

SAN DIEGO LAFCO



**COMMISSION MEETING
MARCH 3, 2025**

SAN DIEGO LAFCO

Agenda Item 6a

Proposed Draft Workplan and Budget



3/3/2025

Proposed Draft Workplan FY26

Highest Priority



- 1
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1a MSR Wholesale Water Services	6a MSR Vista-San Marcos: Cities
1b MSR Healthcare Districts	6b MSR Vista-San Marcos: Districts
2 MSR SANDAG	8 White Paper Homeless Services
4a MSR Carlsbad-Encinitas: Cities	9 White Paper Recreation @ City Reservoirs
4b MSR Carlsbad-Encinitas: Districts	10 SALC Planning Grant 2.0

Proposed Draft Workplan FY26

Medium Priority



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	11a MSR Solana Beach - DM: Cities	16 Outside Auditor RFP + Selection	+
	11b MSR Solana Beach - DM: Districts	17 Outside Audit FY2024-2025	+
+	13 Full Website Refresh + Content Expansion	18 Pilot Grant Program	+
+	14 MSR San Diego Unified Port	19 FY26 Staffing Districts Advisory Committee	+
+	15 Legislative Proposal UC Berkeley Report	20 FY26 Staffing Cities Advisory Committee	+

⊕ New Projects

Proposed Draft Workplan FY26

Lower Priority



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	21 RCD 2.0 Ad Hoc Committee		26 Special Study Oceanside SCHD Governance	+
+	22 MSR South Coast: Cities		27 Commissioner Onboarding	+
+	23 MSR Addendum Healthcare Districts		28 CY2026 SOI-MSR Registry	+
+	24 Alternate Membership Organization (Alt. Calafco)		29 Applicant Procedures	
+	25 CY2026 Local Agencies Directory		30 Featured Work + Tutorial Videos	+

⊕ New Projects



Proposed Draft Budget Comparison FY25 to FY26

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EXPENSES	FY2025	FY2026
Salaries + Benefits	1,468,773	1,588,667
Services + Supplies	959,364	1,092,017
Grant Payments and Debt	484,092	483,000

2,912,230 **3,163,684** **8.6%**

REVENUES	FY2025	FY2026
Apportionments	2,184,098	2,349,668
Application Fees	200,000	200,000
Reserves + Earnings	78,132	164,017
Grant Awards	450,000	450,000

2,912,230 **3,163,685** **8.6%**

What \$252k Covers...

- ... \$60k COLA @ 3.8%
- ... \$60k merit steps for eligible FTEs
- ... \$120k consultants

Covering the \$252k...

- ... \$166k in additional apportionments
- ... \$86k in additional reserves

Budget + Reserves Context



PREVIOUS 9 YEARS AT LAFCO | BUDGETED OPERATING EXPENSES + RESERVES + INFLATION

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Adopted Budget	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	
Expense Units										
Salaries + Benefits	1,073,177	1,100,599	1,131,604	1,189,184	1,367,932	1,292,364	1,254,248	1,435,895	1,468,773	
Services + Supplies	901,887	881,300	770,090	722,117	543,367	643,984	753,528	825,091	959,364	
Total	1,975,064	1,981,899	1,901,694	1,911,301	1,911,299	1,936,348	2,007,776	2,260,986	2,428,137	<u>23%</u>
Unrestricted Reserves	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	
								unaudited	unaudited projected	
Categories										
Committed	-	175,000	175,000	550,000	550,000	550,000	550,000	750,000	750,000	
Assigned	75,000	75,000	75,000	125,000	125,000	100,000	62,500	75,000	100,000	
Unassigned	1,394,699	1,357,486	1,238,223	954,738	904,086	854,941	1,000,810	773,695	772,136	
Total	1,469,699	1,607,486	1,488,223	1,629,738	1,579,086	1,504,941	1,613,310	1,598,695	1,622,136	<u>10%</u>
% of Budget	74%	81%	78%	85%	83%	78%	80%	71%	67%	

Inflation - SD Region	Total	Annual
Jan 2017 to Jan 2025	34.96%	3.9%

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Comments/Questions?



