

April 8, 2013

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TO: Local Agency Formation Commission

FROM: Executive Officer

SUBJECT: Proposed/Final FY 2013-14 LAFCO Budget

EXECUTIVE SUMMARY

A net reduction of \$6,792 is proposed in the San Diego LAFCO's FY 2013-14 Budget, compared to the FY 2012-13 Budget. The reduction is primarily related to cost decreases associated with completing Sphere of Influence and Municipal Service Reviews and the allocation of fund balance monies to cover costs associated with fire agency reorganization and island elimination projects in the upcoming fiscal year. Even with a cost reduction compared to FY 2012-13, the FY 2013-14 Budget provides adequate funding for achievement of LAFCO's overall responsibilities, as well as the accomplishment of specific programmatic goals related to jurisdictional consolidation, island elimination, and document management. For descriptive purposes, the FY 2013-14 work program is divided into ten sections: (1) Jurisdictional Analysis & Proposal Review; (2) Municipal Service and Sphere Review; (3) Special Studies; (4) Reports and Publications; (5) Legislative and Statutory; (6) Operational and Administrative; (7) Personnel and Staffing; (8) Communication; (9) Outreach and Support; and (10) Policy Development. A discussion of the Proposed/Final FY 2013-14 Budget follows.

Work Program Item No. 1: Jurisdictional Analysis & Proposal Review

The review of jurisdictional proposals and preparation of special studies represent LAFCO's core responsibilities and work areas. Each year, over 900 jurisdictional inquiries are made of LAFCO staff and 15-25 major jurisdictional proposals are submitted for Commission consideration. Some inquiries and proposals are considered routine and involve minimal staff time, while others are complex and involve considerable staff/legal resources. Jurisdictional analysis needs to occur expediently and accurately. In recent years, the Commission has fulfilled these objectives by adding several new factors of analysis (e.g., resolution of jurisdictional

issues and public service conflicts, demonstration of water availability, identification and planning for disadvantaged communities, etc.). These local and mandatory factors of analysis assist with problem identification and resolution.

The proposal review process begins with a series of pre-application meetings between LAFCO staff and applicants, followed by the submittal of a proposal, proposal processing, service and boundary analysis, final report preparation/presentation, commission consideration, protest proceedings, and completion of proceedings, including issuance of final filings with local and state agencies. Proposal processing and review involves the evaluation of legal, financial, service, jurisdictional, socio-economic, engineering, and geographic factors.

Work Program Item No. 2: Municipal Service and Sphere Review Program

LAFCO's primary long-range responsibility pursuant to State Law involves the preparation of Sphere of Influence and Municipal Service Review (MSR) studies. MSRs and Spheres of Influence affect 80 special districts and 18 cities in San Diego County. While spheres represent a plan for the probable physical boundary and service area of cities and special districts, MSRs deal specifically with growth projections; identification of disadvantaged communities and infrastructure needs and deficiencies; capacity of public facilities; financial ability of agencies to provide services; opportunities for shared facilities; accountability for community service needs; and a review of whether agencies or water systems under review are in compliance with the California Safe Drinking Water Act.

State Law requires that on or before 2008, and every five years thereafter, the Commission must, as necessary, review and update each sphere of influence. The Commission completed the first round of sphere updates and MSRs in 2007, and an evaluation of these studies occurred in FY 2012-13. On December 3, 2012, the Commission approved the Directory of Sphere of Influence and Municipal Service Review Actions. This report covered an annual summary of changes made to LAFCO's long-range reports. While many spheres and MSRs are still valid and will not require comprehensive updates, there are several agencies and service categories that require more in depth review and analysis. On February 4, 2013, the Commission affirmed the spheres and service review database for California water districts in the County. On March 4, 2013, the Commission affirmed the service reviews and spheres for another seven local agencies. In subsequent meetings, the Commission will be reviewing municipalities, public utility districts, municipal water districts, community services districts, fire protection districts, County Service Areas, and other miscellaneous agencies. This program will be completed in 2013-14 and will begin again in 2017. Program costs have been contained by using a combination of salaried and contract staff. Contractor costs for this program will total approximately \$75,000 in FY 2012-13. Contractor costs are primarily related to fire protection and water/wastewater evaluations.

Work Program Item No. 3: Special Studies

Based on community and local agency needs, or direction provided by the Commission, some local agencies may be subject to special MSR and sphere priorities. In 2012-13, emphasis was placed on healthcare districts; water and wastewater providers in the San Dieguito subregion; water and wastewater providers in the Pala and Bonsall Hydrologic Subregion; water and wastewater providers in Ramona; fire and Emergency Medical Services provided/financed by County Service Area No. 135 and the San Diego County Fire Authority; and San Miguel FPD. LAFCO staff distributed service and sphere review questionnaires to local agencies in 2012 and all agencies returned completed surveys by the end of 2012. Survey responses have been used to perform special studies, as necessary. As with Work Program Item No. 2, costs have been contained with this program by primarily using salaried staff. Special studies have been completed in FY 2012-13 for the San Miguel FPD; studies are currently underway involving Ramona MWD, San Dieguito water and wastewater agencies, and CSA No. 135. Progress reports and/or completed reports for these remaining studies will be presented to the Commission by the fourth quarter of FY 2012-13 and early FY 2013-14.

