



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

5C

AGENDA REPORT

Business | Discussion + Possible Action

March 15, 2024

TO: Special Districts Advisory Committee
FROM: Priscilla Mumpower, Assistant Executive Officer
SUBJECT: **Proposed Workplan and Budget for 2024-2025**

SUMMARY

The Special Districts Advisory Committee (“Committee”) will review a proposed LAFCO workplan and budget for 2024-2025. The draft workplan outlines 30 activities in priority order and headlined by continuing municipal service reviews on wholesale water service providers and healthcare districts as well as grant work evaluating economic conditions for certain agricultural crops. Several new projects round out the draft workplan and headlined by initiating a municipal service review on the San Diego Association of Local Governments (SANDAG) and its housing and transportation functions as well as an informational report on governmental homeless services. The draft workplan informs the draft budget, which totals \$2.887 million in matching expenses and revenues. More than four-fifths of total expenses – \$2.403 million – cover operating costs and represents an increase of 6.3% and largely ties to inflationary adjustments plus targeted enhancements in certain non-labor accounts. Local agencies’ apportionments continue to represent nine-tenths of all operating revenues and set to increase in line with the rise in operating expenses at 6.3%. The item is for Committee review and feedback with the opportunity to forward specific recommendations and/or requests to the Commission.

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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.

DISCUSSION

This agenda item is for the Committee to review and provide feedback on a proposed (a) workplan and (b) budget for the upcoming fiscal year. LAFCO adopted both items at its March 4, 2024 meeting with direction to staff to initiate a formal public review period. A user-friendly guide on the proposed workplan and budget is available as Attachment One.

ANALYSIS

San Diego LAFCO's proposed draft workplan and budget for 2024-2025 largely reflects a status quo with respect to continuing existing service and funding levels with limited exceptions. The status quo is reflected in the draft workplan as continuing the Commission's practice to set a full and otherwise proactive workplan with 30 special projects over the 12-month period. The status quo is similarly reflected in the draft budget and highlighted by labor costs increasing by only 0.5% over the current fiscal year while retaining core staffing resources as detailed above. Most non-labor costs are also staying relatively flat with limited exceptions and highlighted by a targeted enhancement to increase funding for consultants and their technical expertise and done so to better reflect recent fiscal year actuals. Cost-savings in other labor and non-labor accounts are helping to reduce the overall increase in operating expenses to 6.3% – or \$142,114 – and only slightly above the current annual inflation estimate of 5.8% for the San Diego region.

RECOMMENDATION

Consider the proposed workplan and budget and provide feedback to staff as well as any formal recommendations and/or requests to the Commission.

ALTERNATIVES FOR ACTION

The following alternatives are available to the Committee:

Alternative One (recommended):

Take no action other than providing feedback to LAFCO staff.

Alternative Two:

Provide specific recommendations and/or requests directly to the Commission.

Special Districts Advisory Committee

March 15, 2024 Special Meeting

Agenda Item No. 5c | Proposed Workplan and Budget for 2024-2025

PROCEDURES FOR CONSIDERATION

This item has been placed on the agenda under the business calendar with the potential to take actions as described above. The following procedures are suggested.

- 1) Receive verbal report from staff unless waived.
- 2) Consider the Committee's preferences.

Respectfully,



Priscilla Mumpower
Assistant Executive Officer

Attachment:

- 1) Guide to the Proposed Draft Workplan and Budget for FY2025

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PROPOSED DRAFT

Workplan & Budget Guide

FOR 2024-2025

About Us

Local Agency Formation Commissions – or LAFCOs – are boundary makers that oversee the creation and expansion of cities and special districts in all 58 counties of California. LAFCOs exercise regulatory and planning powers to coordinate publicly provided services, such as water or fire protection, and match them with community needs.

The goal of every LAFCO is to facilitate smart growth while avoiding urban sprawl.

San Diego LAFCO operates within the second largest county in California as measured by population and currently tasked with overseeing over 100 local governmental agencies.