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Agenda Item 6b

Huang - Mt. Whitney Road Change of Organization



3/3/2025

Background



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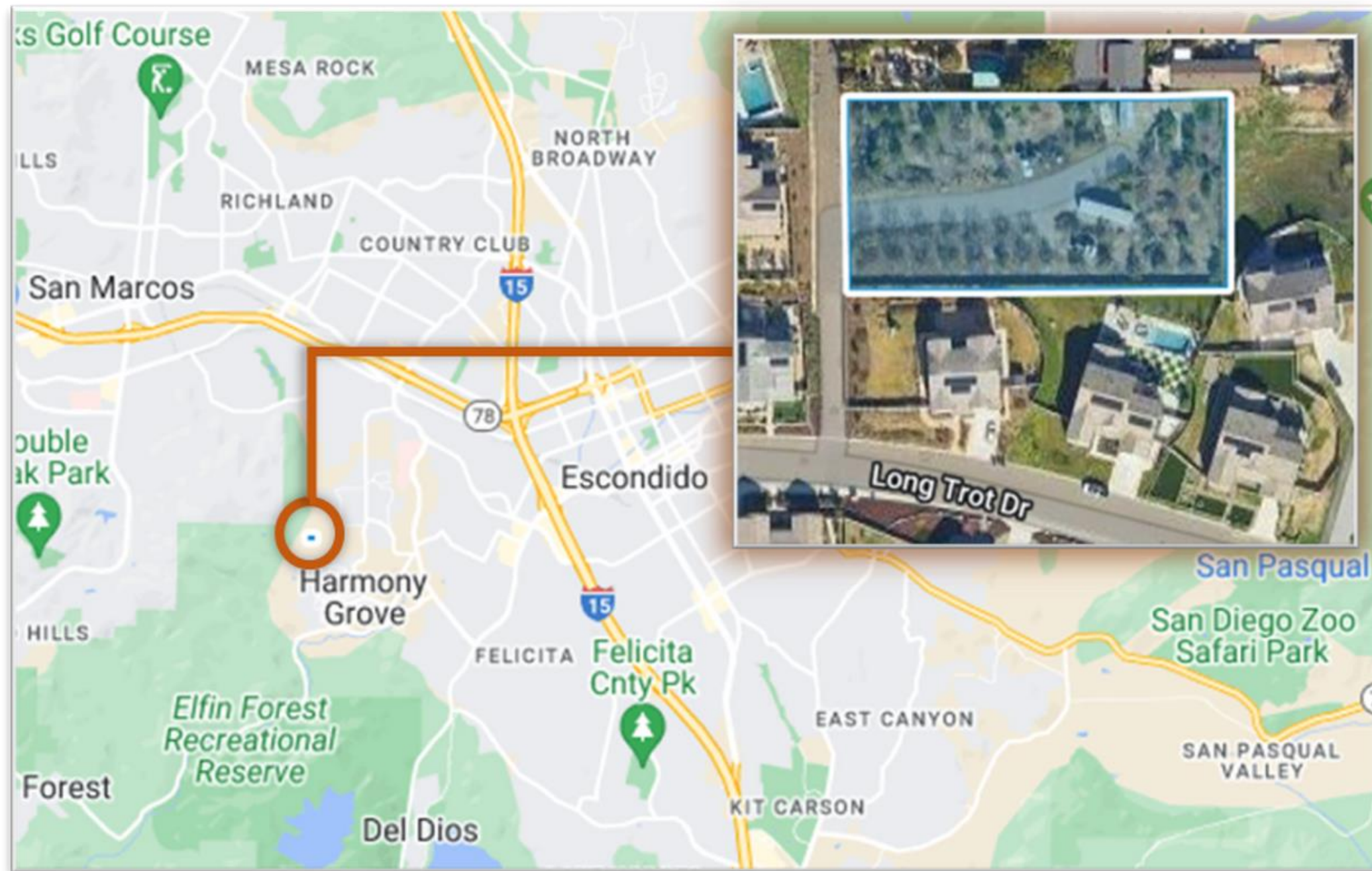
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- Vacant 0.91-acre parcel within Harmony Grove
- Plans to develop 1 SFR
- Expansion of Rincon MWD's activated wastewater service area and associated secondary SOI