Work Program Item No. 4: Reports and Publications

In addition to providing customer service to individuals seeking jurisdictional boundary guidance, LAFCO also provides a public service by publishing informational documents. For example, the *LAFCO Procedures Guide and Directory of Sphere of Influence and Municipal Service Review Actions* are documents that are used by other government agencies and the public. The *Sphere and MSR Summary Report* is updated annually and was accepted by the Commission on December 4, 2012. The *Procedures Guide* is updated every 5-7 years, or sooner depending upon statutory and procedural changes. This publication is currently undergoing final editing and review. The *Procedures Guide* will be scheduled for LAFCO review by the end of FY 2012-13. The LAFCO application forms also need to be regularly reviewed for compliance with new state statutes and LAFCO policies. LAFCO forms and related documents were last reviewed in 2012-13 and will be reviewed again for possible amendments after LAFCO approval of the updated *Procedures Guide*.

Work Program Item No. 5 Legislative and Statutory

The San Diego LAFCO maintains an active legislative research program. Rather than allocating salaried staff resources for this activity, the Commission currently uses contract services to support program objectives. Legislative research work tasks are considered important but discretionary, while tasks related to statutory compliance are considered mandatory. Overall, the Commission's legislative program has been useful in communicating local concerns to CALAFCO, California Coalition of LAFCOs (CCL), and the State Legislature. It has also aided in the compliance with new statutes, such as SB 244 (Disadvantaged Communities) and AB 54 (Mutual Water Companies). The San Diego LAFCO's Legislative Director also services as legislative director for CCL

and Legislative Committee Chairman for CALAFCO. In FY 2012-13, legislative research costs are projected to total \$30,000 and \$35,000 in FY 2013-14.

Work Program Item No. 6: Operational and Administrative

LAFCO's core responsibilities (e.g., completing jurisdictional and legislative projects) are primarily supported by salaried staff, with supplemental assistance provided by contract workers. Unlike larger governmental agencies that have internal administrative sections within the overall organization, most administrative functions are handled internally by LAFCO staff. In 2012-13, administrative support was provided for LAFCO's audit, budget preparation, update of administrative and jurisdictional procedures covering procurement and bidding, personnel development and staffing, and proposal processing. Professional services support is provided to assist with some operational and administrative projects. In FY 2012-13, approximately \$100,000 of professional services will be provided for operational and administrative support (e.g., accounting and bookkeeping, and policy development: \$22,000; legal assistance: \$18,000, and website and document management: \$60,000). In FY 2013-14, these contractor costs will total approximately \$111,750.

Work Program Item No. 7: Personnel and Staffing

San Diego LAFCO employees are recognized as leaders within the local government community. San Diego LAFCO staff received 12 statewide awards from CALAFCO in recent years recognizing excellence in public service. One of the strengths of the staff is the level of experience and knowledge that personnel have obtained from education, training, and working on a variety of complex jurisdictional projects. Recently, the staff led innovative programs involving consolidation of fire, water, wastewater, and road maintenance agencies. The result has been more efficient services, simplified governmental boundaries, and increased accountability. Since the establishment of the San Diego LAFCO, 113 special districts have been dissolved. The current San Diego LAFCO staff has been responsible for conducting the analysis and review of 80 of those dissolutions and consolidations. In 2012-13, the Commission budgeted \$945,957 for salaries and benefits but will finish the fiscal year under adopted levels for both analytical and support staffing (\$812,691). Work was completed using a lower staffing level than budgeted by not filling several budgeted positions (Administrative Analyst and student worker). In FY 2013-14, staffing costs are projected to be \$908,670, which is \$37,287 less than the amount budgeted in FY 2012-13.

Salaries for LAFCO staff have been frozen for multiple years until the Commission authorized performance-based increases up to 2% for eligible LAFCO staff in FY 2012-13; a higher amount was budgeted for two administrative support positions. The Executive Officer has voluntarily deferred performance based increases since 2008. In FY 2013-14, it is recommended that the Commission set aside 5% in the salaries budget for *potential* salary and benefit adjustments for LAFCO staff, subject to individual performance reviews after labor negotiations with non-executive county employees are completed in the County. The Commission should also include 5.25% in the salaries

budget per Article 5.7 of the County's Compensation Ordinance associated with payment in lieu of retirement contribution offset. This is a requirement in the County for executives and elected officers with thirty (30) years of qualifying retirement service credit.

