



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

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AGENDA REPORT
 Public Hearing | Action

May 4, 2026

TO: Chair Becker and Commissioners

FROM: Keene Simonds, Executive Officer
 Priscilla Mumpower, Assistant Executive Officer

SUBJECT: Proposed Final Workplan and Budget for 2026-2027 and Related Actions

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider recommendations to adopt a final workplan and budget for 2026-2027. Both items return substantively intact following draft adoption in March and subsequent public review — including presentations to LAFCO's Cities and Special Districts Advisory Committees. The proposed workplan continues to list 30 special projects. Revisions are limited to six material changes. Two projects have been restored from the current workplan – the homeless services white paper and the Encinitas region municipal service review – both now expected to extend past June 30th. Four new projects have been added: a policy review on L-107 (jurisdictional disputes), a legislative proposal to add a ninth voting member to the Commission, administrative processing of upcoming nominations and elections for two of the three special district seats, and administrative processing of a new four-year appointment to the alternate public member seat. The final budget is identical to the adopted draft in setting overall expenditures at \$2.904 million, with operating expenses increasing by 3.3%, or \$90,379. The lone revision is a technical refinement – the reclassification of OPEB bond debt service – which does not alter the proposed total apportionment to member agencies of \$2.589 million. The 18.7% year-over-year change in apportionment is largely a byproduct of the elimination of reserves as an offsetting revenue source. It is recommended the Commission adopt both items with any revisions by resolution along with related actions as specified.

<p>Administration: Keene Simonds, Executive Officer 2550 Fifth Avenue, Suite 725 San Diego, California 92103 T 619.321.3380 E lafco@sdcountry.ca.gov www.sdlafo.org</p>	<p>Paloma Aguirre County of San Diego</p> <p>Joel Anderson County of San Diego</p> <p>Monica M. Steppe, Alt. County of San Diego</p>	<p>Chair Kristi Becker City of Solana Beach</p> <p>Dane White City of Escondido</p> <p>John McCann, Alt. City of Chula Vista</p>	<p>Stephen Whitburn City of San Diego</p> <p>Marni von Wilpert, Alt. City of San Diego</p>	<p>Vice Chair Barry Willis Alpine Fire Protection</p> <p>Jo MacKenzie Vista Irrigation</p> <p>David A. Drake, Alt. Rincon del Diablo</p>	<p>Brigitte Browning General Public</p> <p>Eileen Delaney, Alt. General Public</p>
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BACKGROUND

San Diego LAFCO is required 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 occurs between the two adoption periods. State law further specifies the proposed and final budgets must equal the budget adopted for the previous fiscal year unless LAFCO formally finds that reduced funding will still allow it to meet its regulatory and planning duties.

DISCUSSION

This agenda item is for San Diego LAFCO to consider recommendations by the Executive Officer to adopt a coordinated final workplan and budget for 2026-2027 along with related implementation actions. Both items return substantively intact from their initial presentation and adoption in draft form on March 2nd, following the 45-day public review period. Discussion on public outreach and comments received, followed by summaries of both proposed final documents, is provided below.

Outreach and Comment

Following the adoption of a draft workplan and budget at the March meeting, staff published an advertisement inviting public review and comment in the San Diego Union-Tribune on March 11th in both English and Spanish. Staff supplemented the newspaper notice through the Commission's online platforms and social media channels and transmitted direct notice to each of the Commission's funding agencies – the County, all 18 cities, and the independent special districts. Staff also presented the items to the Cities Advisory Committee at its March 19, 2026 meeting and to the Special Districts Advisory Committee at its April 17, 2026 meeting. Both meetings were open to the public, live-streamed, and available for archive viewing online. Results of the outreach follow:

- Both of the Commission's Advisory Committees communicated support for the budget and workplan as presented. The Special Districts Advisory Committee offered two additional observations for the Commission's consideration. First, the Committee expressed support for the proposed addition of a ninth staff member while encouraging the Commission to continue making resources available to retain consultants as needed for technical expertise associated with the municipal service review program. Second, the Committee communicated its preference that, should the Commission pursue the addition of a ninth voting member, priority be given to making that position a second public member seat.
- Two written comments were received during the public review period, submitted by Lower Sweetwater Fire Protection District on April 6 and 10, 2026.
 - The first letter raises two related concerns regarding workload capacity and prioritization. First, it questions whether the proposed reduction in consultant funding, coupled with reliance on a single additional analyst position,

adequately aligns with the scope and complexity of the proposed workplan, particularly given the number of municipal service reviews, policy updates, and discretionary studies proposed. Second, it requests clearer differentiation between statutorily required work, such as municipal service reviews, and discretionary special projects to better reflect prioritization should staffing constraints arise. These comments are noted.