Background

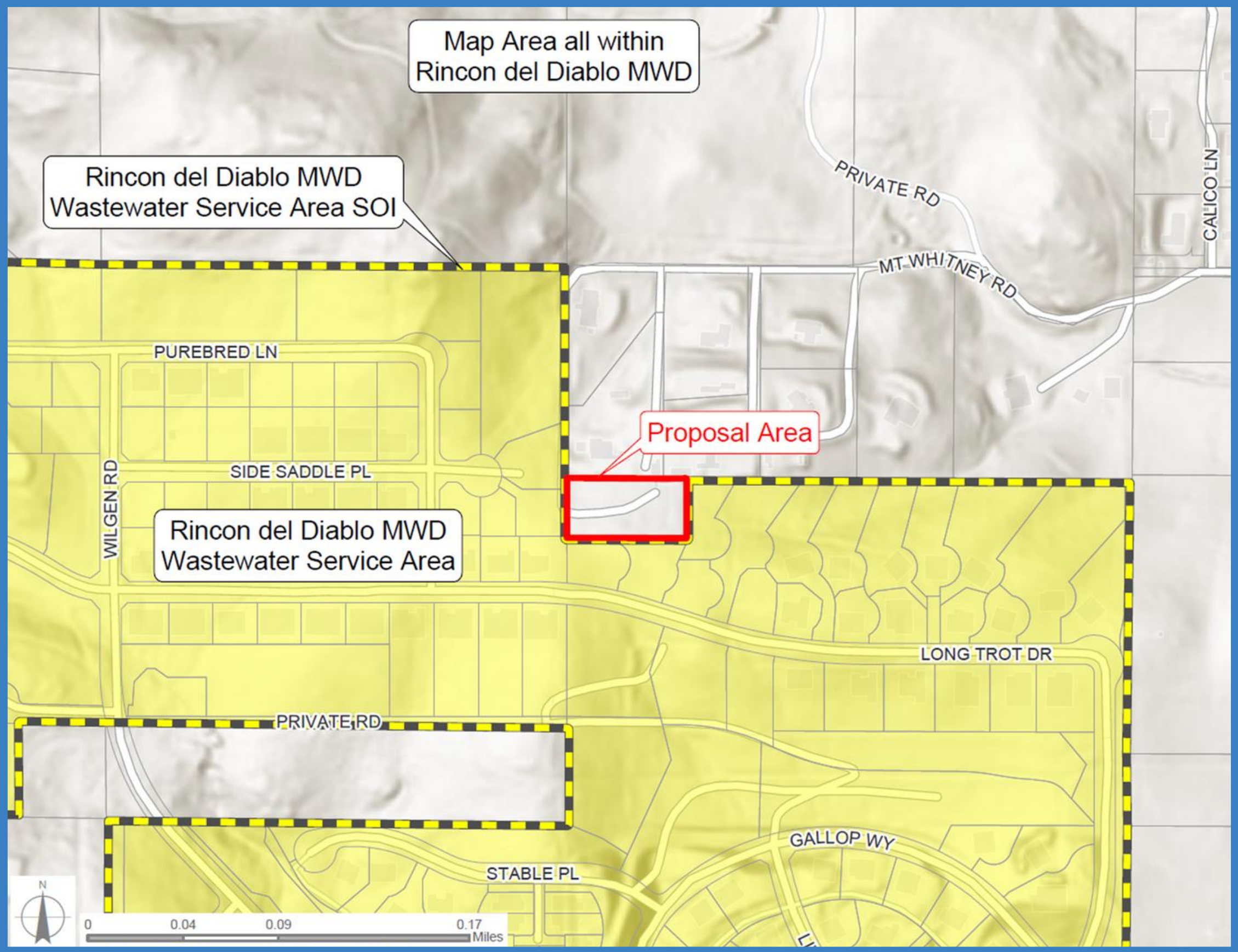
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Background

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Qualifiers and Recommendations

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Qualifiers

- Sphere of influence amendment needed
- Policy L-106 (MSR 5+ years old)
- Waiver is appropriate, modest project size

Recommendations

- a.) Approve proposal and suggested SOI amendment
- b.) Waive Protest Proceedings
- c.) Waive Policy L-106 (MSR Requirement)
- d.) Make exemption findings as detailed under CEQA

