



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

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AGENDA REPORT
 Public Hearing

May 4, 2020

TO: Commissioners
FROM: Keene Simonds, Executive Officer
SUBJECT: Adoption of Final Workplan and Budget for 2020-2021

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider recommendations from the Executive Officer in adopting a final workplan and budget for 2020-2021. Both items return following their adoption in draft-form in March and subsequent public review and include revisions. The revisions to the workplan expand the total number of projects from 20 to 26 and add incomplete activities from the current fiscal year as well as one new task to begin live-streaming Commission meetings online. The revisions to the budget eliminate a previously planned increase to ensure overall operating costs match the current fiscal year amount of \$1.916 million. The use of reserves as off-setting revenues has also been revised and increased to match the current fiscal year amount and in doing so ensure overall agency contributions remain the same.

BACKGROUND

Annual Budget Process

San Diego LAFCO 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 be equal to the budget adopted for the previous fiscal year unless LAFCO formally finds any reduced costs will allow the it to meet its prescribed regulatory and planning duties.

Administration Keene Simonds, Executive Officer County Operations Center 9335 Hazard Way, Suite 200 San Diego, California 92123 T 858.614.7755 F 858.614.7766 www.sdlafco.org	Jim Desmond County of San Diego Chair Dianne Jacob County of San Diego Greg Cox, Alternate County of San Diego	Mary Casillas Salas City of Chula Vista Bill Wells City of El Cajon Paul McNamara, Alternate City of Escondido	Mark Kersey City of San Diego Chris Cate, Alternate City of San Diego Erin Lump, Alternate Rincon del Diablo MWD	Jo MacKenzie Vista Irrigation Barry Willis Alpine Fire Protection Harry Mathis, Alternate General Public	Vice Chair Andy Vanderlaan General Public
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Prescriptive Funding Sources

State law mandates operating costs for LAFCOs shall be annually funded among their represented agency membership categories. San Diego LAFCO’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 LAFCO – is responsible for the remaining 14.3% of annual operating costs.

Current Budget

San Diego LAFCO’s adopted final budget for 2019-2020 totals \$1.916 million. This amount represents the total approved operating expenditures 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 with the purposeful aid of a planned \$0.072 million transfer from reserves. Budgeted revenues are divided between four active units: intergovernmental contributions; service charges; earnings; and miscellaneous. The total fund balance as of July 1, 2019 was \$1.447 million.

Budgeted FY20 Expenses	Budgeted FY20 Revenues	Budgeted FY20 Year End Balance	Beginning FY20 Fund Balance
\$1.916	\$1.916	\$0	\$1.447

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) budget for the upcoming fiscal year. Both items return to the Commission from their initial presentation and adoption in March and subsequent 45-day public review and comment period. This included providing direct notice to all 77 local funding agencies as required under statute as well as presenting to both the Cities and Special Districts Advisory Committees. No formal comments on either document have been received as of the date – April 21st – of this agenda report. A summary discussion of the main components underlying both items and revisions made since March follows.

Summary | Final Workplan in 2020-2021

The final workplan outlines 26 specific projects 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 with the former category organized as a “top-ten” and represents the most pertinent Commission activities. The workplan has been revised since March to include six additional projects along with all the

activities previously listed.¹ The six additional projects consists of five from the current workplan that are now expected to extend past June and include a municipal service review on resource conservation districts and an update to the Preservation of Open Space and Agricultural Lands Policy. The sixth project added to the workplan is new and involves live-streaming Commission meetings online. All projects are listed in the final workplan and provided as Attachment One (Exhibit A).

Summary | Final Budget in 2020-2021

The final budget developed by the Executive Officer in conjunction with funding the referenced workplan sets expenses for the upcoming fiscal year at \$1.916 million. This amount purposefully matches the current fiscal year total and eliminates the previously planned 1.9% cost or \$36,358 increase included in the draft in March. This revision addresses subsequent COVID-19 impacts and interest therein to avoid new impacts to the funding agencies and without effecting previously approved cost-of-living adjustments for non-management employees or drawing down on additional reserves. Key revisions reflected in the final budget to maintain current fiscal year costs include the following changes.

- Delay the start-date of the new Analyst I/II employee to August 2020.
- Eliminate budgeted increases to per diems and management compensation.
- Reduce consultant use involving legislative services.
- Reduce funding for out-of-county travel/training.

