



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

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AGENDA REPORT
 Public Hearing

March 6, 2023

TO: Commissioners
FROM: Keene Simonds, Executive Officer
SUBJECT: **Proposed Workplan and Budget for 2023-2024**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider recommendations in adopting a proposed workplan and budget for 2023-2024. The proposed workplan outlines 30 activities in priority order and includes continued and new projects with the latter headlined by a countywide municipal service review on healthcare districts. The proposed budget totals \$2.750 million in matching expenses and revenues. More than four-fifths of total expenses – \$2.261 million – covers operating costs and represents an increase of 12.6% over the current fiscal year and primarily tied to funding an additional staff position. Agency apportionments continue to represent nine-tenths of all operating revenues and set to increase by 13.0% via the combination of additional operating expenses plus reduction in budgeted use of reserves. Adoption of the proposed workplan and budget will precede a formal public review and conclude with final actions in May.

BACKGROUND

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 membership to meet its regulatory and planning duties.

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DISCUSSION

This agenda item is for San Diego LAFCO to consider recommendations from the Executive Officer in adopting a coordinated proposed (a) workplan and (b) budget for the upcoming fiscal year. Adoption of these policy documents will immediately precede a formal public review and comment period – including providing notice to all 77 local funding agencies – with final actions scheduled for the May meeting. A summary discussion of the main components underlying both the proposed workplan and budget follows.

Summary |

Proposed Workplan in 2023-2024

The proposed workplan draws on a review of San Diego LAFCO needs and associated goals by the Executive Officer. The development of the workplan is further refined through ongoing communications with the Commission as well as the five-year study schedule and recommendations generated in earlier municipal service reviews. These considerations produce a workplan with 30 projects divided between statutory and administrative prompts and organized among three priority categories: high; medium; and low. A summary of all 10 high priority projects follows with the entire listing provided as Attachment Two (Exhibit A).

- No. 1 | Recruiting, Hiring, and Supporting New Staff
This project involves ensuring all budgeted positions are filled and receiving appropriate support (training and integration) and related resources in a timely manner. Expected placement needs include filling the Assistant Executive Officer position paired with other openings that may occur – directly or separately – during the fiscal year.
- No. 2 | Commissioner Onboarding
This project involves creating a formal onboarding process for new Commissioners to assist in their orientation process at LAFCO and related duties and responsibilities. The project responds to the sizable turnover experienced on the Commission over the last three years and expected to include maintaining a user-friendly reference guide covering LAFCO’s statutory powers, local policies, and key organizational information.
- No. 3 | Transition to Online Accounting
This project involves transitioning the accounting software used to reconcile LAFCO’s accounts with the County of San Diego and San Diego County Credit Union from QuickBooks’ desktop to online platform. This transition would provide added flexibility to manage the accounting system under telework conditions and expanded access to QuickBooks support and its own efforts to redirect customers to its cloud system.
- No. 4 | Personnel Policies: Part One
This project utilizes the Commission’s new contract with Regional Government Services (RGS) to develop a multi-phased scope of work to update LAFCO’s personnel policies. The project responds to the policies’ increasingly outdated connectivity and reliance to the County of San Diego’s own personnel policies, which are either no longer available or ill-fitted to LAFCO. An example of the latter involves the County’s Civil Service Rules.