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**Agenda Item 6b
Comments/Questions?**



3/3/2025

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Agenda Item 7a

Draft Proposed Policy |

Financial Accounting and Internal Controls



3/3/2025



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Draft Policy: Fiscal Policy 102 (F-102)

Financial Accounting and Internal Controls

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- **Establishing** rules and procedures related to financial accounting and reporting

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- **Incorporates** recommendations from outside auditor, O'Conner and Associates

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- **Builds** on existing practices and best practices from similarly sized agencies

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Draft Policy: Fiscal Policy 102 (F-102) Financial Accounting and Internal Controls

Two Key Recommendations:

1. FY 20-21: Absence of a formal accounting, administrative, and fraud procedures manual
2. FY 21-22: Lack of a formal policy for leases and capitalization thresholds based on GASB 87 guidance



Draft Policy: Fiscal Policy 102 (F-102)

Financial Accounting and Internal Controls

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11 Key Provisions

1. Goals and Objectives
2. Administration
3. Fund Type
4. Reconciliations and Reporting
5. Payroll and Benefits Administration
6. Payments Received and Made
7. Documentation
8. Asset and Liability Management
9. Lease and Right to Use Capitalization
10. Investments
11. Fraud Prevention



Draft Policy: Fiscal Policy 102 (F-102) Financial Accounting and Internal Controls

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Auditor's Recommendations Addressed:

- 1. Establishing** threshold of \$7,500 for capital assets (three or more years + subject to annual depreciation)
- 2. Addressing** lease capitalization with threshold of \$40,000



Draft Policy: Fiscal Policy 102 (F-102)

Financial Accounting and Internal Controls

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Formalizing Existing Practices & Incorporating Best Practices:

1. **Delegating to Executive Officer**, with support from the Commission Clerk
2. Reinforcing **fund balance management** (Policy F-101)
3. Specifying:
 - **County as central depository**
 - **Commercial bank accounts** with balance \leq **15% of County-held** balances
4. Outlining:
 - **Payment Procedures and Thresholds:**
 - More than \$15,000 through County accounts
 - Less than \$15,000 may be via commercial bank accounts
 - **Fraud Prevention Measures and Investigative Duties**



Draft Policy: Fiscal Policy 102 (F-102)

Financial Accounting and Internal Controls

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1. Provide Feedback
2. Ahead of staff refining the policy, and
3. Bringing it back for formal consideration

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**Agenda Item 7a
Comments/Questions?**



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Agenda Item 7b

**Proposed “Lank - Poinsettia Avenue Out-of-Agency
Wastewater Services” | Buena Sanitation District**



3/3/2025



Background

Out-of-Agency Service request by Buena Sanitation District: Wastewater

- 0.51-acre, parcel located in San Marcos
- Parcel currently developed w/SFR, adjacent to Buena SD's service area