The final budget also incorporates a revision to the budgeted use of reserves as off-setting revenues. This revision increases the budgeted use of reserves to the current fiscal year total – \$72,600 – instead of proceeding with the draft’s provision of a one-third reduction. This revision ensures overall contributions by the funding agencies will remain the same. The final budget in general ledger format is provided as Attachment One (Exhibit B).

ANALYSIS

The final workplan and budget include moderate revisions in response to new information following the earlier draft approvals in March. Revisions reflected in the workplan include adding five projects that are being continued from the current fiscal year given additional time is needed to complete. This includes – notably – proceeding with stakeholder outreach in preparing an update to the Commission’s Open Space and Agricultural Lands Preservation Policy as well as a comprehensive municipal service review on resource conservation district services, which – and among other items – will address existing boundary/service disputes.

¹ While all projects included in the draft remain in the final, the Executive Officer has revised the priority listing for some of the activities in conjunction with accommodating the referenced addition of six activities. This includes lowering the priority level of the two new municipal service reviews calendared in the upcoming fiscal year (Oceanside/Carlsbad and Encinitas Regions) from “moderate” to “low.”

A sixth addition reflected in the workplan involves live-streaming of Commission meetings and respond to the need and benefit of offering real-time alternatives to physical attendance and informed by new social distancing expectations tied to COVID-19. Revisions to the final budget also address COVID-19 impacts and the baseline objective to strike previously planned expense increases and ensure no new costs to the funding agencies. The final budget also retains a relatively healthy fund balance at \$1.472 million and provides the Commission with options should additional measures be needed now or in 2021-2022.

RECOMMENDATION

It is recommended San Diego LAFCO approve the final workplan and budget as presented with any desired changes. This recommendation is consistent with taking the actions identified in the proceeding section as Alternate One.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO through a single motion:

Alternative One (recommended):

- (a) Adopt the attached resolution provided as Attachment One approving the final workplan (Exhibit A) and final budget (Exhibit B) for 2020-2021 with any changes.
- (b) Authorize the Executive Officer to request the Auditor-Controller's Office calculate and apportion 1,693,700 in total agency contributions by July 1st.

Alternative Two:

Continue consideration of the item to its next regular meeting scheduled for June 1, 2020 and provide direction to the Executive Officer as needed.

PROCEDURES FOR CONSIDERATION

This item has been placed on San Diego LAFCO's agenda for action as part of a noticed public hearing. The following procedures are recommended in the consideration of this item:

- 1) Receive verbal presentation from staff unless waived.
- 2) Initial questions or clarifications from the Commission.
- 3) Open the hearing and invite comments.
- 4) Discuss item and consider the staff recommendation.

Respectfully,



Keene Simonds
Executive Officer

Attachment:

- 1) Draft Resolution
 - Exhibit A: Final Workplan
 - Exhibit B: Final Budget

RESOLUTION No. ____

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

ADOPTING A FINAL WORKPLAN AND BUDGET
FISCAL YEAR 2020-2021

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires the San Diego County Local Agency Formation Commission (“Commission”) to perform certain regulatory and planning duties in 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 prepared a written report and recommendations on a proposed workplan and budget for 2020-2021 that was adopted by the Commission on March 2, 2020 and subsequently circulated for review and comment by all funding agencies; and

WHEREAS, the Commission has heard and fully considered all the evidence on a final workplan and budget for 2020-2021 presented at a public hearing held on May 4, 2020;

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 2020-2021 shown as Exhibit A is APPROVED.
2. The final budget for 2020-2021 shown as Exhibit B is APPROVED.

The foregoing resolution was duly and regularly adopted by the Commission at a public hearing held on May 4, 2020 by the following vote:

Yes: _____

No: _____

Abstain: _____

Attest:

Keene Simonds
Executive Officer

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San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

2020-2021 Workplan

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 Escondido, Vista, San Marcos, and Fallbrook-Rainbow regions. Several policy updates are also scheduled and include reviewing LAFCO's existing policies regarding the identification and authorization of special district service functions and classes. Other administrative projects filling the Analyst I/II position and securing a long-term office lease.