Work Program Item No. 8: Communication

State Law requires that all LAFCOs maintain websites [Government Code Section 56300(f)(1)]. Meeting agendas, hearing notices, publications, and announcements are regularly placed on the San Diego LAFCO's website. Websites need to be reviewed and upgraded periodically to be effective. The Commission's website was comprehensively updated in 2010-11. Since the last website update, over 15,000 people have visited the site. The website requires ongoing maintenance and items are added to the website regularly, sometimes daily. Recent modifications to the website include the creation of a new link and page for tracking disadvantaged unincorporated communities, mutual water companies, and water availability policies. Website and document management costs will amount to \$60,000 in FY 2012-13 and will total approximately \$65,000 in FY 2013-14.

Work Program Item No. 9: Outreach and Support

The San Diego LAFCO has historically supported community outreach and support. Outreach occurs through a variety of mechanisms via professional and community activity. For example, in 2012 Commissioner Vanderlaan completed a two-year term on the CALAFCO Executive Board and currently serves on the Coalition of California LAFCOs (CCL) with the Executive Officer and Legislative Director. In addition, Commissioners Vanderlaan, Ingalls, Mathis, Mackenzie, and Jacob have recently served on various ad hoc committees. Members of the LAFCO staff are also active with CCL and CALAFCO, the Special Districts Advisory Committee, California Special Districts Association, SANDAG, and American Planning Association (APA), etc. In 2012, LAFCO staff coordinated the election of positions on LAFCO's Special Districts Advisory Committee. In 2013, a special election/appointment to the advisory committee will be coordinated by LAFCO staff. Outreach and support activities occupy an important portion of the work responsibilities for all LAFCO staff.

Work Program Item No. 10: Policy Development

The San Diego LAFCO provides a valuable benefit to the public and local agencies through its jurisdictional boundary and government reorganization efforts. To ensure that these core responsibilities are carried out in the most effective manner possible, and in a way that reflects local conditions and circumstances, the Commission can provide direction through the budget process. A working draft of the Commission's new *Procedures Guide* has been completed and will be scheduled for LAFCO acceptance in late FY 2012-13 or early FY 2013-14 after local agency review. This document has undergone a comprehensive review and revision. Among other things the updated publication will contain new guidelines for reviewing protest provisions and

disadvantaged communities in relationship to jurisdictional changes, sphere actions, and service reviews. The *Procedures Guide* will be sold to the public and local agencies. Projected revenue from publication sales will total about \$5,000 in FY 2013-14. There will also be a need to develop new policies/procedures for the allocation of LAFCO funds for the subsidy of LAFCO projects that further the Commission's overall mission (e.g., consolidation, reorganization, etc.). This topic is discussed further in the revenue section of the FY 2013-14 Budget.

Workload Indicators

FY 2012-13 and FY 2013-14

Through the second quarter and a portion of the third quarter of FY 2012-13, 16 jurisdictional proposals were initiated and are being processed by the LAFCO Staff involving 20+ local agencies: Leucadia WD; San Diego County SD; Valley Center MWD, North County FPD, County Water Authority, Metropolitan Water District of Southern California, CSA No. 135, and San Luis Rey MWD; Olivenhain MWD and Santa Fe ID; Ramona MWD; Borrego WD, Cuyamaca WD, and Wynola WD; City of Escondido; North County Cemetery District; Mission RCD, RCD of Greater San Diego County, Upper San Luis Rey RCD, Oceanside Small Craft Harbor District, and Lake Cuyamaca Park and Recreation District. In addition to these proposals, LAFCO staff is continuing to process proposals submitted in previous fiscal years. In FY 2012-13, LAFCO staff also completed a special study of the San Miguel FPD. Work also commenced on special studies related to the Ramona MWD, San Dieguito water and wastewater agencies, healthcare providers, and the fire and emergency medical services provided by CSA No. 135, and water and wastewater providers in the Bonsall / Pala Hydrologic subarea.

In FY 2013-14, it is projected that the Commission will review and deliberate on a total of approximately 25 jurisdictional boundary change proposals, and 60 sphere of influence and service review studies. Proposal based revenue (service to property owners and filing fees) is projected to be \$91,530 in FY 2013-14, which is about \$35,000 less than the estimated actual figures for FY 2012-13. FY 2013-14 revenues also include an operating transfer of up to \$175,000 to offset possible fee waivers associated with a fire agency reorganization project involving County Service Area No. 135 and Julian-Cuyamaca FPD (\$45,334); a second fee waiver of \$31,400 associated with annexation of a 117-acre island (Greenwood Memorial Park Cemetery and adjacent properties) to the City of San Diego, County Water Authority, and Metropolitan Water District, and detachment from CSA No. 135; and a possible third fee waiver (not to exceed \$98,266) associated with the reorganization of the Pine Valley and Rural FPDs and County Service Area No. 135. The actual fee waiver amount for this reorganization would be more than \$98,266; however, for budgeting purposes, the amount of the fee waiver has been capped at \$98,266 in order to limit the operating transfer at \$175,000 for FY 2013-14.