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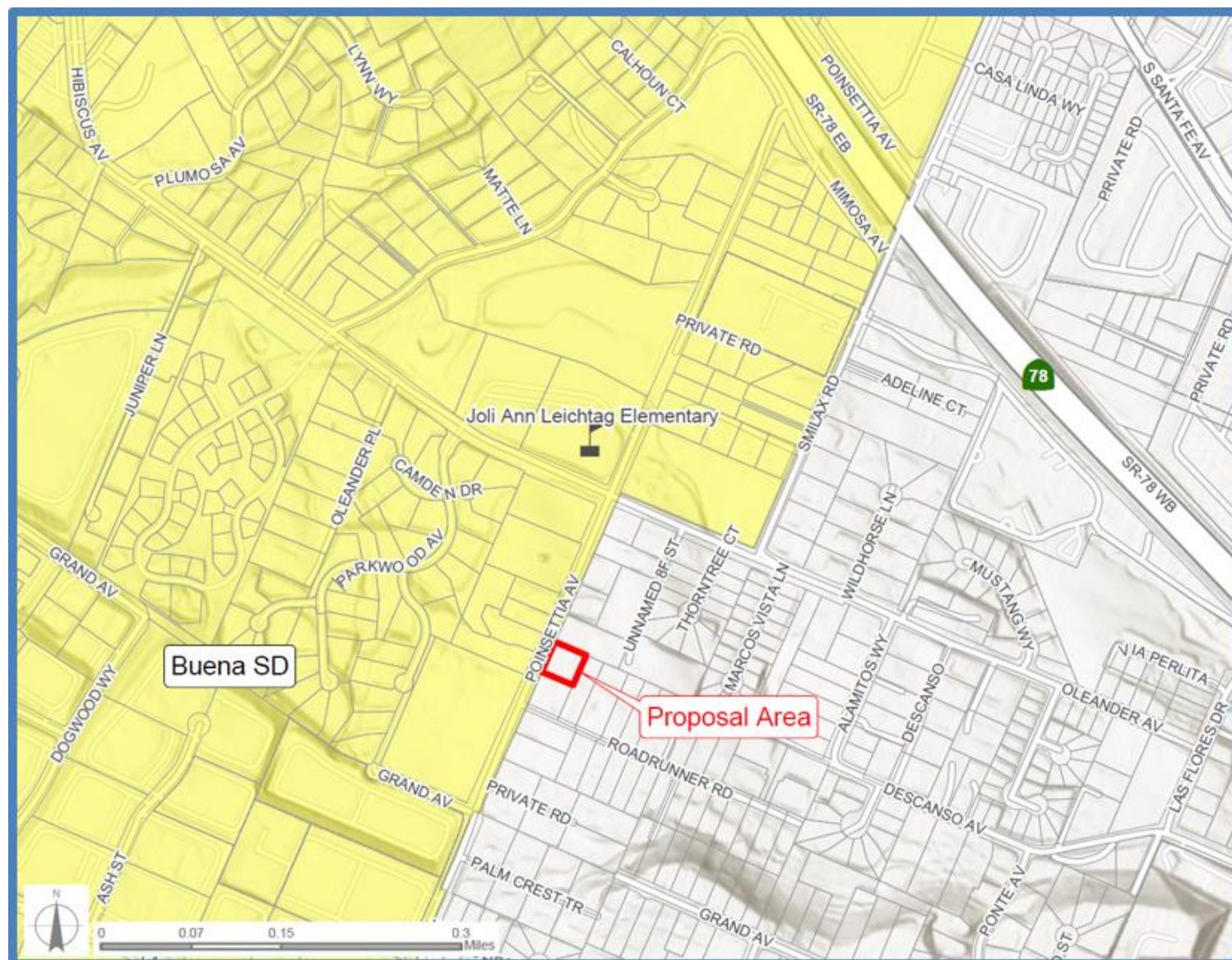
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Affected Territory: 806 Poinsettia Ave

- 0.51-acre parcel currently developed with 1 SFR (1,318 sq ft)
- Plans to develop an additional SFR (800 sq ft) and two ADUs (each 1000 sq ft)