- The second letter raises four concerns regarding: the treatment of non-operating expenses, the distribution of costs among the County, cities, and independent special districts, the dataset used in the apportionment calculation, and the inclusion of the District in the apportionment pool. LAFCO staff has reviewed each point carefully and has made one refinement in the final budget as a result: the \$33,000 appropriation for debt service on the Commission's OPEB bond has been reclassified from non-operating expense to services and supplies, more closely aligning the classification with the underlying compensation-related nature of the obligation. The reclassification does not alter the total amount apportioned to local agencies. Staff's responses to the other three comments are footnoted, with the full letter provided as an attachment.¹

Proposed Final Workplan

The proposed final workplan before the Commission continues to build on the current fiscal year workplan and has been further refined based on Commission and Advisory Committee feedback, together with the rolling five-year study schedule. These inputs result in a 30-project workplan organized across three priority tiers – high, medium, and low – with placement generally following a queuing order and with active and new projects largely divided between the top and bottom halves, respectively. More than 35 additional projects are identified as bullpen items – activities the Commission may choose to advance now or reserve for future workplans.

The majority of the draft adopted in March is retained in the proposed final version – including the overall workplan architecture: the 30-project structure, the three-tier priority framework, and the top priority focus on municipal service reviews (MSRs) involving the wholesale water service providers, healthcare districts, and SANDAG. Priority rankings are unchanged for most items. What has changed is limited to targeted revisions, as summarized below.

¹ Staff acknowledges, but does not agree with, the remaining three concerns raised by Lower Sweetwater Fire Protection District regarding the proposed budget. First, Government Code Section 56381(b) assigns responsibility for calculating the apportionment among the County, cities, and independent special districts to the County Auditor, not to LAFCO. Second, the "Special Districts Annual Report" referenced in Section 56381(b)(1)(C) has not been published in its cited form since 2014, in step with the State Controller's Office transitioning to a continuously updated data portal that provides the County Auditor with appropriate information for calculating apportionments based on agencies' related filing requirements. Third, staff has verified that Lower Sweetwater Fire Protection District information is accessible through the portal for apportionment purposes.

- **New Projects** | Four projects have been added. A review of Policy L-107 (medium priority) and a legislative item involving a ninth Commission member (low) have been added based on Commission input. A special districts nominations and elections item involving two of the three seats (low) and an alternate public member appointment (low) have been added by staff based on additional analysis.
- **Restored Projects** | Two projects have been restored from the current fiscal year workplan. The Encinitas subregion MSR and the homeless services white paper both remain underway and are now expected to extend past June 30th, and as a result have been carried forward into next year's workplan. Both are ranked as high priority.
- **Lower Priority Categories** | Two projects have been downgraded from high priority to medium priority. These involve MSRs on the San Diego Unified Port District and the Solana Beach–Del Mar region, at the request of the subject agencies to help lessen the time demand on their end given recent staff turnover. (These projects' high priority designations have been redirected to the two restored projects listed above.)
- **Removed Projects** | Six projects have been moved to the bullpen. This was done to accommodate the additions and restorations above while maintaining the overall 30-project structure. Items shifted include a governance study on the Escondido/Rincon region – which was supported by the subject agencies – a Commissioner onboarding program, legislator outreach, website and social media tracking, County planning group presentations, and digital outreach enhancements.

A full listing of all workplan projects is provided as Exhibit A to the attached draft resolution.

Proposed Final Budget

The proposed final budget before the Commission remains unchanged from the draft adopted in March, setting total expenditures in 2026-2027 at \$2,904,049 with operating expenses increasing by 3.3%, or \$90,379. This increase is primarily attributable to maintaining existing resource levels and associated inflationary changes – including a pre-approved cost-of-living adjustment – plus budgeting for a ninth staff member to help advance the Commission's MSR program. Cost savings from reducing budgeted use of professional services, together with reductions in calculated pension contributions, help to limit the overall increase. Agency apportionments also remain unchanged from the draft and are set to increase by 18.7% to \$2,589,049. This reflects both the 3.3% operating expense increase and the elimination of budgeted reserves as an offsetting revenue source.

As mentioned in the review of public comments received on the draft, one technical refinement has been incorporated in the final budget: the \$33,000 appropriation for debt service on the Commission's OPEB bond has been reclassified from non-operating expense to services and supplies, more closely aligning the classification with the underlying compensation-related nature of the obligation. The reclassification does not alter total expenditures or the amount apportioned to member agencies. To maintain year-over-year

comparability, prior year categorizations have been similarly adjusted to reflect OPEB debt service as an operating charge. As a result, the 3.3% operating increase referenced above is presented on a consistent basis across years, rather than appearing as an additional increase attributable to the reclassification itself.