In addition to the jurisdictional proposals, LAFCO staff will be initiating several special administrative projects. One project involves the creation of a document management program with the County of San Diego. The FY 2013-14 cost for this program is \$153,398 (\$15,159 for Kodak i4600 document scanner and warranty; \$59,079 for bi-tonal and color scanning/optical recognition quality of 500,000 images; \$24,750 for document capture and integration software development services; and \$55,000 for quality control coordination services. In FY 2014-15, \$114,079 will be needed to complete the project (\$59,079 for scanning of 500,000 images and \$55,000 for quality control coordination). These estimates were obtained from county staff and county imaging vendors. The overall program must meet stringent requirements in State Law pertaining to the use of electronic and photographic copies of records (Government Code Section 56382). The records must be preserved and reproduced using an immutable medium that does not permit additions, deletions, or changes to the original document per the minimum standards and guidelines of the American National Standards Institute or the Association for Information and Image Management.

Services and Supplies and Fixed Assets

FY 2012-13

Costs for Services and Supplies will be about \$30,000 below expected expenditure levels in FY 2012-13. Primary reasons for the cost decrease are related to printing savings associated reducing the usage of outside vendors for small print jobs. This has been accomplished by using LAFCO's photocopying/imaging equipment. This cost reduction, though, has resulted in an increase in some printing supply costs and equipment maintenance needs. Postage costs have been lower than projected because LAFCO is making greater usage of county mailing services and electronic mail. Travel expenses have also decreased because a greater concentration of meetings have been hosted by the San Diego LAFCO staff in its new office. Expenditure figures for LAFCO's largest budget category (Professional Services) are all within budgeted levels and reflect anticipated support associated with LAFCO's sphere of influence, service review, legislative compliance, and special study activities. The majority of these costs are related to GIS and web support, hearing notification, meeting support, CALAFCO participation, legislative analysis, and special projects. Expense levels in LAFCO's minor expenditure account (hearing notification, telecommunications, commissioner reimbursements, printing supplies, meeting supplies, publication renewal, etc.) is at projected levels, and is substantially lower than in FY 2011-12. Records management costs have been lower than projected because of the deferral of program start-up until FY 2013-14, pending a migration into the County of San Diego's document management system. Refer to Figure 1 for further information.

FY 2013-14

FY 2013-14 Services and Supplies costs will be \$762,500 which is higher than FY 2012-13 figures. Expenditure decreases will occur, however, in some individual expense categories as a result of some work programs shifting from sphere and service

review support to implementation. Expenditure increases are primarily related to work on several special projects, including the Commission's fire agency consolidation efforts, document management program, water reclamation research, and island elimination projects. Because of the special project nature of these activities, special project fund balance monies (\$175,000) are proposed as a funding source. This financing approach will contain LAFCO's overall net cost at a level below the amount budgeted for FY 2012-13.

Other important differences between the FY 2013-14 and FY 2012-13 budgets involve an appropriations decrease in certain county accounts because the associated county charges to LAFCO have been incorporated into LAFCO's office lease, while county overhead charges (A-87 charges) will increase 24% in FY 2013-14 from \$25,000 to \$31,000. The increase is related to the County Auditor's accounting system changes and upgrades. An Expenditure decrease is also proposed for printing costs from \$20,000 in FY 2012-13 to about \$10,000 in FY 2013-14 because LAFCO staff is performing more printing duties in-house. However, this will mean that associated LAFCO office equipment and supplies costs (e.g., office photocopier, toner, maintenance, etc.) will increase in FY 2013-14. Postage and mailing costs will decrease because of greater use of electronic mail and fewer sphere and MSR projects. As previously discussed, LAFCO's document management program will commence in earnest in FY 2013-14 with the County of San Diego and related county imaging/software vendors. LAFCO's Information Technology charges imposed by the County will show a small increase between FY 2012-13 and FY 2013-14 related to rates charged to LAFCO from the County. LAFCO's office lease will increase from \$71,000 to \$73,000 based on lease terms. Special Departmental costs will also increase from \$137,000 to \$184,000 related to commencement of a document management program with the County of San Diego. Document management costs will decrease in subsequent fiscal years after the program is commenced in FY 2013-14.