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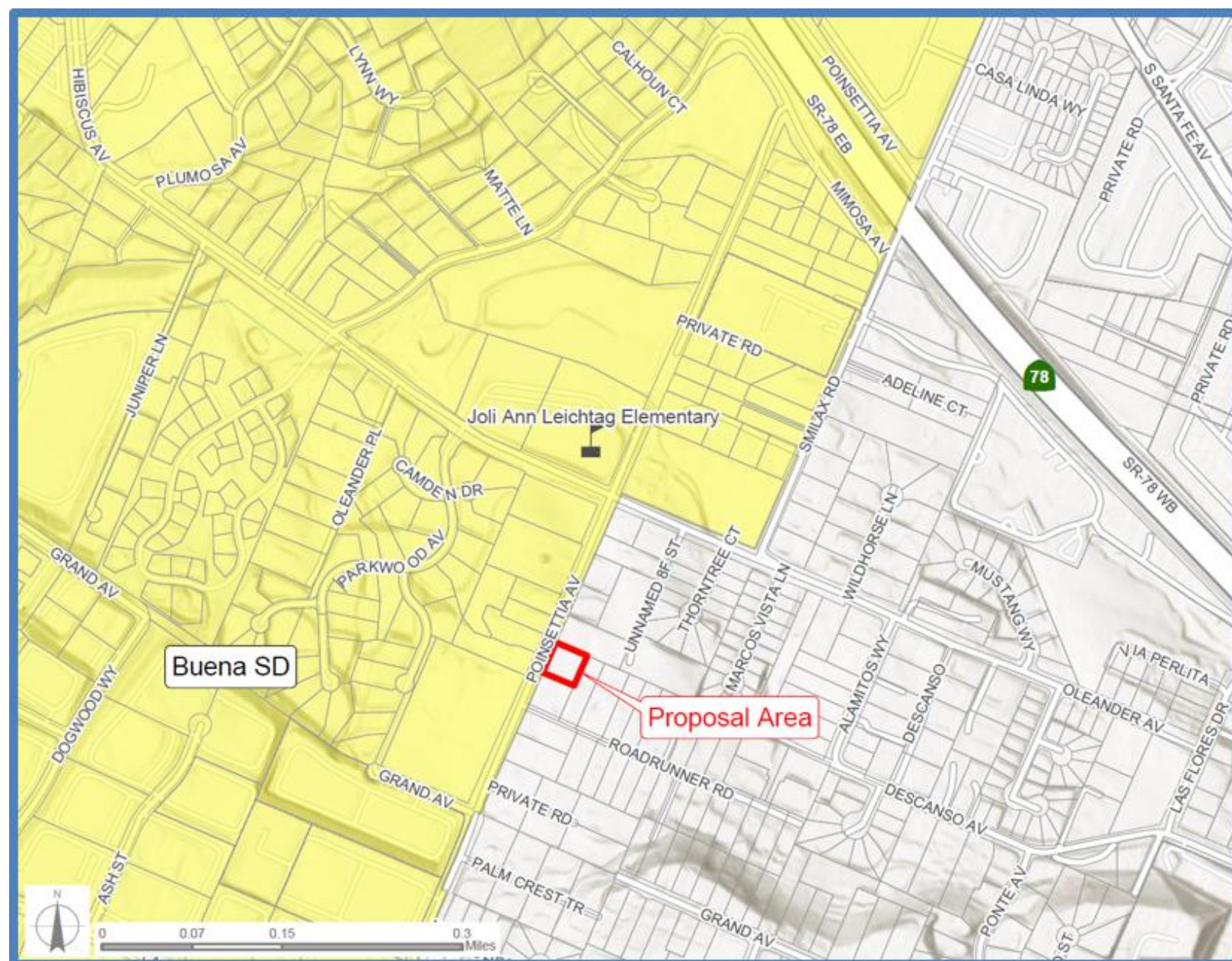
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Criteria in Approving OAS Agreements



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1 Growth Management Interests

2 Buena SD has capacity to serve

3 OAS v. Annexation



Recommendations

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1

Approve the requested out-of-agency wastewater service authorization allowing the Buena Sanitation District to serve the affected territory

2

Authorize the EO to file CEQA Notice of Exemption

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**Agenda Item 7b
Comments/Questions?**



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Agenda Item 7c

Update on LAFCO Efforts with U.C. Berkeley



3/3/2025



U.C. Berkeley Report

LAFCO and Water Systems Consolidation:

Bridging The Gap Between Local And State Regulators
To Stop And Reverse Water System Fragmentation