A full listing of all budget is provided as Exhibit b to the attached draft resolution.

ANALYSIS

San Diego LAFCO's proposed final workplan and budget for 2026-2027 remain largely consistent with the March draft, with limited revisions as detailed in the preceding section. Combined, the two documents align the Commission's resources with its statutory and strategic priorities for the coming fiscal year. The workplan's 30 projects reflect a sustained focus on high-value MSRs — wholesale water, healthcare, and SANDAG — alongside the La Jolla incorporation proposal and a set of timely administrative and legislative initiatives. The budget, in turn, provides the staffing and professional services necessary to deliver that workplan: the expansion from 8.0 to 9.0 full-time equivalents adds internal capacity in advancing the MSR program, while the professional services line preserves – albeit at reduced levels – flexibility to retain consultants for specialized technical work. The elimination of reserves as an offsetting revenue source returns the budget to a self-sustaining model, and in doing so helps protect the Commission's ability to meet its reserve policies.

RECOMMENDATION

It is recommended San Diego LAFCO approve the proposed final workplan and budget as presented with any desired changes and related implementation actions. This recommendation is provided as Alternate One below.

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 One approving the proposed final workplan (Ex. A) and budget (Ex. B) for 2026-2027 with any desired changes.
- (b) Authorize the Executive Officer to invoice the affected local agencies under statute formula for FY2026-2027 in the total amount of \$2,589,063.00.
- (c) Approve an increase in per diems consistent with practice to align with inflation from \$305 to \$320 effective July 1, 2026.

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) Draft Resolution Approving a Proposed Final Workplan and Budget for FY2027
 - Exhibit A: Proposed Final Workplan
 - Exhibit B: Proposed Final Budget
- 2) Comment Letters Received: Lower Sweetwater Fire Protection District

RESOLUTION No. ____

**SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION
ADOPTING A PROPOSED FINAL WORKPLAN AND BUDGET
FISCAL YEAR 2026-2027**

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires the San Diego County Local Agency Formation Commission (“Commission”) to perform certain regulatory and planning duties to facilitate orderly and accountable local government; and

WHEREAS, the Commission is required to annually adopt proposed and final budgets by May 1st and June 15th, respectively; and

WHEREAS, the Executive Officer has prepared a written report and recommendations on a proposed final workplan and budget for 2026-2027; and

WHEREAS, the Commission has heard and fully considered all the evidence on a proposed final workplan and budget for 2026-2027 presented at a public hearing held on May 4, 2026;

WHEREAS, the adoption of a workplan and budget are not projects under the California Environmental Quality Act.

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

1. The proposed final workplan for 2026-2027 shown as Exhibit A is APPROVED.
2. The proposed final budget for 2026-2027 shown as Exhibit B is APPROVED.
3. Pursuant to Section 56381(a), in approving the proposed final budget for 2026-2027, the Commission finds the reduced overall program costs will nevertheless allow the agency to fulfill its purposes.

The foregoing resolution was duly and regularly adopted by the Commission at a public hearing held on May 4, 2026 by the following vote:

Yes: _____

No: _____

Abstain: _____

Attest:

KEENE SIMONDS
Executive Officer

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Proposed Final Workplan FY 27