FY 2012-13 and FY 2013-14 REVENUE PROJECTIONS

FY 2012-13

Through the second quarter of the FY 2012-13, revenue was approximately 236% higher than projected. Processing fees totaled \$120,870 through February 2013 (\$125,000 projected at the end of FY 2012-13). Proposal fee revenue will be higher than projected obviating the need to transfer previously authorized trust fund monies (special project funds) into LAFCO's budget. It is important to note that in FY 2012-13, \$158,000 of processing fees were waived in association with a Latent Powers Expansion of CSA No. 135 and the dissolution of five County Service Areas serving Palomar, Boulevard, Campo, San Pasqual, and Mt. Laguna (CSA Nos. 109-113) and the 31st Street Detachment from Lower Sweetwater FPD. Based on current trends, it is projected that LAFCO will finish FY 2012-13 \$82,331 under budget (total expenses of \$1,449,066 less total income of \$1,531,397). Unspent funds (\$82,331) will be transferred to one of LAFCO's trust funds with the County of San Diego (Special Projects Account 44726). When the Commission adopted the FY 2012-13 Budget, it

authorized the transfer of LAFCO's unspent funds to its contingency reserve fund; however, as discussed in the proposed budget, the fund transfer should be made to LAFCO's Special Project Fund instead in order to support the fire district reorganization and island elimination projects. This would also maintain the balance of the reserve fund at an appropriate level below LAFCO's annual operating expense.

FY 2013-14

In FY 2013-14, revenues are conservatively projected to range from \$75,000-\$100,000. The mid-range of this estimate (\$91,530) was conservatively used for budget projection purposes. Projected processing fee revenue is associated with 25 jurisdictional proposals, plus approximately \$5,000 for publication revenue associated with the sale of LAFCO's *Procedures Guide*. It is also recommended that the Commission allocate up to \$175,000 of special project funds in association with special projects and fee waivers. *It should be noted that this fund allocation will necessitate the development of fund balance allocation policies/procedures. These policies/procedures will be presented for commission consideration after adoption of the FY 2013-14 Budget.*

With respect to trust funds, the Commission maintains three interest bearing trust funds with the County of San Diego Treasury (Accounts 44725, 44726, and 44727) and a revolving fund balance account with the County (Account 44595). Refer to Figure 1 for fund balance activity. The Contingency Reserve Fund is utilized for unanticipated expenses or emergencies. Currently there is \$525,743 in this fund. A second trust fund is used for Special Project activities. Currently, there is \$194,750 in the Special Projects account, and approximately \$22,000 of that fund balance is encumbered for use in reviewing a development project within the Ramona Municipal Water District (Montecito Ranch). In FY 2012-13, the Commission authorized the allocation of up to \$150,000 from this fund to cover service review and sphere review costs, but the fund allocation was not made because LAFCO's apportionment revenues adequately covered associated program costs. At the end of FY 2012-13, it is projected that a deposit (transfer) of unspent LAFCO funds (\$82,331) will be made bringing the estimated actual FY 2012-13 total of this fund to \$277,081. In FY 2013-14, it is proposed that up to \$175,000 of Special Project funds be allocated to support high priority work programs. This allocation will lower the balance of the Special Project account to \$102,081 in FY 2013-14. A third trust fund is a Jurisdictional Project account and the current fund balance is \$146,966. LAFCO's general fund account has a balance of \$94,969. An activity summary of LAFCO's Trust Funds and general fund balance account is provided in Figure 1. Interest for these funds is conservatively estimated to be about 0.25% or about \$2,374 in FY 2012-13 and \$1,941 in FY 2013-14.

APPORTIONMENT REQUIREMENTS

Provisions in Government Code Section 56381 require that the operational costs of LAFCO be apportioned by the County Auditor to the membership categories represented on the Commission (county, city, independent special district). This apportionment provision has been a requirement of State Law since 2001. State Law

requires the County Auditor to apportion LAFCO's costs among the classes of agencies represented on the Commission. An accelerated schedule has been used in the past for the LAFCO budget hearings, so that the Auditor can complete the cost apportionment task prior to the various budget adoption dates of the local agencies that contribute to LAFCO's budget. However, based on the complexity of the FY 2013-14 LAFCO budget, an accelerated budget adoption schedule was not feasible. Under separate cover, a cost apportionment report will be distributed to local agencies.

