



San Diego County
Local Agency Formation Commission
 Regional Service Planning | Subdivision of the State of California

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AGENDA REPORT
 Business | Discussion

March 13, 2020

TO: Cities Advisory Committee

FROM: Keene Simonds, Executive Officer

SUBJECT: Proposed Workplan and Budget for 2020-2021

SUMMARY

The Cities Advisory Committee (“Committee”) will review a proposed Commission workplan and budget for 2020-2021. Both documents were tentatively approved by Commission at its March 2nd meeting and currently under public review and comment. The proposed workplan outlines 20 specific project goals and continues to focus on the preparation of municipal service reviews in northern San Diego County. The proposed budget draws on the workplan and tallies \$1.953 million in expenses, which represents an overall increase of 1.9% and largely tied to adjustments in non-management salaries and benefits. The item is being presented for discussion with feedback – including recommendations – and will be incorporated into final documents for presentation at the Commission’s May 4th meeting.

BACKGROUND

Annual Budget Process

The Commission is responsible under State law 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. State law 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 prescribed regulatory and planning duties.

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Prescriptive Funding Sources

State law mandates operating costs for LAFCOs shall be annually funded among their represented agency membership categories. The Commission's operating costs, accordingly, are divided among four distinct membership categories with the largest apportionment 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 divided thereafter based on total revenue shares in a given fiscal year. 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 costs.

DISCUSSION

This item is for the Committee to review and provide feedback on the Commission's proposed workplan and budget for 2020-2021. The review is part of a current public review and comment period with final action scheduled by the Commission at its May 4th meeting. A summary discussion of the main components underlying both documents follows.

Summary | Proposed Workplan in 2020-2021

The proposed workplan outlines 20 specific projects and provided as Attachment One. The projects are listed in sequence by assigned priority between high, moderate, and low. The projects are also divided between new items and tasks continued from the current fiscal year with the latter category including several active municipal service reviews that – and for a variety of factors – require more time to complete.

Summary | Proposed Budget in 2020-2021

The proposed budget is provided as Attachment Two and sets expenses at \$1.953 million; a net increase of \$36,358 or 1.9% over the current fiscal year. A matching amount of revenues is budgeted with one notable internal distinction. This distinction involves increasing agency contributions by \$48,958 or 2.9% to cover the difference in purposefully reducing the use of off-setting reserves by one-third from \$72,600 in 2019-2020 to \$50,000 in 2020-2021.

ANALYSIS

The proposed workplan outlines 20 specific project goals for the fiscal year that responsively addresses the Commission's regulatory and planning responsibilities in context to local conditions. The workplan also – pertinently – continues to be premised on prioritizing proposal work above all other activities. This includes several current and/or pending high-profile proposals and marked by concurrent applications by Fallbrook Public Utility District and Rainbow Municipal Water District to detach from the County Water Authority and annex to Eastern Municipal Water District. The workplan also incorporates the third year of the

current study schedule with continued emphasis on the North County region and this includes competing studies underway involving the Fallbrook, San Marcos, and Vista regions. A separate policy review on the study schedule itself and opportunity to amend the document to reflect current progress and preferences is also planned.

The proposed budget supports the workplan and generally serves as a status quo with respect to maintaining existing service levels and resources and this includes maintain staffing levels at 8.0 fulltime employees. The proposed budget, nonetheless, provides for a moderate overall increase in operating expenses of \$36,358 or 1.9%. The increase is largely tied to adjustments in salaries and benefits and attributed to a planned 3.0% cost-of-living adjustment previously approved by the Commission as well as accommodating changes for non-management personnel. Reducing the use of reserves as offsetting revenues by one-third over the current fiscal year also continues the Commission's interest to ultimately square operating costs with agency contributions.

RECOMMENDATION

It is recommended the Committee provide feedback on the proposed Commission workplan and budget for 2020-2021 – including recommendations on desired revisions. Staff will incorporate the feedback received from the Committee into preparing final versions of both documents ahead of the Commission taking formal action at its May 4th meeting.

ALTERNATIVES FOR ACTION

This item is being presented for discussion and feedback only; no action.

PROCEDURES FOR CONSIDERATION

This item has been placed on the Committee's agenda for discussion as part of the business calendar. The following procedures apply.

- 1) Receive verbal report from staff.
- 2) Initial questions or request for clarifications.
- 3) Discuss item and provide feedback as requested.