Rank	Level	Type	Name	Description
HIGH PRIORITY				
1	High	Statutory	MSR Wholesale Water Service Providers	Service-specific study on principal wholesale water suppliers - CWA (comprehensive) + MET (abbreviated)
2	High	Statutory	MSR San Diego County Healthcare Districts	Service-specific study of healthcare districts in San Diego County; macro focus with micro addendum separately planned
3	High	Statutory	MSR SANDAG	Agency-specific study of SANDAG covering core municipal functions: transportation, housing, + climate adaption
4	High	Statutory	MSR Carlsbad-Encinitas Region: Part II	Second Part of Regional Study Covering Encinitas Subregion (Encinitas, Leucadia WD, Olivenhain MWD + San Dieguito WD)
5	High	Statutory	La Jolla CFA	Perform independent assessment of financial viability - including developing key assumptions and service benchmarks
6	High	Administrative	White Paper Homeless Services	Evaluate the scope-scale of homeless services in SD County + potential governance options
7	High	Statutory	MSR San Marcos Region	Regional study on City of San Marcos + local special districts: Vallecitos WD, San Marcos FPD, Vista ID
8	High	Statutory	MSR Vista Region	Regional study on City of Vista and local special districts: Buena SD
9	High	Administrative	White Paper Public Recreation @ City Reservoirs	Examine public recreation at City of SD's unincorporated reservoirs + potential governance options to enhance access
10	High	Administrative	Recruit + Onboard New Analyst	Expand staffing from 8.0 to 9.0 FTE through recruitment and onboarding
MEDIUM PRIORITY				
11	Medium	Statutory	Special Study Oceanside SCHED	Financial analysis of SCHED revenues/expenses and potential governance alternatives with stakeholder group
12	Medium	Administrative	Alliance of LAFCOs	Formalize Alliance organization, scope, and deliverables with member partners
13	Medium	Administrative	Website Refresh + Content Expansion	Consultant-led redesign with enhanced end-user features and expanded content
14	Medium	Administrative	Policy Update L-107	Review and update - as appropriate - policy covering jurisdictional disputes involving applicant proposals
15	Medium	Statutory	MSR San Diego Unified Port District	Agency-specific study of the Port and core functions: harbor, recreation, public safety, + community development
16	Medium	Statutory	MSR Solana Beach - Del Mar Region	Regional study of mid coast I-5 municipalities - Solana Beach and Del Mar - and special districts: Santa Fe ID
17	Medium	Administrative	Special Districts Advisory Committee	Administrative support with benchmark of holding three SDAC meetings in FY2026
18	Medium	Administrative	Cities Advisory Committee	Administrative support with benchmark of holding two CAC meetings in FY2026
19	Medium	Statutory	MSR South Coast Region I - Cities	Region-specific study on south coast cities: Chula Vista and National City
20	Medium	Statutory	MSR South Coast Region II - Districts	Region-specific study on south coast districts: South Bay WD, Sweetwater, Bonita Sunnyside FPD, Sweetwater FPD
LOW PRIORITY				
21	Low	Administrative	Legislative Adding a Ninth Member	Work with legislature to expand to nine voting members to resolve the structural tie-vote vulnerability
22	Low	Administrative	Outside Audit FY2026	Independent audit of FY26 financial statements with supplemental information
23	Low	Administrative	Nominations + Elections Special Districts	Process nominations and elections on behalf of ISDSC for new four-years terms for Regular (Willis) and Alternate (Drake) seats
24	Low	Administrative	Alternate Public Member	Process noticing and recruitment for new four-year term for Alternate
25	Low	Administrative	Legislative UC Berkely Report	Work with stakeholders in developing bill consistent with UCB report and find author for 2027 session
26	Low	Administrative	Legislative AB 356 (Darshana Patel)	Support two-year bill and stakeholder group assessing north county healthcare needs
27	Low	Statutory	MSR Healthcare Districts: Addendum	Assess community healthcare needs, resources, and potential governance alternatives;
28	Low	Administrative	Annual Local Agency Directory	Update and publish annual local agency directory subject to LAFCO oversight
29	Low	Statutory	RCD Ad Hoc Committee: Part II	Complete part II of RCD boundary true ups to inform sphere updates for local RCDs
30	Low	Administrative	Annual SOI-MSR Registry	Update and publish registry of all recorded SOI and MSR actions

