,000	900.0%	4,500
52612	Employee Auto	10,000	9,084	10,000	8,802	10,000	8,000	10,000	0.0%	-
52622	Travel and Training Out of County	1,000	-	1,000	-	1,000	7,000	10,000	900.0%	9,000
52704-52722	Reimbursements: Network	33,500	28,905	33,500	29,140	31,500	24,955	30,000	-4.8%	(1,500)
52723	Reimbursements: Data Center	50,546	54,901	51,000	52,403	45,000	43,630	45,000	0.0%	-
52725	Reimbursements: Financial Systems	6,000	22,671	6,000	20,940	20,000	15,770	20,000	0.0%	-
52726-52732	Reimbursements: Desktop Computing	40,200	27,079	40,200	28,248	27,700	22,000	25,000	-9.7%	(2,700)
52374	Reimbursements: Help Desk	2,500	5,058	2,500	4,531	2,500	2,630	3,000	20.0%	500
52750-52754	Reimbursements: Catalog Equipment	41,310	20,281	117,480	27,121	51,000	25,000	45,000	-11.8%	(6,000)
52758	Reimbursements: Vehicle Lease	2,500	773	2,500	166	3,000	1,000	2,000	-33.3%	(1,000)
		863,772	858,694	901,887	886,743	881,300	813,700	770,090	-12.6%	(111,210)

Other Units

Accounts Descriptions

53585	Equipment Depreciation	2,500	2,019	2,500	2,019	2,500	2,500	2,500	0.0%	-
54955-54961	Fixed Assets	2,500	-	1,500	-	2,500	2,500	2,500	0.0%	-
		5,000	2,019	4,000	2,019	5,000	5,000	5,000	0.0%	-

EXPENSE TOTALS

1,896,977	1,646,625	1,979,064	1,764,521	1,986,899	1,752,744	1,906,694	-4.0%	(80,205)
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OPERATING REVENUES

		FY2015-16		FY2016-17		FY2017-18		FY2018-19		
		Adopted FY15-16	Actual FY15-16	Adopted FY16-17	Actual FY16-17	Adopted FY17-18	Projected FY17-18	Proposed FY18-19	Difference	
Intergovernmental Unit										
Accounts	Descriptions									
45918	Agency Apportionments	1,394,946	1,394,946	1,578,564	1,577,636	1,635,099	1,635,099	1,664,894	1.8%	29,795
		1,394,946	1,394,946	1,578,564	1,577,636	1,635,099	1,635,099	1,664,894	1.8%	29,795
Service Charges Unit										
Accounts	Descriptions									
46234	Applicant Fees	125,000	76,510	150,000	186,717	125,000	118,210	125,000	0.0%	-
		125,000	76,510	150,000	186,717	125,000	118,210	125,000	0.0%	-
Earnings Unit										
Accounts	Descriptions									
44105	Interests and Dividends	5,500	-	5,500	-	6,800	5,100	6,800	0.0%	-
		5,500	-	5,500	-	6,800	5,100	6,800	0.0%	-
Miscellaneous Unit										
Accounts	Descriptions									
47540	Operating Transfer	370,365	175,000	250,000	-	220,000	-	110,000	-50.0%	(110,000)
		370,365	175,000	250,000	-	220,000	-	110,000	-50.0%	(110,000)
	REVENUE TOTALS	1,895,811	1,646,456	1,984,064	1,764,353	1,986,899	1,758,409	1,906,694	-4.0%	(80,205)

OPERATING NET	\$	(169)	\$	(168)	\$	-	\$	5,665	\$	-
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FUND BALANCE JUNE 30th										
			175,000		-		-			
	Committed									
	Assigned Contingency		97,075		75,000		75,000		75,000	
	Unassigned		1,136,620		1,394,699		1,400,364		1,400,364	
		\$	1,408,695	\$	1,469,699	\$	1,475,364	\$	1,475,364	
			audited		audited		unaudited		projected	

**Chair**Jo MacKenzie, Director
Vista Irrigation District**MEMORANDUM****Vice Chair**Ed Sprague, Director
Olivenhain Municipal Water