CONCLUSION

An overall net budget *decrease* is proposed for FY 2013-14. A budget decrease can be accomplished through overall cost containment and the allocation of special project funds to cover high priority work program items discussed in the FY 2013-14 Budget. Even with a net cost reduction, the FY 2013-14 Budget will provide adequate funding for achievement of LAFCO's core responsibilities, as well as the accomplishment of special projects, such as the review of fire agency consolidation proposals, elimination of an island in South County, and commencement of a document management program. Most importantly, the FY 2013-14 Budget will enable the Commission to allocate staff resources to adequately process an estimated 25 jurisdictional proposals and associated sphere and service review actions. Therefore, it is

RECOMMENDED: That your Commission

- (1) Open the hearing on the Proposed/Final Budget FY 2013-14 LAFCO Budget and close the hearing after receiving public comments; and
- (2) Adopt the Proposed/Final FY 2013-14 Budget and direct the Executive Officer to implement all related budget recommendations in the staff report, including but not limited to:
 - (a) Direct the County Auditor/Chief Financial Officer to request payment from the Board of Supervisors and each city and independent district no later than July 1 for the amount owed and the actual administrative costs incurred by the auditor in apportioning costs and requesting payment from each entity (Government Code Section 56381).
 - (b) Authorize the Executive Officer and the County Auditor/Chief Financial Officer to determine an appropriate method of collecting the required payment if payment is not remitted within 60 days. Per State Law, the Executive Officer may request the Auditor to collect an equivalent amount from the property tax or any fee or eligible revenue owed to the County, city, or district. Any expenses incurred by the Commission or Auditor in collecting late payments shall be added to the payment owed the Commission (Government Code Section 56381(c)). Request the Auditor to use the budget adoption date as the basis for selecting the most recent editions of

the accounting publications that must be used under State Law to prepare the cost apportionment allocation.

- (c) Authorize the Executive Officer to waive the associated LAFCO processing fees for the dissolution of the Julian-Cuyamaca, Pine Valley, and Rural FPDs and related expansion of CSA No. 135's latent powers (fire protection and emergency medical services), and the Greenwood Memorial Park Cemetery Island Reorganization proposal.
- (d) Direct the Executive Officer and LAFCO's Audit Committee to develop a fund allocation policy/procedure in conformance with GASB 54 and report back to the full commission with associated recommendations prior to allocating/transferring special project fund balance to cover operational costs in FY 2013-14.
- (e) Authorize the transfer of unspent funds from LAFCO's FY 2012-13 and FY 2013-14 Budgets to Account 44726 (Special Projects Trust Fund) and direct the Executive Officer to inform the Commission of the specific amount of the fund transfer. The estimated amount of the FY 2012-13 fund transfer is \$82,331.
- (f) Contingent on LAFCO approval of the fund allocation policy/procedure per recommendation 2(d), authorize a transfer of FY 2013-14 funds up to \$175,000 from LAFCO's Special Project Trust Fund to cover fee waivers associated with a possible fire agency reorganization project involving (but not limited to) dissolution of the Julian-Cuyamaca FPD, Rural FPD, and Pine Valley FPD, and expansion of CSA No. 135's fire and EMS latent powers; and elimination of the Greenwood Memorial Park Cemetery Island (City of San Diego).
- (g) Direct the Executive Officer to make appropriations adjustments and fund transfers (additions or deletions, services and supplies adjustments, and staffing level changes) to contain LAFCO's net cost at no more than the budgeted amount for FY 2013-14 (\$1,397,440).
- (h) Authorize the implementation of the FY 2013-14 Proposed Staffing Schedule per Figure 2; establish a maximum cap for performance-based (merit) increase for staff not to exceed 5% of annualized salary (overall performance ratings for LAFCO staff must be at an above-standard level for eligibility); include in the budget 5.25% for a length of service salary adjustment associated with payment in lieu of retirement contribution offset for the Executive Officer position per Article 5.7 of the County's Compensation Ordinance; and apply FY 2013-14 county benefit plan changes to LAFCO staff positions, including but not limited to health insurance premium changes, employee/county contributions for health

insurance, retirement plan participation, etc. Direct the Executive Officer to make related technical changes to LAFCO's Benefits and Compensation Summary per the items listed in recommended action 2(h).

- (i) Authorize the Executive Officer to direct the County Auditor to establish LAFCO's budget and appropriations at the gross and net levels contained in Figure 1 of the Proposed/Final FY 2013-14 LAFCO Budget.

Respectfully submitted,

MICHAEL D. OTT
Executive Officer

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List of Figures:

Figure 1: San Diego LAFCO Budget FY 2011-12 through FY 2013-14

Figure 2: LAFCO Staffing Schedule

Figure 1: San Diego LAFCO Budget
FY2011-12 to FY2013-14

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	<u>Actual</u> <u>FY11-12 Budget</u>	<u>Adopted</u> <u>FY11-12 Budget</u>	<u>Est. Actual</u> <u>FY12-13 Budget</u>	<u>Adopted</u> <u>FY12-13 Budget</u>	<u>Proposed</u> <u>FY13-14 Budget</u>
Ordinary Income/Expense					
Income					
45918 - LAFCO Apportionment (net cost)	1,193,660.00	1,197,211.00	1,404,232.00	1,404,232.00	1,397,440.00
46234 - Service to Property Owner	46,529.83	95,320.00	125,000.00	50,000.00	91,530.00
47540 - Operating Transfers In	0.00	90,877.00	0.00	150,000.00	175,000.00
47615 - Other Sales - Taxable	86.30		0.00	10,000.00	5,000.00
49000 - Processing Fee	6,710.00		0.00		
49200 - Interest & Dividends	4,692.17		2,165.00		2,200.00
49900 - Miscellaneous Revenue	354.33		0.00		
80100 - Receipts Sch TR & Agency	3,015.00		0.00		
TOTAL Income	1,255,047.63	1,383,408.00	1,531,397.00	1,614,232.00	1,671,170.00
Expense					
51110 - Salaries & Wages-PE	434,320.00	920,907.00	504,613.00	945,957.00	563,496.00
Benefits Total	277,988.00		308,078.00		345,174.00
52074 - Telecommunications	0.00	7,500.00	0.00	2,000.00	500.00
52138 - Public Liability Insurance	0.00	750.00	0.00	1,000.00	500.00
52178 - Auto Maintenance	884.71	4,500.00	2,000.00	2,000.00	2,000.00
52182 - Vehicle Fuel	428.80	1,500.00	1,500.00	1,500.00	1,500.00
52270 - Memberships	7,000.00	7,500.00	8,500.00	9,000.00	9,000.00
52330 - Office Expense	4,228.53	1,000.00	8,000.00	5,000.00	8,000.00
52332 - Postage	0.00	2,500.00	500.00	5,000.00	500.00
52334 - Printing	1,279.96	2,000.00	10,000.00	20,000.00	10,000.00
52336 - Books - Office Library	136.98	500.00	2,000.00	500.00	2,000.00
52338 - Drafting/Engineering	0.00	250.00	0.00	250.00	50.00
52344 - Stores Unallocated	6,099.57	2,000.00	12,000.00	5,000.00	12,500.00
52354 - Mail/Postage-ISF	8,699.93	3,000.00	12,000.00	10,000.00	12,000.00
52370 - Professional Services					
52370.A - Special Counsel Litigation	19,292.00	30,000.00	0.00	5,000.00	750.00
52370.B - Special Counsel General	299.00	7,500.00	8,000.00	2,500.00	8,000.00
52370.C - General Counsel	3,675.00	15,000.00	10,000.00	15,000.00	8,000.00
52370.D - GIS Support	90,365.00	75,000.00	65,000.00	60,000.00	60,000.00
52370.E - Web & Doc Support	0.00		60,000.00	65,000.00	65,000.00
52370.F - Local Govt Services	30,000.00	50,000.00	85,000.00	95,000.00	65,000.00
52370.G - Legislation	39,761.00	35,000.00	30,000.00	35,000.00	35,000.00
52370.H - Accounting	32,500.00		22,000.00	25,000.00	30,000.00
52370.I - Other (Doc. Capture QC)	24,126.25		0.00		55,000.00
Total 52370 - Professional Services	240,018.25	212,500.00	280,000.00	302,500.00	326,750.00
52490 - Publications	1,756.52	1,000.00	750.00	1,000.00	1,000.00
52530 - Office Lease	54,506.67	75,000.00	71,000.00	71,000.00	73,000.00
52550 - Special Department					
52550.A - Service Review	0.00	50,000.00	75,000.00	95,000.00	55,000.00
52550.B - County Overhead Costs	0.00	9,501.00	25,000.00	25,000.00	31,000.00
52550.C - Other	0.00		0.00	2,000.00	2,000.00
52550.D - Minor Expense	44,315.32	59,401.00	18,000.00	15,000.00	15,000.00
52550.E - Other (Doc. Capture)	57,337.75		0.00		85,000.00
Total 52550 - Special Department	101,653.07	118,902.00	118,000.00	137,000.00	188,000.00
52566 - Minor Equipment	62.03	1,000.00	1,000.00	1,000.00	1,000.00
52602 - Computer Related Training	0.00	1,000.00	1,000.00	1,000.00	1,000.00
52608 - Out of County Travel	0.00	2,500.00	2,500.00	2,500.00	2,500.00
52610 - Non-Travel/In-County	0.00	500.00	500.00	500.00	500.00
52612 - Emp. Auto mileage	8,653.59	6,000.00	12,000.00	10,000.00	10,000.00
52622 - Training/Regis	0.00	1,000.00	2,000.00	3,500.00	2,000.00
52704 - Purchasing ISF	0.00	500.00	500.00	500.00	500.00
52706 - Document Svcs ISF	101.00	200.00	200.00	200.00	200.00
52721 - Network Services IT	27,697.50	25,000.00	30,000.00	26,000.00	28,000.00
52722 - Computing Power ISF	0.00	500.00	800.00	800.00	800.00
52723 - Data Center Service	4,107.35	5,500.00	5,600.00	5,600.00	6,000.00
52725 - Cross Functional Svcs I	4,719.72	5,500.00	5,600.00	5,600.00	6,000.00
52726 - Microfiche & Print	0.00	100.00	125.00	125.00	200.00
52732 - Desktop Computing	21,324.12	25,000.00	29,000.00	27,000.00	29,500.00
52734 - Help Desk	1,603.32	2,500.00	5,000.00	5,000.00	5,500.00
52750 - Catalog Items	0.00	2,000.00	1,800.00	1,000.00	1,000.00
52752 - Other Services	0.00	200.00	0.00	200.00	500.00
52754 - Non Catalog Items	0.00	500.00	0.00	500.00	500.00
52758 - Vehicle Lease	3,090.78		3,000.00	2,500.00	2,500.00
59000 - Fixed Asset	0.00	2,000.00	9,500.00	2,000.00	17,000.00
Subtotal Services & Supplies	498,052.40	521,902.00	636,375.00	668,275.00	762,500.00
TOTAL Expense	1,210,360.40	1,442,809.00	1,449,066.00	1,614,232.00	1,671,170.00
Fund Activity					
44595 - Fund Balance	98,153.51	98,153.51	94,969.51	94,969.51	94,969.51
44725 - Contingency	523,645.69	523,645.69	525,743.09	525,743.09	527,057.45
44726 - Special Project	194,750.71	194,750.71	277,081.71	195,665.80	102,081.00
44727 - Jurisdictional	146,278.93	146,278.93	146,966.27	146,966.27	147,333.69
44728 - Interest	3,699.83	3,699.83	2,374.48	2,170.94	1,941.18
44729 - FUND ACTIVITY TOTAL	966,529.00	966,529.00	1,047,135.00	965,516.00	873,383.00