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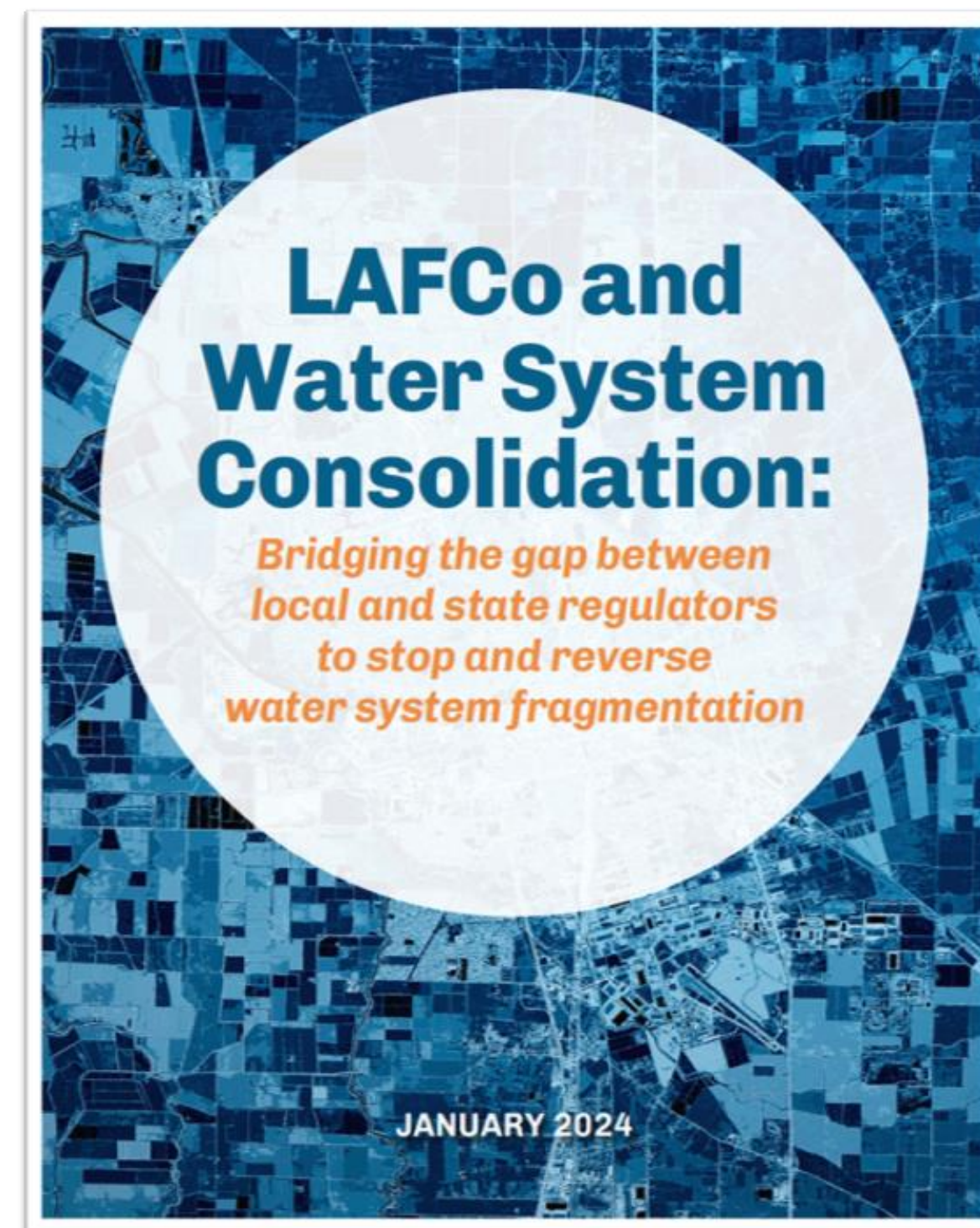
Report Focus: Improve public water systems through consolidations with emphasis on underserved communities.



Key Recommendations: Regular communications between LAFCOs and State water regulators.



MSR Importance: Well-funded MSRs to identify and prioritize consolidations, small system mergers, and seek annexation authority.





Joint Legislative Group

- **Kristin Dobbin**, Assistant Professor of Cooperative Extension, U.C. Berkeley and the Division of Agriculture and Natural Resources
- **Justin McBride**, PhD Candidate in Urban Planning, U.C. Los Angeles
- **Orange** LAFCO
- **Napa** LAFCO
- **Sacramento** LAFCO
- **Alameda** LAFCO
- **Butte** LAFCO
- **Santa Cruz** LAFCO
- **Community Water Center**
- **Leadership Counsel for Justice and Accountability**

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Legislative Proposals

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Expand LAFCOs Ability to Initiate Organizations and Reorganizations to Support Timely Water Or Wastewater Services Consistent With Community Needs.

(Amend GCS 56375)

2

Amplify MSRs Role in Communicating Community Needs.

(Amend GCS 56430)

3

Address Service Barriers for Mutual Water Companies and Mobile Home Parks by making them subject to LAFCO.

(Amend GCS 56036 and CCCS 14300)

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**Agenda Item 7c
Comments/Questions?**



3/3/2025

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Agenda Item 7d

**Support for Assembly Bill 259 |
Remote Participation for Local Agencies**



3/3/2025

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**Agenda Item 7d
Comments/Questions?**



3/3/2025

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