- No. 5 | Personnel Policies: Part Two
This project serves as a placeholder to begin implementing the scope of work established in the preceding item (No. 4) to update LAFCO’s personnel policies. An in-year amendment is anticipated to define the extent of the implementation.
- No. 6 | MSR-SOI for San Marcos Region
This project draws from the adopted study schedule and involves completing an active regional municipal service review for the San Marcos region. The municipal service review will directly inform subsequent sphere of influence updates for the City of San Marcos, San Marcos Fire Protection District, and Vallecitos Water District.
- No. 7 | MSR-SOI for Vista Region
This project draws from the adopted study schedule and involves restarting a regional municipal service review for the Vista region.¹ The municipal service will directly inform subsequent sphere of influence updates for the City of Vista, Vista Fire Protection District, Buena Sanitation, and Vista Irrigation District.
- No. 8 | MSR-SOI on Healthcare Districts
This project draws from the adopted study schedule – albeit out of order – and involves a countywide municipal service review on healthcare districts in San Diego County. The project is advancing ahead of its 2025-2026 target date in the adopted study schedule given recent policy considerations and associated concerns generated by a recent administrative out-of-agency service approval affecting two healthcare districts in North County. The municipal service will directly inform subsequent sphere of influence updates for the Fallbrook, Grossmont, Palomar, and Tri-City Healthcare Districts.
- No. 9 | SALC Grant 2.0
This project involves implementation of a two-year \$450,000 planning grant received from the State to expand on LAFCO’s earlier data collection (SALC 1.0) and provide market analysis to economically inform and support small farming in San Diego County. Implementation activities in the first year are expected to include executing a memorandum of understanding with co-applicant County of San Diego as well as various vendor agreements associated with performing the required analysis.
- No. 10 | Governance Study on the Escondido Region
This project addresses a key recommendation included in the Commission’s recently completed two-part municipal service review on the Escondido region. The governance study will explore consolidation options – function and political – between the City of Escondido and Rincon del Diablo Municipal Water District given their shared boundaries and common service functions (water, wastewater, recycled water, and fire protection).

¹ This project was initially calendared for the current fiscal year but subsequently paused and later removed by the Commission due to several senior management vacancies among the subject agencies.

Summary | Proposed Budget in 2023-2024

The proposed budget developed by the Executive Officer in conjunction with funding the referenced workplan sets total matching expenses and revenues at \$2.750 million. More than four-fifths of total expenses tie to operating costs and equal \$2.260 million, which represent a net change of 12.6% – or \$253,211 – over the current fiscal year. This increase accommodates baseline operating expenses plus increasing staff from 8.0 to 9.0 fulltime employees with the reestablishment of the Assistant Executive Officer position. Previously approved cost-of-living adjustments for all employees paired with providing additional funding for communication services (translation, multi-media, and community engagement) largely account for the other increases in operating expenses. The remaining one-fifth portion of total expenses involve non-operating costs at \$0.489 million and tied to transacting a State planning grant plus debt service. Similar – though not identical – to expenses, four-fifths of total revenues tie to operating units and equal \$2.254 million. This amount represents a net change of 13.3% – or \$264,386 – over the current fiscal year and mostly attributed to increases in local agency apportionments. Remainder of total budgeted revenues at \$0.495 million involve non-operating units and tie to transacting a State planning grant plus unassigned reserves. A listing of all proposed expenses and revenues is provided as Attachment Two.

ANALYSIS

San Diego LAFCO's proposed workplan and budget for 2023-2024 reflects a measured true-up to better align activities with available resources. The true-up ties to continuing the Commission's practice to set a full an otherwise proactive workplan with the aid of increasing staff through the re-budgeting of a full-time Assistant Executive Officer position. This position had been consistently filled at LAFCO since the early 1970s before the last incumbent retired in 2013 and concurrently de-budgeted with the associated savings reallocated to absorb other costs-increases. Re-budgeting the position accounts for three-fifths of the total increase in operating expenses – or \$0.190 of the \$0.264 million – and would advantageously expand LAFCO's organizational capacities and in doing so keep up with the workplan. Re-budgeting the position would similarly benefit LAFCO by providing a clear second in command to help manage day-to-day activities and allow the Executive Officer to dedicate additional time on overall quality control.

A user-friendly guide on the proposed workplan and budget is available as Attachment One. The guide will be updated to reflect any changes approved by the Commission and will be circulated to all funding agencies as part of the mandatory review and comment period.

RECOMMENDATION

It is recommended San Diego LAFCO approve the proposed 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):

Adopt the attached resolution provided as Attachment Two approving the proposed workplan (Exhibit A) and budget (Exhibit B) for 2023-2024 with any desired changes and direct staff to circulate for public review and comment.

Alternative Two:

Continue consideration of the item to its next regular meeting.

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) Disclose any ex-parte communications.
- 2) Receive verbal report from staff unless waived.
- 3) Open the hearing and invite comments from the public.
- 4) Close the public hearing, discuss item, and consider recommendation.

Respectfully,



Keene Simonds
Executive Officer

Attachments:

- 1) Guide to the Proposed Workplan and Budget for FY2024
- 2) Draft Resolution Approving a Proposed Workplan and Budget for FY2024
 - Exhibit A: Proposed Workplan
 - Exhibit B: Proposed Budget

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