



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

6b

AGENDA REPORT
 Public Hearing

May 1, 2023

TO: Commissioners

FROM: Keene Simonds, Executive Officer

SUBJECT: **Proposed Final Workplan and Budget for 2023-2024 and Related Actions**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider recommendations in adopting a final workplan and budget for 2023-2024. Both items return following their draft adoption in March and subsequent public review. The workplan remains substantively unchanged in outlining 30 specific projects in priority order. Noteworthy revisions involve adding four projects from the current year that were initially expected to be completed by June 30th and include a white paper on governance options to enhance public recreation opportunities involving local reservoirs, policy establishment on out-of-agency services, and municipal service reviews on the Carlsbad and Oceanside regions. The budget is unchanged and continues to total \$2.750 million. More than four-fifths of total expenses – \$2.261 million – covers operating costs and represents an increase of 12.6% 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.

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

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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.

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 draft-form on March 6th and subsequent 45-day public review 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. Comments received during the public review are attached. A summary discussion of the main components underlying both items and key revisions made since the March 6th follows.

Summary | Proposed Final Workplan in 2023-2024

The proposed final workplan remains mostly intact from the draft adopted in March. This includes continuing to outline 30 specific projects for the upcoming fiscal year listed in priority order and divided between high (Nos. 1-10), moderate (Nos. 11-20), and low (Nos. 21-30). Revisions have been incorporated to account for four existing projects that were initially expected to be completed by June 30th but now expected to substantively extend into the new fiscal year. These four added projects are a white paper on governance options to enhance public recreation opportunities involving local reservoirs, policy establishment on out-of-agency services, and municipal service reviews on the Carlsbad and Oceanside regions. In accommodating these additions, four projects have been removed from the workplan since March. These involve a policy update on Rule No. 4 (district function and class designations), governance study on the Escondido region, and bylaw updates for the Cities and Special Districts Advisory Committees. Notably, while all four of these latter projects remain pertinent, their removal does not pose any concerns given the likelihood they can be readily and timely addressed in future workplans.

A summary of the revisions to the workplan follows.

Revisions to Workplan Changes Made Since March 6 th	
Added	Removed
Oceanside Regional Municipal Service Review (6)	Governance Study on Escondido Region (12)
Carlsbad Regional Municipal Service Review (7)	Policy Update on Commission Rule No. 4 (26)
Policy Update on Out-of-Agency Services (11)	Bylaw Update for Cities Advisory Committee (27)
Paper on Governance Options: Reservoir Recreation (15)	Bylaw Update for Districts Advisory Committee (28)

Summary | Proposed Final Budget in 2023-2024

The proposed final budget remains entirely intact from the draft adopted in March and 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 a biennial per diem adjustment and 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 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.

ANALYSIS

San Diego LAFCO’s proposed final 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 and otherwise proactive workplan with the aid of increasing staff through the re-budgeting of a full-time Assistant Executive Officer position. 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 and proposal activities. A user-friendly guide on the proposed final workplan and budget is available as Attachment One. The guide will be updated to reflect any changes approved by the Commission at the May 1st meeting and will be circulated to all funding agencies.

RECOMMENDATION

It is recommended San Diego LAFCO approve the proposed 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 Two approving the final workplan (Exhibit A) and budget (Exhibit B) for 2023-2024 with any changes.
- (b) Direct the Executive Officer to coordinate with the County of San Diego Auditor's Office to invoice all local agencies consistent with the calculation provided under Government Code Section 56381 for the total amount of \$2,038,651.
- (c) Amend policies – Rule No. 2 subsection 10 – to increase the per diem to \$275.00.

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 Final Workplan and Budget for FY2024
- 2) Draft Resolution Approving a Proposed Workplan and Budget for FY2024
 - Exhibit A: Proposed Workplan
 - Exhibit B: Proposed Budget
- 3) Comments Received on the Proposed Workplan and Budget