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 and includes the following prominent proposals already on file or expected to be filed in 2020-2021: <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)
Continual	...	Administrative	Targeted LAFCO Presentations	LAFCO will prioritize public outreach; emphasis on informing stakeholders ahead of MSR work
1	High	Statutory	MSR Fallbrook-Rainbow 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	Statutory	MSR Resource Conservation Services	Countywide study on RCD services; reviews of Mission RCD, Upper San Luis Rey RCD, & Greater San Diego RCD
4	High	Administrative	Policy Review Ag and Open Space	Update existing policies and procedures involving ag and open space; incorporate stakeholder outreach (Farm Bureau, etc.)
5	High	Administrative	Policy Review Rule No. 4	Update Rule No. 4 and its provisions guiding LAFCO's duty to identify and establish special districts' service functions and classes
6	High	Statutory	MSR Poway Region	Review is specific to the City of Poway
7	High	Statutory	MSR San Marcos Region	Reviews of the City of San Marcos, San Marcos FPD, & Vallecitos WD
8	High	Statutory	MSR Vista Region	Reviews of the City of Vista, Vista ID, Vista FPD, & Buena SD
9	High	Administrative	Analyst I/II Position	Perform recruitment and hire of a new Analyst I/II
10	High	Administrative	Office Space	Current lease for office space with County of San Diego expires in August 2020 with no extension options
11	Moderate	Statutory	MSR Ramona Region	Review is specific to the Ramona MWD
12	Moderate	Statutory	MSR Pauma Valley Region	Reviews of Pauma MWD, Pauma CSD, Yuima MWD, Mootamai MWD, and Rincon Ranch CSD
13	Moderate	Administrative	Cities Advisory Committee	Staff and maintain feedback with Cities Advisory Committee and hold no less than two formal meetings
14	Moderate	Administrative	Special Districts Advisory Committee	Staff and maintain feedback with Special Districts Advisory Committee and hold no less than three formal meetings
15	Moderate	Administrative	Live-Streaming	Expand LAFCO's real-time accessibility to the general public to include live streaming meetings
16	Moderate	Administrative	2019-2020 Audit	Coordinate outside consultant's review of financial statements for 2019-2020 and identify opportunities to improve accounting system
17	Moderate	Administrative	Policy Review Study Schedule	Update study schedule calendaring municipal service reviews to reflect current progress and related observations
18	Moderate	Administrative	SANDAG	Re-establish regular participation in SANDAG's Technical Working Group (TWG)
19	Moderate	Administrative	State Groundwater Management Act	Prepare report on State Groundwater Management Act (SGMA) implementation in San Diego County relative to LAFCO duties/interests
20	Moderate	Administrative	CALAFCO	Participate in CALAFCO through the Board, Leg Committee, and Annual Workshop and Conference
21	Low	Administrative	Application Procedures	Streamline existing application packet to be more user-friendly; address new statutory requirements
22	Low	Statutory	MSR Oceanside and Carlsbad Region	Reviews of the Cities of Oceanside and Carlsbad as well as Carlsbad MWD and Morro Hills
23	Low	Statutory	MSR Encinitas Region	Reviews of the City of Encinitas and Leucadia WWD, Olivenhain MWD, & San Dieguito WD
24	Low	Administrative	SOI/MSR Annual Report	Prepare annual report to serve as living record of all sphere actions in San Diego County
25	Low	Administrative	Local Agency Directory	Create user-friendly publication identifying and summarizing local governmental agencies subject to LAFCO oversight
26	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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Exhibit B