April 2, 2018

MembersCatherine Blakespear, Mayor
City of EncinitasBill Horn, Supervisor
County of San DiegoDianne Jacob, Supervisor
County of San DiegoAndrew Vanderlaan
Public MemberBill Wells, Mayor
City of El CajonLorie Zapf, Councilmember
City of San Diego**Alternate Members**Lorie Bragg, Councilmember
City of Imperial BeachChris Cate, Councilmember
City of San DiegoGreg Cox, Supervisor
County of San DiegoJudy Hanson, Director
Leucadia Wastewater DistrictHarry Mathis
Public Member**Executive Officer**

Keene Simonds

Counsel

Michael G. Colantuono

TO: Commissioners

FROM: Keene Simonds, Executive Officer

SUBJECT: **Proposed Budget Summary |
Key Expenses and Revenue Items**

The following summary details key expense and revenue items incorporated into the final budget for the upcoming 2018-19 fiscal year and supplements information outlined in the accompanying agenda report.

Operating Expenses

- The final budget increases the salaries and benefits unit (i.e., payroll) by \$31,005 or 2.8% over the current fiscal year from \$1,100,599 to \$1,131,604. Notable provisions and/or adjustments follow.
 - Budgets for 8.0 fulltime positions. This amount matches existing allocations, but provides internal changes to the staffing schedule highlighted by replacing two vacant Chief Policy Analyst positions with two Analyst I/II positions. It also adds a new GIS Analyst position while removing allocations for interns. (See Notes 1 and 2)
 - Provides a 3.0% cost-of-living adjustment in regular salaries for all budgeted positions. It also provides for lump sum payments to employees totaling approximately \$7,000. These provisions are consistent with the Commission's earlier action taken in July 2017 in approving future adjustments consistent with the County of San Diego's new contract with unrepresented employees. (See Note 3)
 - Includes a \$28,000 placeholder to absorb potential salary adjustments made during the fiscal year. This includes any changes generated from the recently commenced review of job classifications and salary schedules approved by the Commission.

- Provides an increase in meeting per diems from \$100 to \$150. This change would mark the first increase in per diems since 2001 and consistent with amounts currently provided by other urban LAFCOs in California. An increase would also reflect the significant expansion in time commitments at LAFCO as a result of the new planning and regulatory duties under CKH. (See Note 4)
- The final budget decreases the services and supplies unit by (\$111,210) or (12.6%) over the current fiscal year from \$881,300 to \$770,090. Notable provisions and/or adjustments follow.
 - Continues to provide funding for outside consultants to support LAFCO's work, but at a significantly reduced scale and cost with the corresponding loss in services being insourced to staff. This reduction is reflected in decreasing the professional services account from \$382,500 to \$259,110; a difference of (\$123,390) or (32%) with the majority of savings tied to eliminating a contract with GIS Surveyors, Inc. for digital mapping services and its annual service charge of \$145,000. (The associated work would be assumed by establishing a fulltime GIS Analyst position as described in the preceding section.) Other existing and ongoing consulting services involving legislation, fire protection, and planning – which have already started to draw-down - would term completely by January 2019 and revert to an as needed basis. (See Note 5)
 - Notwithstanding the above-described reductions in the professional services account, funds are budgeted to cover all of the following outsourced services:
 - \$79,000 for continued project services in managing the implementation of the electronic document management system. (See Note 6)
 - \$75,000 for continued outside legal services consistent with recent year-end actuals. (See Note 7)
 - \$32,000 for an outside vendor to design and implement a website update to – and among other features – create a user-friendly portal for the public to access the Commission's archived records system.
 - \$10,000 for an outside vendor to develop a new and scaled chart of accounts while also providing bookkeeping services going forward to reconcile account statements in QuickBooks on a monthly basis.
 - \$8,500 for an outside vendor to prepare an audit report on LAFCO's financial statements for 2017-18.