A summary of San Diego LAFCO's proposed draft workplan and budget for 2024-2025 follows.

sdlafco.org

2024-2025 Workplan Guide

The proposed draft workplan list 30 targeted projects for 2024–2025 comprising both new and continued activities. The targeted projects complement LAFCO’s baseline commitment to process jurisdictional proposals and related service requests in a timely manner and are divided between three priority categories – high, medium, and low. An outline of all 30 projects with additional details on the “Top 10” follows.



No. 1

Municipal Service Review on Wholesale Water Service Providers
San Diego County Water Authority + Metropolitan Water District



No. 3

Transition External Accounting System
Implement Cloud Conversion for Quickbooks and Add Public-Facing Features



No. 5

State Planning Grant Award (SALC 2.0): “Greening Agriculture”
Return-on-Investment and GAP Analyses in Support of Small Farming Operations



No. 7

Municipal Service Review on Greater San Marcos/Vista Region: Part I
Cities of San Marcos and Vista



No. 9

Policy Review on Accounting + Auditing Procedures
Modernize and Harmonize Accounting + Auditing Policies to LAFCO’s Needs



No. 2

Municipal Service Review on Healthcare Districts
Fallbrook, Grossmont, Palomar, + Tri-City Healthcare Districts



No. 4

Municipal Service Review on the Greater Carlsbad Region
City of Carlsbad, Carlsbad Municipal Water District, + Leucadia Wastewater District



No. 6

RCD Ad Hoc Committee, Year Two: Transitioning OSAs to Boundary Changes
Greater San Diego, Mission, + Upper San Luis Rey Resource Conservation Districts



No. 8

Municipal Service Review on Greater San Marcos/Vista Region: Part II
San Marcos and Vista Fire Protection Districts, Vista Irrigation District, Vallecitos Water District, + Buena Sanitation District



No. 10

Staffing + Professional Development
Fill Budgeted Positions + Establish In-Service Days to Enhance Professional Development

Medium Priorities

- No. 11** | Policy Review: Job Descriptions
- No. 12** | MSR: SANDAG
- No. 13** | Custom Project Manager Tracker
- No. 14** | Staffing Special Districts Advisory Committee
- No. 15** | Info Report on Homeless Services
- No. 16** | Staffing Cities Advisory Committee
- No. 17** | MSR: Greater Encinitas Region
- No. 18** | Complete FY2023 Audit
- No. 19** | MSR: Greater Del Mar/ Solana Beach Region
- No. 20** | Website Content Expansion + Enhancement

Lower Priorities

- No. 21** | Annual Local Agency Directory
- No. 12** | Policy Review: Applicant Forms + Requirements
- No. 23** | Authorizing Credit Card Payments
- No. 24** | CALAFCO Legislative Committee
- No. 25** | Legislative Proposal on G.C. 56133
- No. 26** | SDAC Bylaws
- No. 27** | Info Report on Community Choice Aggregations
- No. 28** | Liaison with Local Native American Tribes
- No. 29** | Online Service + Fiscal Indicators
- No. 30** | Policy Review: Public Member Appointments

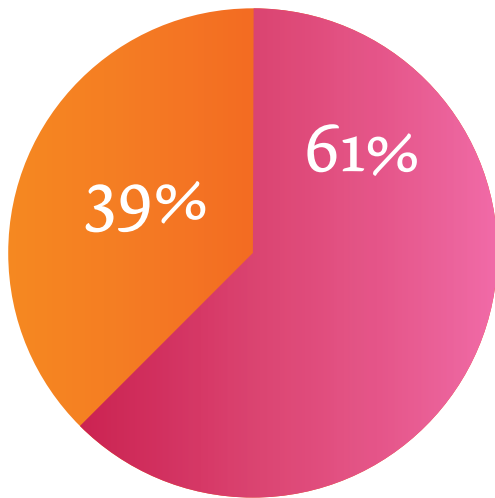
For a complete listing of the draft workplan, please visit: sdlafco.org

2024-2025 Draft Budget Guide

San Diego LAFCO’s proposed draft budget for 2024–2025 ties directly to funding the associated workplan and sets total matching expenses and revenues at \$2.888 million. Four-fifths of total expenses tie to operating costs, which tally \$2.403 million and represents a change over the current fiscal year of 6.3% – or \$142,14 and slightly above the 5.8% annual inflation rate for the San Diego area. The remaining portion of the total budget involves non-operating units and largely tie to transacting revenues and expenses involving a State planning grant and debt service.