BULLPEN - Queued for Future Consideration and/or Action

Statutory	Policy Review Health + Safety Fee Reductions	Review options to revise existing fee reductions for proposals/requests involving public health or safety threats
Statutory	Special Study Escondido + Rincon	Study options to consolidate (functional and political) the City of Escondido and Rincon del Diablo MWD services
Administrative	Commissioner Onboarding	Develop digital toolkit to orient new Commissioners to LAFCO operations
Administrative	Legislator Outreach	Launch formal outreach program with benchmark of meeting with each local State representative in FY27
Administrative	Website and Social Media Tracking	Launch digital performance tracking program to measure visits, media reach, + engagement; establish baselines
Administrative	County Planning Groups	Establish formal communications with County Planning/Sponsor Groups; benchmark of three presentations in FY2026
Administrative	Digital Outreach	Produce videos spotlighting special projects and explaining LAFCO duties
Statutory	Policy Budget Committee	Adopt policies establishing and tasking a standing budget committee and related guiding provisions
Statutory	Pilot Grant Program	Establish pilot program to explore grant opportunities to help fund special projects at LAFCO
Statutory	MSR City of San Diego	Agency-specific study and core municipal service functions (water, wastewater, public safety, etc.)
Statutory	MSR Silver strand Cities	Region specific study covering Cities of Imperial Beach and Coronado
Administrative	Policy Officer Rotations	Adopt policies formalizing chair and vice chair rotation system and related guiding provisions
Administrative	Legislative Proposal SD LAFCO Composition	Explore options and pursue preferred composition change to establish odd number of voting members
Statutory	MSR San Diego County Wastewater JPAs	Service-specific study covering three JPAs providing public wastewater services: Encinitas, San Elijo, and Metro
Statutory	White Paper Community Choice	Evaluate the scope and scale of CCAs in SD County and connectivity to LAFCO duties and interests
Statutory	Outreach to Sunset/Melrose "Island"	Targeted outreach to the island between Oceanside + Vista to assess service needs + possible annexation interests
Administrative	Service + Fiscal Indicators	Develop online browser feature to depict service + fiscal indicators among local agencies in SD County
Administrative	Liaison with Local Tribes	Establish communication protocols with respect to shared interests in regional services + CEQA consultations
Statutory	Morro Hills CSD Follow Up	Coordinate and/or otherwise facilitate discussions with County Sheriff to enhance traffic enforcement within the CSD
Administrative	LAFCO Meeting Room	Explore opportunities to secure a dedicated LAFCO meeting room with scaled dais and A/V enhancements
Statutory	White Paper Garbage + Landfill Services	Evaluate the scope and scale of garbage collection and disposal services in SD County
Statutory	White Paper School Districts	Evaluate scope and scale of school districts and their baseline capacities for reference in municipal service reviews
Statutory	Policy Review Island Annexations	Consider options to define "substantially surrounded" and provide related mapping services
Administrative	LAFCO Workshop	Organize a special workshop for the Commission to discuss strategic objectives over the next five-year period
Administrative	Public Access Television	Establish public broadcasting LAFCO meetings on local government channels
Administrative	Procedural Flow Charts	Create user friendly flow charts for various LAFCO statutory processes for online publication
Statutory	Policy Fee Schedule Update	Review and update fee schedule to sync with current costs and related considerations
Statutory	Policy CEQA Guidelines	Review and update existing CEQA Implementation guidelines relative to current statute and best practices
Statutory	Disadvantaged Unincorporated Communities	Update DUC mapping designations (DUC) in San Diego County based on current census information
Statutory	Applicant Procedures	Streamline application materials and establish updated filing protocols
Administrative	Local Agency Finder Tool	Develop online feature for users to enter address to identify all overlapping local jurisdictions (cities and districts)
Statutory	Policy Commission Rule No. 4	Modernize Rule No. 4 and its provisions to regulate special districts' service functions and classes
Statutory	White Paper JPAs	Evaluate the status of JPA filings in SD County relative to LAFCO's task in SB 1261
Administrative	Policy Cities Advisory Committee	Coordinate with CAD in updating bylaws and related procedures to sync with current interests/priorities
Statutory	Legislative Proposal G.C. 56133	Sponsor/facilitate amendments to clarify LAFCOs' authority to determine out-of-agency exemptions in (e)