Respectfully,



Keene Simonds
Executive Officer

Attachments:

- 1) Proposed Workplan for 20-21
- 2) Proposed Budget for 20-21

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San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

2020-2021 Workplan (Draft)

Introduction:

Local Agency Formation Commissions' (LAFCOs) operate under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2001 ("CKH") and are delegated 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 jurisdictional changes and outside service requests. Common planning functions include preparing studies to independently evaluate the availability, performance, and need for municipal services and establishing and updating spheres of influence – which are the Legislature's version of urban growth boundaries and gatekeepers to future jurisdictional 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 2020-2021 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 a 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 and to carry-forward projects into subsequent years.

Executive Summary:

The 2020-2021 Workplan continues to guide the Commission to prioritize resources in addressing statutory duties and responsibilities. This includes continuing work on existing projects established – but not yet completed – from earlier fiscal years and marked by completing municipal service reviews for the Vista, San Marcos, and Fallbrook regions. New municipal service reviews involving the Oceanside/Carlsbad and Encinitas regions are also included in the Workplan as well as performing a policy review on LAFCO's task to identify and authorize special district service functions and classes. Other new projects include filling a vacant Analyst I/II position and re-establishing participation with SANDAG.

Priority	Level	Type	Project	Description and Key Issues
Continual	...	Statutory	Applicant Proposals	LAFCO will prioritize resources to address proposals involving boundary changes and outside service requests; current/pending proposals: <ul style="list-style-type: none"> - Fallbrook PUD/Rainbow MWD/County Water Authority - Reorganization of CSA No. 135 into FPD - Fallbrook PUD Latent Powers Activation - Reorganization of Valley Center CSD into CSA - Harvest Hills (Escondido et al) - Valiano (Escondido et al)
Continual	...	Administrative	Targeted LAFCO Presentations	LAFCO will prioritize public outreach; emphasis on informing stakeholders ahead of MSR work
1	High	Statutory	MSR Fallbrook Region	Reviews of Fallbrook PUD, Rainbow MWD, San Luis Rey MWD, & North County FPD
2	High	Statutory	MSR Escondido Region Part II	Review of the City of Escondido; follows completion of Part I (Rincon del Diablo MWD and Deer Springs FPD) in 2019-2020
3	High	Administrative	Policy Review Rule No. 4	Update Rule No. 4 and it provisions guiding LAFCO's duty to identify and establish special districts' service functions and classes
4	High	Statutory	MSR San Marcos Region	Reviews of the City of San Marcos, San Marcos FPD, and Vallecitos WD
5	High	Statutory	MSR Vista Region	Reviews of the City of Vista, Vista ID, Vista FPD, and Buena SD
6	High	Statutory	MSR Oceanside and Carlsbad Region	Reviews of Cities of Oceanside and Carlsbad as well as Carlsbad MWD and Morro Hills
7	High	Administrative	Analyst I/II Position	Perform recruitment and hire of a new Analyst I/II
8	High	Administrative	Cities Advisory Committee	Staff and maintain feedback with Cities Advisory Committee and hold no less than two formal meetings
9	High	Administrative	Special Districts Advisory Committee	Staff and maintain feedback with Special Districts Advisory Committee and hold no less than three formal meetings
10	High	Administrative	Policy Review Study Schedule	Update study schedule calendaring municipal service reviews to reflect current progress and related observations
11	Moderate	Administrative	2019-2020 Audit	Coordinate outside consultant's review of financial statements for 2019-2020 and identify opportunities to improve accounting system
12	Moderate	Statutory	MSR Encinitas Region	Reviews of the City of Encinitas and Leucadia WWD, Olivenhain MWD, and San Dieguito WD
13	Moderate	Administrative	SANDAG	Re-establish regular participation in SANDAG's Technical Working Group (TWG)
14	Moderate	Administrative	State Groundwater Management Act	Prepare report on State Groundwater Management Act (SGMA) implementation in San Diego County relative to LAFCO duties/interests
15	Moderate	Administrative	Application Procedures	Streamline existing application packet to be more user-friendly; address new statutory requirements
16	Low	Administrative	CALAFCO	Participate in CALAFCO through the Board, Leg Committee, and Annual Workshop and Conference
17	Low	Administrative	SOI/MSR Annual Report	Prepare annual report to serve as living record of all sphere actions in San Diego County
18	Low	Administrative	Local Agency Directory	Create user-friendly publication identifying and summarizing local governmental agencies subject to LAFCO oversight
19	Low	Administrative	Office Space	Review options on office space ahead of Aug 2021 decision to exercise 5-year lease option at 9335 Hazard Way
20	Low	Administrative	Social Media	Establish policies and procedures to expand outreach to capture alternate media forums