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	707,916	764,060	11,281	1.5%
51410	Retirement - SDCERA	-	166,680	239,780	230,865	258,148	253,355	272,167	14,019	5.4%
51415	Retirement - OPEB	-	7,256	10,560	10,091	10,539	10,093	10,955	416	3.9%
51421	Retirement - OPEB Bonds	-	27,841	41,598	37,308	40,321	38,833	41,913	1,592	3.9%
51450	Payroll Taxes (Social Security and Medicare)	-	35,613	48,958	46,163	53,393	49,047	55,501	2,108	3.9%
51510-51550	Group Insurance (Health and Dental)	-	74,615	96,958	95,405	100,234	126,675	103,116	2,882	2.9%
51560	Unemployment Insurance	-	235	4,032	163	3,769	1,042	2,000	(1,769)	-46.9%
		1,100,599	930,078	1,131,604	1,058,743	1,219,183	1,186,961	1,249,712	30,529	2.5%
Services and Supplies Unit										
<u>Account No.</u>	<u>Description</u>									
52074	Telecommunications	500	2,266	2,500	3,860	3,600	3,376	3,636	36	1.0%
52178	Vehicle - Maintenance	2,000	489	2,000	610	1,500	790	980	(520)	-34.7%
52182	Vehicle - Fuel	1,500	401	1,500	367	1,000	282	1,000	-	0.0%
52270	Memberships	15,000	11,328	13,000	14,601	28,139	19,142	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	4,436	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	8,000	10,000	-	0.0%
52336	Office: Books and Guidelines	2,000	3,609	2,000	3,226	2,000	927	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	8,788	15,800	(2,000)	-11.2%
52354	Office: County Mail Services	9,000	10,037	9,000	18,896	10,000	9,587	10,000	-	0.0%
52370	Professional Services: Consultants	382,500	326,850	259,110	398,125	204,505	268,850	190,094	(14,411)	-7.0%
52490	Publications and Legal Notices	7,500	7,085	5,000	10,382	4,650	3,040	4,650	-	0.0%
52504	Leases: Equipment	4,000	5,498	6,500	8,137	6,600	6,422	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	56,715	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	7,428	4,500	-	0.0%
52612	Employee Auto	10,000	8,724	10,000	9,069	9,700	8,938	9,700	-	0.0%
52622	Travel and Training Out of County	1,000	14,390	10,000	25,432	23,550	13,062	19,925	(3,625)	-15.4%
52704-52722	Reimbursements: Network	31,500	27,137	30,000	26,450	30,000	32,104	30,000	-	0.0%
52723	Reimbursements: Data Center	45,000	48,214	45,000	30,728	45,000	32,505	45,000	-	0.0%
52725	Reimbursements: Financial Systems	20,000	18,888	20,000	27,556	20,000	26,726	20,000	-	0.0%
52726-52732	Reimbursements: Desktop Computing	27,700	47,462	25,000	25,311	25,000	52,940	25,000	-	0.0%
52734	Reimbursements: Help Desk	2,500	3,154	3,000	4,743	3,000	3,042	3,000	-	0.0%
52750-52754	Reimbursements: Catalog Equipment	51,000	23,973	45,000	32,097	45,000	44,888	45,000	-	0.0%
52758	Reimbursements: Vehicle Lease	3,000	1,986	2,000	1,986	2,000	1,862	2,000	-	0.0%
		881,300	736,535	770,090	865,684	692,117	697,928	661,588	(30,529)	-4.4%

OPERATING EXPENSES CONTINUED...

Other Units										
<u>Account No.</u>	<u>Description</u>									
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	1,887,389	1,916,300	(0)	0.0%

OPERATING REVENUES

		FY 2017-2018		FY 2018-2019		FY 2019-2020		FY 2020-2021		
		Adopted	Actuals	Adopted	Actuals	Adopted	Estimated	Proposed	Difference	
Intergovernmental Unit										
<u>Account No.</u>	<u>Description</u>									
45918.1	Apportionments County	467,171	467,171	475,684	475,684	486,771	486,771	483,914	(2,857)	-0.6%
45918.2	Apportionments Cities (less SD)	467,171	467,171	475,684	475,684	486,771	486,771	483,914	(2,857)	-0.6%
45918.3	Apportionments City of San Diego	233,586	233,586	237,842	237,842	243,386	243,386	241,957	(1,429)	-0.6%
45918.4	Apportionments Special Districts	467,171	467,171	475,684	475,684	486,771	486,771	483,914	(2,857)	-0.6%
		<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>1,693,700</u>	<u>(10,000)</u>	<u>-0.6%</u>
Service Charges Unit										
<u>Account No.</u>	<u>Description</u>									
46234	Service Charges	125,000	168,009	125,000	82,147	125,000	184,751	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>184,751</u>	<u>130,000</u>	<u>5,000</u>	<u>4.0%</u>
Earnings Unit										
<u>Account No.</u>	<u>Description</u>									
44105	Interest and Dividends	6,800	15,535	6,800	19,052	15,000	25,239	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>25,239</u>	<u>20,000</u>	<u>5,000</u>	<u>33.3%</u>
Miscellaneous Unit										
<u>Account No.</u>	<u>Description</u>									
47540	Transfer from Fund Balance	220,000	-	110,000	217,186	72,600	72,600	72,600	-	0.0%
		<u>220,000</u>	<u>-</u>	<u>110,000</u>	<u>217,186</u>	<u>72,600</u>	<u>72,600</u>	<u>72,600</u>	<u>-</u>	<u>0.0%</u>
	REVENUE TOTALS	1,986,899	1,818,643	1,906,694	1,983,279	1,916,300	1,986,290	1,916,300	(0)	0.0%

OPERATING NET	-	150,011	-	56,352	-	98,901	-
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FUND BALANCE JUNE 30th			
Committed	175,000	175,000	550,000
Assigned	75,000	75,000	125,000
Unassigned	1,357,486	1,196,652	797,953
	<u>1,607,486</u>	<u>1,446,652</u>	<u>1,472,953</u>