San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

		FY2025			FY2026			FY2027		
EXPENSES		Adopted	Amended	Actuals	Adopted	Amended	Projected	Proposed Final	Change \$	Change %
Salaries and Benefits Unit										
<u>Account</u>	<u>Description</u>									
51110 +	Salaries and Per Diems	898,906	898,906	892,617	986,200	986,200	965,247	1,144,898	158,698	16.1%
51410	Retirement - SDCERA	350,146	350,146	352,251	384,503	384,503	371,374	316,454	(68,050)	-17.7%
51415	Retirement - OPEB	10,196	10,196	9,047	11,112	11,112	7,585	12,521	1,409	12.7%
51450	Payroll Taxes	65,044	65,044	63,697	71,457	71,457	66,413	79,762	8,305	11.6%
51510 +	Group Insurance	143,481	143,481	115,039	134,394	134,394	121,065	164,931	30,537	22.7%
51560	Unemployment Insurance	1,000	1,000	362	1,000	1,000	500	1,000	-	0.0%
		1,468,773	1,468,773	1,433,013	1,588,667	1,588,667	1,532,184	1,719,566	130,899	8.2%
Services and Supplies Unit										
<u>Account</u>	<u>Description</u>									
52074	Communications	42,299	42,299	40,596	50,726	50,726	39,789	46,960	(3,766)	-7.4%
52138	General Liability Insurance	14,194	14,194	15,599	15,599	15,599	16,775	16,775	1,176	7.5%
52178	Vehicle - Maintenance	1,000	1,000	1,814	1,000	1,000	1,500	1,100	100	10.0%
52182	Vehicle - Fuel	500	500	490	500	500	300	500	-	0.0%
52270	Memberships	38,736	38,736	25,467	34,807	34,807	21,500	48,893	14,086	40.5%
52304	Miscellaneous	50	50	18	50	50	8	50	-	0.0%
52330	Office: General Support	12,380	12,380	11,066	13,217	13,217	12,500	7,500	(5,717)	-43.3%
52332	Office: Postage USPS	250	250	495	250	250	200	250	-	0.0%
52334	Office: Design + Printing	23,000	23,000	12,090	22,500	22,500	19,500	24,500	2,000	8.9%
52344	Office: Supplies + Furnishings	12,100	12,100	13,998	10,300	10,300	10,300	10,500	200	1.9%
52354	Office: County Mail Services	10,000	10,000	7,817	10,000	10,000	10,000	10,000	-	0.0%
* 52370.1	Professional Services - Consultants	445,767	698,558	698,558	566,600	566,600	538,345	415,000	(151,600)	-26.8%
* 52370.2	Professional Services - Legal	-	-	-	-	-	-	80,000	80,000	
52490	Publications + Legal Notices	8,500	8,500	21,142	7,000	7,000	10,000	7,700	700	10.0%
52504	Leases: Equipment	4,500	4,500	3,335	4,000	4,000	3,269	4,000	-	0.0%
52530	Leases: Office Space	154,308	154,308	157,167	158,688	158,688	163,397	166,959	8,271	5.2%
52550	Special: AB87 County Overhead	33,000	33,000	57,293	58,000	58,000	60,724	60,724	2,724	4.7%
52566	Special: Minor Equipment	-	-	3,699	-	-	2,277	-	-	0.0%
52610	Training-Continued Education	2,700	2,700	14,193	2,700	2,700	3,000	8,040	5,340	197.8%
52612	Employee Auto + Reimbursements	8,700	8,700	11,068	8,700	8,700	8,700	8,700	-	0.0%
52622	Out of County Training-Outreach	15,050	15,050	23,771	15,050	15,050	9,500	21,000	5,950	39.5%
52721	IT Reimbursements: Network	18,000	18,000	18,193	18,000	18,000	19,143	18,000	-	0.0%
52723	IT Reimbursements: Data Center	30,000	30,000	12,504	27,000	27,000	9,062	27,000	-	0.0%
52725 +	IT Reimbursements: Financial Systems	25,000	25,000	18,083	23,000	23,000	16,115	23,000	-	0.0%
52732	IT Reimbursements: Desktop	30,000	30,000	26,744	30,000	30,000	27,948	30,000	-	0.0%
52734	IT Reimbursements: Help Desk	2,331	2,331	1,608	2,331	2,331	1,483	2,331	-	0.0%
52750	IT Reimbursements: Equipment	25,000	25,000	6,389	10,000	10,000	4,582	10,000	-	0.0%
52758	Fleet Reimbursements: Lease	2,000	2,000	1,986	2,000	2,000	2,000	2,000	-	0.0%
51421	Debt Service: OPEB Bonds	34,092	34,092	33,591	33,000	33,000	34,017	33,000	-	-
		993,456	1,246,247	1,238,774	1,125,018	1,125,018	1,045,934	1,084,482	(40,535)	-3.6%
	OPERATING EXPENSE TOTAL	2,462,230	2,715,021	2,671,787	2,713,685	2,713,685	2,578,118	2,804,049	90,364	3.3%

Note: It is proposed Professional Services be divided into two accounts going forward beginning FY27: Consultants and Legal
 It is proposed Debt Services: OPEB Bonds be reclassified from a non-operating expense to an operating expense beginning in FY27. Prior-year columns have been restated