San Diego County Local Agency Formation Commission

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OPERATING EXPENSES

		FY 2017-2018		FY 2018-2019		FY 2019-2020		FY 2020-2021		
		Adopted	Actuals	Adopted	Actuals	Adopted	Estimated	Proposed	Difference	
Salaries and Benefits Unit										
<u>Account No.</u>	<u>Description</u>									
51110-51310	Salaries and Wages	1,100,599	617,838	689,719	638,748	752,780	708,716	782,597	29,817	4.0%
51410	Retirement - SDCERA	-	166,680	239,780	230,865	258,148	251,041	276,452	18,304	7.1%
51415	Retirement - OPEB	-	7,256	10,560	10,091	10,539	10,067	11,136	597	5.7%
51421	Retirement - OPEB Bonds	-	27,841	41,598	37,308	40,321	38,564	42,605	2,285	5.7%
51450	Payroll Taxes (Social Security and Medicare)	-	35,613	48,958	46,163	53,393	48,902	56,418	3,025	5.7%
51510-51550	Group Insurance (Health and Dental)	-	74,615	96,958	95,405	100,234	100,408	103,116	2,882	2.9%
51560	Unemployment Insurance	-	235	4,032	163	3,769	1,817	2,000	(1,769)	-46.9%
		1,100,599	930,078	1,131,604	1,058,743	1,219,183	1,159,516	1,274,324	55,141	4.5%
Services and Supplies Unit										
<u>Account No.</u>	<u>Description</u>									
52074	Telecommunications	500	2,266	2,500	3,860	3,600	3,686	3,636	36	1.0%
52178	Vehicle - Maintenance	2,000	489	2,000	610	1,500	900	980	(520)	-34.7%
52182	Vehicle - Fuel	1,500	401	1,500	367	1,000	600	1,000	-	0.0%
52270	Memberships	15,000	11,328	13,000	14,601	28,139	23,651	25,412	(2,727)	-9.7%
52304	Miscellaneous	50	6,001	50	20	50	10	50	-	0.0%
52330	Office: General	1,000	15,253	8,500	6,399	7,420	7,000	7,420	-	0.0%
52332	Office: Postage	500	-	500	84	500	413	500	-	0.0%
52334	Office: Printing	7,500	-	10,000	4,795	10,000	10,000	10,000	-	0.0%
52336	Office: Books and Guidelines	2,000	3,609	2,000	3,226	2,000	1,700	2,000	-	0.0%
52338	Office: Drafting/Engineering	50	-	50	-	50	-	50	-	0.0%
52344	Office: Supplies and Furnishings	18,000	13,140	17,500	9,302	17,800	11,678	15,800	(2,000)	-11.2%
52354	Office: County Mail Services	9,000	10,037	9,000	18,896	10,000	11,587	10,000	-	0.0%
52370	Professional Services: Consultants	382,500	326,850	259,110	398,125	204,505	227,704	198,215	(6,290)	-3.1%
52490	Publications and Legal Notices	7,500	7,085	5,000	10,382	4,650	5,698	4,650	-	0.0%
52504	Leases: Equipment	4,000	5,498	6,500	8,137	6,600	6,393	6,600	-	0.0%
52530	Leases: Office Space	80,000	79,789	79,880	79,555	82,657	82,657	84,764	2,107	2.5%
52550	Special Expenses: County Overhead	155,000	47,826	155,000	113,842	100,896	81,020	91,507	(9,389)	-9.3%
52562	Special Expenses: New Hire Backgrounds	-	572	-	689	-	-	-	-	0.0%
52566	Special Expenses: Minor Equipment	1,000	1,164	1,000	2,788	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	11,301	5,000	6,634	4,500	7,032	4,500	-	0.0%
52612	Employee Auto	10,000	8,724	10,000	9,069	9,700	9,244	9,700	-	0.0%
52622	Travel and Training Out of County	1,000	14,390	10,000	25,432	23,550	21,086	23,550	-	0.0%
52704-52722	Reimbursements: Network	31,500	27,137	30,000	26,450	30,000	34,332	30,000	-	0.0%
52723	Reimbursements: Data Center	45,000	48,214	45,000	30,728	45,000	36,190	45,000	-	0.0%
52725	Reimbursements: Financial Systems	20,000	18,888	20,000	27,556	20,000	24,174	20,000	-	0.0%
52726-52732	Reimbursements: Desktop Computing	27,700	47,462	25,000	25,311	25,000	31,557	25,000	-	0.0%
52734	Reimbursements: Help Desk	2,500	3,154	3,000	4,743	3,000	2,734	3,000	-	0.0%
52750-52754	Reimbursements: Catalog Equipment	51,000	23,973	45,000	32,097	45,000	22,743	45,000	-	0.0%
52758	Reimbursements: Vehicle Lease	3,000	1,986	2,000	1,986	2,000	1,986	2,000	-	0.0%
		881,300	736,535	770,090	865,684	692,117	666,773	673,334	(18,783)	-2.7%