- \$5,000 for an outside vendor to design an agency logo to provide a visual branding aid to the public in understanding and connecting to LAFCO's role and function in San Diego County.
- Increases budgeted resources for training and development by more than ten-fold from \$3,500 to \$17,000. This increase compliments the budgeted addition of three new analysts as well as help to ensure all staff are provided resources to continually improve their contributions to LAFCO.
- Provides up to \$15,000 to purchase electronic tablets and associated software to begin the transition to e-agenda packets for interested members.
- The final budget maintains the others unit and continues to set expenses at \$5,000 to fund capital depreciation.

Operating Revenues

- The final budget increases the intergovernmental unit (i.e., contributions) by \$29,795 or 1.8% over the current fiscal year from \$1,635,099 to \$1,664,894. Based on the formula established under State law this contribution among would be divided among LAFCO's funding agencies as follows:
 - \$475,684 from the County of San Diego
 - \$475,684 divided among 17 cities (less City of San Diego)
 - \$475,684 divided among 59 independent special districts
 - \$237,842 from the City of San Diego

Actual invoice amounts for the cities and special districts would be determined by the County Auditor's Office consistent with the allocation formula outlined under Government Code Section 56383 and based on local revenue tallies.

- The final budget retains budgeted revenues in the service charges unit as is at \$125,000 and is consistent with recent actuals.
- The final budget retains budgeted revenues in the earnings unit as is at \$6,800.
- The final budget decreases the miscellaneous unit (i.e., reserve transfers) by (\$110,000) or (50%) over the current fiscal year from \$220,000 to \$110,000. This decrease is consistent with recent fiscal year practices of the Commission to incrementally reduce use of reserves as offsetting revenues and as a means to better reflect the true-costs of agency operations.

Notes:

1. The final budget assumes the appointment of one Analyst I and one Analyst II at the mid-point of their respective salary ranges. It also assumes the appointment of the GIS Analyst at the mid-point of the Analyst II position.
2. The GIS Analyst position requires the Commission to adopt a new job description and salary schedule ahead of commencing recruitment/placement. In the interim, the Analyst II position's pay scale is used for budgeting purposes.
3. All non-executive positions are scheduled to automatically receive a 3.0% cost-of-living adjustment beginning July 1st. Any changes to the Executive Officer's compensation – including the referenced cost-of-living adjustment – are discretionary on the part of the Commission.
4. Per diems are expensed out of the salaries/wages line item.
5. The referenced contract charge from GIS Surveyors, Inc. reflects the average annual charge to LAFCO over the last three fiscal years.
6. Project management for LAFCO's electronic document management system is provided by independent contractor Casey McGhee and performed onsite.
7. Legal services for the Commission are provided by Colantuono Highsmith & Whatley (Grass Valley | Pasadena). County Counsel augments these services as needed.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION
Regional Service Planning | State of California

Attachment Three

PROPOSED STAFFING SCHEDULE

Approved Job Classifications	2016-2017		2017-2018		2018-2019					
	Allocated Positions	Fulltime Equivalency	Allocated Positions	Fulltime Equivalency	Allocated Positions	Fulltime Equivalency	Budgeted Salary	Budgeted Pension	Budgeted Other Benefits	Budget Total
Executive Officer	1.0	1.0	1.0	1.0	1.0	1.0	164,793.41	79,265.63	31,103.89	275,162.93
Assistant Executive Officer	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-	-
Chief Analyst - Policy	1.0	1.0	2.0	2.0	1.0	1.0	94,694.08	45,547.85	24,301.27	164,543.20
Chief Analyst - Governance	1.0	0.5	1.0	0.5	0.0	0.0	-	-	-	-
Local Governmental Analyst III	1.0	1.0	0.0	0.0	0.0	0.0	-	-	-	-
Local Governmental Analyst II	1.0	0.0	0.0	0.0	2.0	2.0	139,048.00	57,941.30	26,805.85	223,795.16
Local Governmental Analyst I	0.0	0.0	1.0	1.0	1.0	1.0	61,817.60	25,759.39	12,764.84	100,341.83
Administrative Analyst I	1.0	0.0	0.0	0.0	0.0	0.0	-	-	-	-
Executive Assistant	2.0	2.0	2.0	2.0	2.0	2.0	133,385.82	64,158.58	43,497.03	241,041.43
Administrative Assistant	1.0	1.0	1.0	1.0	1.0	1.0	50,324.98	20,970.42	11,813.25	83,108.64
Student Worker/Intern	1.5	0.0	1.5	0.5	1.5	0.0	-	-	-	-
	10.5	6.5	9.5	8.0	9.5	8.0	\$ 644,063.89	\$ 293,643.18	\$ 150,286.13	\$ 1,087,993.19

Notes:

Budgeted salaries in FY18-19 include a 3% cost-of-living adjustment for all employees; already approved for non-management. It also similarly includes \$7,000 in lump sum payments.