EXPENSES CONTINUED...		FY2025			FY2026			FY2027		
		Adopted	Amended	Actuals	Adopted	Amended	Projected	Proposed Final	Change \$	Change %
Non Operating Unit										
<u>Account</u>	<u>Description</u>									
85000	Grant Award Payments	450,000	450,000	198,478	450,000	450,000	450,000	100,000	(350,000)	-78%
		450,000	450,000	232,069	450,000	450,000	450,000	100,000	(350,000)	-78%
	EXPENSE TOTALS	2,912,230	3,165,021	2,903,856	3,163,685	3,163,685	3,028,118	2,904,049	(259,636)	-8.2%
REVENUES										
Intergovernmental Unit										
<u>Account</u>	<u>Description</u>									
45918.1	Apportionments County	623,744	623,744	623,997	654,902	654,902	654,902	739,691	84,789	12.9%
45918.2	Apportionments Cities (less SD)	623,744	623,744	623,997	654,902	654,902	654,902	739,691	84,789	12.9%
45918.3	Apportionments San Diego	311,981	311,981	312,108	327,566	327,566	327,566	369,975	42,409	12.9%
45918.4	Apportionments Special Districts	623,744	623,744	734,786	544,113	544,113	544,113	739,691	195,578	35.9%
		2,183,212	2,183,212	2,294,888	2,181,483	2,181,483	2,181,483	2,589,049	407,566	18.7%
Service Charges Unit										
<u>Account</u>	<u>Description</u>									
46234	Application Fees	200,000	200,000	212,386	200,000	200,000	100,000	200,000	-	0.0%
		200,000	200,000	212,386	200,000	200,000	100,000	200,000	-	0.0%
Miscellaneous										
<u>Account</u>	<u>Description</u>									
44105	Interest and Dividends	15,000	15,000	9,084	15,000	15,000	2,000	15,000	-	0.0%
47540	Reserves	64,018	182,378	182,378	317,202	317,202	317,202	-	(317,202)	-100.0%
		79,018	197,378	191,462	332,202	332,202	319,202	15,000	(317,202)	-95.5%
	OPERATING REVENUE TOTAL	2,462,230	2,580,590	2,698,736	2,713,685	2,713,685	2,600,685	2,804,049	90,364	3.3%
Non-Operating Unit										
<u>Account</u>	<u>Description</u>									
85000	Grant Awards	450,000	450,000	172,415	450,000	450,000	450,000	100,000	(350,000)	-77.8%
		450,000	450,000	172,415	450,000	450,000	450,000	100,000	(350,000)	-77.8%
	REVENUE TOTALS	2,912,230	3,030,590	2,871,151	3,163,685	3,163,685	3,050,685	2,904,049	(259,636)	-8.2%
TOTAL NET		-		(32,705)	-		22,567	-		

BEGINNING CASH BALANCE - July 1st

(spendable - unrestricted)

	Total	/ Committed	/ Assigned	/ Unrestricted	% of Budget	Budgeted Op. Expenses
FY 2020	1,317,700	550,000	125,000	642,700	33.54%	1,916,300
FY 2021	1,690,769	550,000	125,000	1,015,769	53.01%	1,916,300
FY 2022	1,637,178	750,000	125,000	762,178	39.36%	1,936,348
FY 2023	1,547,565	750,000	62,500	735,065	36.61%	2,007,776
FY 2024	1,637,356	750,000	125,000	762,356	33.72%	2,260,986
FY 2025	1,732,010	750,000	100,000	882,010	35.82%	2,462,230
FY2026	1,671,791	650,000	100,000	921,791	33.97%	2,713,685

-----Original Message-----

From: Kurt Worden <lsfpdistrict@gmail.com>

Sent: Monday, April 6, 2026 7:18 PM

To: Sellen, Erica A <Erica.Sellen@sdcounty.ca.gov>

Subject: [External] Public Comment – Proposed LAFCO San Diego FY 2026–2027 Workplan

Dear Ms. Sellen,

Please accept the following public comments on the Proposed FY 2026–2027 Workplan for inclusion in the agenda materials.

Comment 1:

The workplan outlines a substantial number of Municipal Service Reviews (MSRs), policy updates, and discretionary studies. At the same time, the proposed budget reduces consultant funding and relies on a single additional analyst to absorb a significant increase in analytical workload. This creates a clear mismatch between planned deliverables and available capacity. Aligning the scope of work with available staffing and consultant resources is essential to ensure that statutory responsibilities can be completed at the required level of rigor.

Comment 2:

The workplan presents statutory MSRs and discretionary initiatives on similar footing. MSRs are mandatory under state law and should be clearly distinguished from optional efforts. Without this distinction, it becomes difficult to understand how staff time will be allocated when capacity constraints arise. Clear prioritization supports transparency and ensures that statutory work remains the foundation of the annual workplan.

Thank you for including these comments in the public record.

Sincerely,

Kurt Worden,

President, Lower Sweetwater Fire Protection District.

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LOWER SWEETWATER FIRE PROTECTION DISTRICT

April 10, 2026

To: Erica Sellen
2550 Fifth Avenue,
Suite 725,
San Diego, California 92103

Re: Comments on Proposed FY 2026–2027 Budget and Apportionment Methodology

Dear Ms. Sellen,

Thank you for the opportunity to comment on the proposed FY 2026–2027 budget and apportionment methodology. These comments address three statutory issues under Government Code §56381:

1. The requirement that only net operating expenses be apportioned,
2. The requirement that counties, cities, and independent special districts each bear one-third of those costs, and
3. The risks associated with non-compliance with these statutory requirements.

1. NON-OPERATING EXPENSES ARE INCLUDED IN THE APPORTIONMENT BASE, CONTRARY TO §56381

Government Code §56381(b)(1)(A) limits apportionment to net operating expenses.

However, the proposed FY 2026–27 budget includes several categories that fall outside this definition, including:

- reserves and contingencies,
- discretionary or non-recurring studies, and
- overhead items not tied to annual operations.