OPERATING EXPENSES CONTINUED...

Other Units										
Account No.	Description									
53585	Equipment Depreciation	2,500	2,019	2,500	2,500	2,500	2,500	2,500	-	0.0%
54955-54961	Fixed Assets	2,500	-	2,500	-	2,500	-	2,500	-	0.0%
		<u>5,000</u>	<u>2,019</u>	<u>5,000</u>	<u>2,500</u>	<u>5,000</u>	<u>2,500</u>	<u>5,000</u>	<u>-</u>	<u>0.0%</u>
	EXPENSE TOTALS	1,986,899	1,668,632	1,906,694	1,926,927	1,916,300	1,828,789	1,952,658	36,358	1.9%

OPERATING REVENUES

Account No.	Description	FY 2017-2018		FY 2018-2019		FY 2019-2020		FY 2020-2021		
		Adopted	Actuals	Adopted	Actuals	Adopted	Estimated	Proposed	Difference	
Intergovernmental Unit										
45918.1	Apportionments County	467,171	467,171	475,684	475,684	486,771	486,771	500,760	13,988	2.9%
45918.2	Apportionments Cities (less SD)	467,171	467,171	475,684	475,684	486,771	486,771	500,760	13,988	2.9%
45918.3	Apportionments City of San Diego	233,586	233,586	237,842	237,842	243,386	243,386	250,380	6,994	2.9%
45918.4	Apportionments Special Districts	467,171	467,171	475,684	475,684	486,771	486,771	500,760	13,988	2.9%
		<u>1,635,099</u>	<u>1,635,099</u>	<u>1,664,894</u>	<u>1,664,894</u>	<u>1,703,700</u>	<u>1,703,700</u>	<u>1,752,658</u>	<u>48,958</u>	<u>2.9%</u>
Service Charges Unit										
46234	Service Charges	125,000	168,009	125,000	82,147	125,000	136,941	130,000	5,000	4.0%
		<u>125,000</u>	<u>168,009</u>	<u>125,000</u>	<u>82,147</u>	<u>125,000</u>	<u>136,941</u>	<u>130,000</u>	<u>5,000</u>	<u>4.0%</u>
Earnings Unit										
44105	Interest and Dividends	6,800	15,535	6,800	19,052	15,000	28,054	20,000	5,000	33.3%
		<u>6,800</u>	<u>15,535</u>	<u>6,800</u>	<u>19,052</u>	<u>15,000</u>	<u>28,054</u>	<u>20,000</u>	<u>5,000</u>	<u>33.3%</u>
Miscellaneous Unit										
47540	Transfer from Fund Balance	220,000	-	110,000	217,186	72,600	72,600	50,000	(22,600)	-31.1%
		<u>220,000</u>	<u>-</u>	<u>110,000</u>	<u>217,186</u>	<u>72,600</u>	<u>72,600</u>	<u>50,000</u>	<u>(22,600)</u>	<u>-31.1%</u>
	REVENUE TOTALS	1,986,899	1,818,643	1,906,694	1,983,279	1,916,300	1,941,296	1,952,658	36,358	1.9%
OPERATING NET		-	150,011	-	56,352	-	112,506	-		

FUND BALANCE | JUNE 30th

Committed	175,000	175,000	550,000
Assigned	75,000	75,000	125,000
Unassigned	<u>1,357,486</u>	<u>1,196,652</u>	<u>811,558</u>
	1,607,486	1,446,652	1,486,558