Key budgeted operating expenses and revenues follow.

Operating Expenses: \$2.403 Million



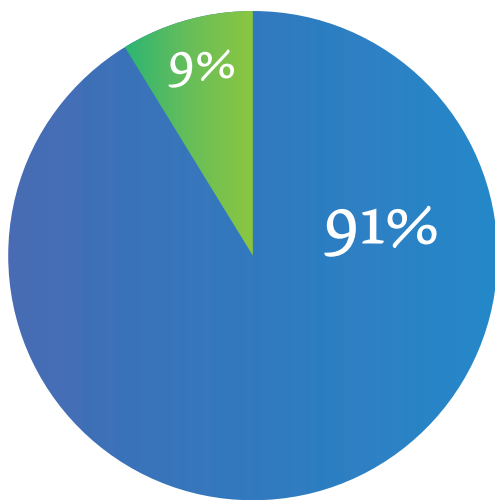
Salaries and Benefits Cost

- \$1.444 million; an increase of 0.5% over current year
- Amount equals 61% of all operating expenses
- Reduces budgeting staffing from 9.0 to 8.0 FTE
 - Eliminates vacant executive assistant position
- Accommodates previously approved 2.75% COLA
- Also accommodates anticipated merit increases
- Also accommodates CPI increase to meeting per diems to \$291
- All line-item accounts show decreases expect pension

Services and Supplies Cost

- \$0.959 million; an increase of 16.3% over current year
- Amount equals 39% of all operating expenses
- Two line item accounts underlie increase:
 - Increase in professional services to cover increase need for consultants and their technical expertise in preparing MSRs
 - Increase in memberships to cover new partnership with Assura Group to implement and host online project management tracking

Operating Revenues: \$2.377 Million



Application Fees

- \$0.215 million; same as current year
- Amount equals 9% of all operating revenues

Local Agency Contributions

- \$2.162 million; an increase of 6.3% over current year
- Amount equals 91% of all operating expenses
- Allocation set by State law as follows:
 - 1 County of San Diego covers \$0.618 million
 - 2 Cities less San Diego cover \$0.618 million
 - 3 Special districts cover \$0.618 million
 - 4 City of San Diego covers 0.309 million

Amounts for specific cities and districts further apportioned by Auditor’s Office based on each agency’s percentage of revenues relative to all revenues collected by their city/district peers



UNRESTRICTED FUND BALANCE	
(estimate as of June 1, 2024)	
Committed:	\$750,000
Assigned:	\$62,500
Unassigned:	\$836,154
TOTAL:	\$1,648,654

TOP CITY ALLOCATION

1. San Diego
2. Chula Vista
3. Carlsbad
4. Oceanside
5. Escondido

(based on FY2023 contributions)

TOP DISTRICT ALLOCATIONS

1. Otay Water District
2. Helix Water District
3. Padre Dam Municipal Water District
4. Olivenhain Municipal Water District
5. Vallecitos Water District

(based on FY2023 contributions)



Mission Trails
Regional Park

San Diego LAFCO's Commission

San Diego LAFCO is governed by a 13-member "Commission" comprising county, city, special district, and public members. All Commissioners are appointed elected officials with the exception of the two public members. Commissioners serve four-year terms and divided between "regulars" and "alternates" and must exercise their independent judgment on behalf of the interests of residents, landowners, and the public as a whole. Commissioners are subject to standard disclosure requirements and must file annual statements of economic interests. The Commission has sole authority in administering its legislative responsibilities and decisions therein are not subject to an outside appeal process.



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City of San Diego



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County of San Diego



Kristi Becker
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City of Solana Beach



Jo MacKenzie
Commissioner
Vista Irrigation



Dane White
Commissioner
City of Escondido



David Drake
Alternate
Rincon Del Diablo



Harry Mathis
Alternate
General Public



John McCann
Alternate
City of Chula Vista



Nora Vargas
Alternate
County of San Diego



Marni von Wilpert
Alternate
City of San Diego