A separate \$28,000 placeholder has been added to the Salaries/Benefits Unit to accommodate any mid-year adjustments associated with a pending job class review.

As provided in the above schedule it is expected one Analyst II and two Analyst I positions will be filled before or during FY18-19. The Executive Officer retains discretion to down-fill the Analyst II position to an Analyst I position based on recruitment results.

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The San Diego Union-Tribune

Bill To:

LOCAL AGENCY FORMATION COMMISSION (LAFCO) - CU00476103
9335 Hazard Way
Ste 200
San Diego, CA 92123-1222

Sold To:

LOCAL AGENCY FORMATION COMMISSION (LAFCO) - CU00476103
9335 Hazard Way
Ste 200
San Diego, CA 92123-1222

**SAN DIEGO LOCAL
AGENCY
FORMATION
COMMISSION
NOTICE OF PUBLIC
HEARING**

NOTICE IS HEREBY GIVEN THE SAN DIEGO LOCAL AGENCY FORMATION COMMISSION (LAFCO) will hold a regular meeting on Monday, April 2, 2018 at 9:00 A.M. at the County of San Diego Administration Building located at 1600 Pacific Highway in San Diego to consider – and among other items – the following action:

Adoption of Final Workplan and Budget for Fiscal Year 2018-2019

In accordance with Government Code Section 56381, San Diego LAFCO will consider adopting a final workplan and budget to direct and fund, respectively, the agency's regulatory and planning responsibilities for Fiscal Year 2018-2019. Public comments are welcomed through the end of the scheduled hearing. An associated agenda report will be available for download at www.sdlafco.org approximately one week prior to the hearing date. You may also request a written copy of the associated agenda report by contacting LAFCO at (858) 614-7755.

PUBLISHED:
March 12, 2018

Keene Simonds,
Executive Officer
San Diego
Local Agency
Formation
Commission
County of San Diego