Including non-operating items inflates the total cost before the statutory one-third shares are calculated. This results in apportionments that exceed what §56381 authorizes.

To comply with statute, the apportionment base must be limited to net operating costs only, excluding non-operating or discretionary items.

2. THE PROPOSED APPORTIONMENT DOES NOT MEET THE STATUTORY ONE-THIRD REQUIREMENT AND INCLUDES LSFPD DESPITE ITS ABSENCE FROM THE STATUTORY DATASET

Government Code §56381(b)(1)(B) requires that the County, Cities, and Independent Special Districts each bear one-third of LAFCO's net operating costs. However, under the proposed FY 2026–27 methodology, the actual cost distribution is:

Group	Proposed Share	Statutory Share	Difference
County	~30%	33.33%	-3.33%
Cities	~30%	33.33%	-3.33%
Independent Special Districts	~40%	33.33%	6.67%

A contributing factor is that LAFCO included LSFPD in the apportionment pool even though LSFPD did not appear in the statutory revenue dataset required by §56381(b)(1)(C). The State Controller's Office has since confirmed that LSFPD was omitted from the FY 2023–24 dataset due to a classification error and has corrected its records for future years. However, the proposed FY 2026–27 apportionment still reflects the structural imbalance created when LSFPD was included as a payer without being included in the statutory revenue denominator used to calculate proportional shares.

This mismatch—counting LSFPD in the cost pool while LSFPD was absent from the statutory dataset—mathematically inflated the special district share and contributed to the disproportionate burden placed on independent special districts.

2A. LAFCO APPEARS TO HAVE USED A NON-STATUTORY DATASET RATHER THAN THE DATASET REQUIRED BY §56381(B)(1)(C)

Government Code §56381(b)(1)(C) requires LAFCOs to base apportionments on: “the total revenues reported in the State Controller's Special Districts Annual Report.”

However, the apportionment tables published by LAFCO indicate that the Commission:

- used raw revenue data rather than the statutory dataset,
- applied multi-year averaging, which is not authorized by statute,
- included districts that do not appear in the statutory dataset,
- excluded districts that do appear in the statutory dataset, and
- constructed a custom revenue table that does not match the structure or field definitions of the State Controller's report.

Using a non-statutory dataset—particularly one that differs materially from the State Controller's published report—creates inconsistencies in both the denominator used to calculate proportional shares and the composition of the apportionment pool. This deviation directly contributed to the disproportionate allocation of approximately 40% of total costs to independent special districts, rather than the statutory 33.33%.

To ensure compliance with §56381, the apportionment must be based on the unaltered statutory dataset published by the State Controller's Office, without modification, averaging, or reconstruction.

3. RISKS ASSOCIATED WITH NON-COMPLIANCE WITH §56381

Failure to adhere to the statutory requirements of §56381 creates several material risks:

A. Statutory Compliance Risk

Departures from the definitions of “net operating expenses” and the required one-third shares expose the Commission to challenges regarding the legality of its apportionment methodology.

B. Fiscal Equity Risk

Charging independent special districts ~40% of total costs—well above the statutory 33.33%—creates a disproportionate burden on one funding group and undermines the equity principles embedded in §56381.

C. Precedent and Governance Risk

Budgeting practices that exceed statutory authority may establish precedents that normalize non-operating apportionments and complicate future compliance efforts.

D. Transparency and Accountability Risk

The statutory framework is designed to ensure predictable, equitable, and transparent apportionments. Deviations from these requirements may raise concerns among funding agencies and the public.

4. REQUESTED ADJUSTMENTS FOR THE FY 2026-27 BUDGET

To ensure compliance with §56381, LSFPD respectfully requests that the Commission:

1. Limit the apportionment base to net operating expenses, excluding reserves, contingencies, and non-operating items.
2. Rebalance the apportionment so that each group—County, Cities, and Independent Special Districts—pays one-third, as required by statute.
3. Confirm that the corrected statutory dataset will be used going forward, ensuring proportional equity among all independent special districts.

These adjustments will bring the FY 2026–27 budget and apportionment methodology into alignment with the statutory requirements of §56381 and ensure equitable treatment of all funding groups.

Thank you for your consideration and for the Commission’s continued work. The District is available to provide any additional information that may be helpful.

Sincerely,



Kurt Worden, Board President
Lower Sweetwater Fire Protection District
lsfpdistrict@gmail.com • 619-245-4550

cc: Assembly Local Government Committee staff (for awareness)
cc: Office of Assemblymember Alvarez (for awareness)
cc: Supervisor Aguirre’s office (for awareness)

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