Figure 2
FY13/14 Proposed Staffing Schedule

	PRIOR FY11/12 BUDGET				CURRENT FY12/13 BUDGET				PROPOSED FY 13/14 BUDGET		
	Position	F/T Equiv.	Budget	Est. Actual	Position	F/T Equiv.	Budget	Est. Actual	Position	F/T Equiv.	Proposed
Executive Officer	1.00	1.00	\$173,200	\$173,200	1.00	1.00	\$176,664	\$173,288	1.00	1.00	\$173,288
Asst. Exec. Officer	1.00	1.00	98,940	97,220	1.00	1.00	99,164	99,153	1.00	1.00	99,153
Chief Analyst	1.00	0.50	43,000	36,704	1.00	0.50	41,891	41,000	1.00	0.50	41,891
Local Govt'l Analyst III	0.00	0.00	n.a.	n.a.	0.00	0.00	72,957	72,945	1.00	1.00	72,945
Local Govt'l Analyst II	1.00	1.00	70,339	68,120	1.00	1.00	n.a.	0	0.00	0.00	0
Local Govt'l Analyst I	1.00	0.14	58,619	8,500	1.00	0.00	n.a.	0	0.00	0.00	0
Admin. Analyst I	0.00	0.00	n.a.	n.a.	0.00	0.00	50,657	0	1.00	0.75	37,992
Admin. Asst.	2.00	2.00	103,964	97,220	2.00	2.00	104,123	102,627	2.00	2.00	102,627
Admin. Aide	0.00	0.00	n.a.	n.a.	0.00	0.00	n.a.	n.a.	0.00	0.00	n.a.
Student Worker	1.00	n.a.	15,000	0	1.00	n.a.	15,000	0	2.00	1.00	20,000
Subtotal	8.00	5.64	563,062	480,964	8.00	5.50	560,456	489,013	9.00	7.25	547,896
Benefits & Adjustments			372,245	269,339			369,901	308,078			345,174
Subtotal			935,307	750,303			930,357	797,091			893,070
Commissioners (13)			15,600	15,600			15,600	15,600			15,600
TOTAL	8.00	5.64	\$950,907	\$765,903	8.00	5.64	\$945,957	\$812,691	9.00	7.25	\$908,670

- Notes and Budget Assumptions:** (a) Benefit cost figures include items such as: employee retirement contribution offset, POB, OASDI, employee insurance; unemployment insurance; (b) Exec. Officer compensation includes base salary plus auto allowance.
- Prior FY11/12:** (a) Local Govt'l Analyst position became vacant after the start of FY11/12.
- Current FY12/13:** (a) Estimated Actual reflects voluntary pay freeze for Exec. Officer position; (b) Estimated Actual reflects a 2% comp. increase for non-executive positions.
- Final FY13/14:** (a) The Benefits and Adjustments category for FY 2013-14 is based on a possible merit increase up to 5% for non-executive LAFCO employees and benefit cost plan increases and a 5.25% adjustment per article 5.7 of the County Compensation Ordinance covering executive and elected officer positions.