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Agencies	2017-2018 Payments	2018-2019 Payments - ESTIMATED	Difference
Special Districts			
Alpine Fire Protection District	2,206.48	2,246.69	40.21
Bonita-Sunnyside Fire Protection	1,693.17	1,724.02	30.85
Borrego Springs Fire Protection	1,454.82	1,481.33	26.51
Borrego Water District	2,398.48	2,442.19	43.71
Canebrake County Water District	29.81	30.35	0.54
Cuyamaca Water District	55.76	56.78	1.02
Deer Springs Fire Protection	2,948.38	3,002.11	53.73
Descanso Community Services District	267.36	272.23	4.87
Fairbanks Ranch Community Services District	386.45	393.49	7.04
Fallbrook Healthcare District	1,006.41	1,024.75	18.34
Fallbrook Public Utility District	20,594.59	20,969.87	375.28
Grossmont Healthcare District	4,069.82	4,143.98	74.16
Helix Water District	49,157.13	50,052.88	895.75
Jacumba Community Services District	80.43	81.90	1.47
Julian Community Services District	175.23	178.42	3.19
Julian-Cuyamaca Fire Protection	597.01	607.89	10.88
Lake Cuyamaca Recreation & Park	813.27	828.09	14.82
Lakeside Fire Protection District	7,717.48	7,858.11	140.63
Lakeside Water District	4,760.40	4,847.14	86.74
Leucadia Wastewater District	6,863.30	6,988.36	125.06
Lower Sweetwater Fire Protection	158.31	161.19	2.88
Majestic Pines Community Services District	362.68	369.29	6.61
Mission Resource Conservation	412.51	420.03	7.52
Mootamai Municipal Water District	10.53	10.72	0.19
Morro Hills Community Services District	43.28	44.07	0.79
North County Cemetery District	1,105.00	1,125.14	20.14
North County Fire Protection	9,176.02	9,343.23	167.21
Olivenhain Municipal Water District	34,924.85	35,561.26	636.41
Otay Water District	57,731.98	58,783.98	1,052.00
Padre Dam Municipal Water District	48,627.45	49,513.55	886.10
PPHS - Palomar Medical Center	-	-	-
PPHS - Pomerado Hospital	6,675.45	6,797.09	121.64
Pauma Municipal Water District	10.18	10.37	0.19
Pauma Valley Community Services District	863.94	879.68	15.74
Pine Valley Fire Protection District	144.08	146.71	2.63
Pomerado Cemetery District	564.51	574.80	10.29
Questhaven Municipal Water District	4.85	4.94	0.09
Rainbow Municipal Water District	24,111.23	24,550.59	439.36
Ramona Cemetery District	166.72	169.76	3.04
Ramona Municipal Water District	19,937.76	20,301.07	363.31
Rancho Santa Fe Community Services District	2,206.38	2,246.58	40.20
Rancho Santa Fe Fire Protection	7,657.88	7,797.42	139.54
Resource Conservation District of Greater SD Count	174.73	177.91	3.18
Rincon Del Diablo Muni Water District	10,733.52	10,929.11	195.59
Rincon Ranch Community Services District	26.34	26.82	0.48
San Luis Rey Municipal Water District	41.61	42.37	0.76
San Miguel Consolidated Fire Protection District	11,778.89	11,993.53	214.64
Santa Fe Irrigation District	14,930.62	15,202.69	272.07
South Bay Irrigation District	1.45	1.48	0.03
Tri City Hospital District	-	-	-
Upper San Luis Rey Resource Conservation District	19.60	19.96	0.36
Vallecitos Water District	36,373.23	37,036.03	662.80
Valley Center Cemetery District	82.55	84.05	1.50
Valley Center Parks & Recreation	223.16	227.23	4.07
Valley Center Fire Protection	1,401.59	1,427.13	25.54
Valley Center Municipal Water District	30,125.70	30,674.65	548.95
Vista Fire Protection District	1,821.41	1,854.60	33.19
Vista Irrigation District	29,274.54	29,807.98	533.44
Whispering Palms Community Services District	562.60	572.85	10.25
Wynola Water District	39.15	39.86	0.71
Yuima Municipal Water District	7,389.08	7,523.72	134.64
Special Districts Total	\$ 467,171.14	\$ 475,684.00	\$ 8,512.86

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Cities			
City of Carlsbad	73,749.69	75,093.57	1,343.88
City of Chula Vista	53,356.89	54,329.17	972.28
City of Coronado	23,048.79	23,468.79	420.00
City of Del Mar	6,324.03	6,439.27	115.24
City of El Cajon	32,876.65	33,475.73	599.08
City of Encinitas	29,922.02	30,467.26	545.24
City of Escondido	37,107.72	37,783.90	676.18
City of Imperial Beach	6,056.20	6,166.56	110.36
City of La Mesa	19,018.22	19,364.77	346.55
City of Lemon Grove	5,666.52	5,769.78	103.26
City of National City	24,288.00	24,730.58	442.58
City of Oceanside	55,974.41	56,994.38	1,019.97
City of Poway	19,160.62	19,509.77	349.15
City of San Marcos	26,627.98	27,113.20	485.22
City of Santee	15,684.93	15,970.74	285.81
City of Solana Beach	7,157.77	7,288.20	130.43
City of Vista	31,150.71	31,718.34	567.63
Cities Total	467,171.15	475,684.00	\$ 8,512.85
City of San Diego	\$ 233,585.57	\$ 237,842.00	\$ 4,256.43
County of San Diego	\$ 467,171.14	\$ 475,684.00	\$ 8,512.86
TOTAL	\$ 1,635,099.00	\$ 1,664,894.00	\$ 29,795.00