



**THIS MEETING WILL BE CONDUCTED UTILIZING TELECONFERENCING
AND ELECTRONIC MEANS PURSUANT TO THE PROVISIONS OF THE
GOVERNOR'S EXECUTIVE ORDER N-29-20.**

In order to minimize the spread of the COVID-19 virus, please consider the following:

1. You are strongly encouraged to observe the live stream of the LAFCO Commission meetings at: <https://zoom.us/j/391889735>

Webinar ID: 391 889 735

Call in number: +1 669 900 6833
2. Provide **written** comment on any matter within the Commission's subject matter jurisdiction, regardless of whether it is on the agenda for Commission consideration or action. Submit your comment via email or U.S. mail by 1 p.m. on the Wednesday before the Commission meeting. You may submit comments via email to the Clerk of the Commission at: lmartinez@SLOLAFCO.com. Your comment will be placed into the administrative record of the meeting.

For detailed information and updates about COVID-19, please visit the County of San Luis Obispo webpage at <https://www.emergencyslo.org/en/covid19.aspx>.

The San Luis Obispo LAFCO thanks you for doing your part to prevent the spread of COVID-19.



SAN LUIS OBISPO LAFCO

Local Agency Formation Commission

Meeting Agenda

April 16, 2020 at 9:00 a.m.

Board of Supervisors Chambers

MISSION STATEMENT

The Local Agency Formation Commission is committed to serving the residents of San Luis Obispo County and the State of California by discouraging urban sprawl and encouraging the orderly formation and development of local agencies based on local conditions and circumstances.

COMMISSIONERS

Tom Murray, Chair, Public

Robert Enns, Vice-Chair, Special District

Marshall Ochylski, Special District

Roberta Fonzi, City

Ed Waage, City

Debbie Arnold, County

Lynn Compton, County

ALTERNATES

Ed Eby, Special District

Steve Gregory, City

Heather Jensen, Public

John Peschong, County

Meeting Location

Board of Supervisors Chambers

County Government Center

1055 Monterey Street

San Luis Obispo, California

Contact Information

David Church, Executive Officer

Phone: (805) 781-5795

Fax: (805) 788-2072

www.slolafco.com

MEETING AGENDA

LAFCO Commission meetings can be viewed at: <https://zoom.us/j/391889735>

Webinar ID: 391 889 735

Call in number: +1 669 900 6833 US

Call to Order/Roll Call

Approval of the Minutes:

February 20, 2020

Non-Agenda Public Comment Period

This is the period in which persons may speak on items that are not on the regular agenda. All persons wishing to speak on agenda items or during this non-agenda public comment portion of the meeting are asked to fill out a "request to speak form" and provide it to the Commission Clerk prior to the beginning of that item. Each speaker will be limited to a three-minute presentation. During public hearings, applicants or their representatives will be given the opportunity to speak first after the staff report is given and questions of the Commission have been addressed.



Consent Agenda

- A-1:** Minor Update to LAFCO Bylaws (Recommend Approval)
- A-2:** Third Quarter Fiscal Year 2019-2020 LAFCO Budget Status Report (Recommend Receive and File with the County Auditor)

Regular Matters

- B-1:** San Luis Obispo LAFCO - Proposed Budget for Fiscal Year 2020-21 (Recommend Review and Tentative Approval of Option 1 or Option 2)

Commissioner Comments

Legal Counsel Comments

Executive Officer Comments

Closed Session

- C-1:** Closed session pursuant to Government Code Section 54957(b) (1) to discuss the Public Employee/Employee Appointment

Title: Executive Officer

Adjournment

Submitted Proposals and Sphere of Influence Municipal Service Review Updates

File #	Name	Project Status
Proposals		
1-R-20	Fiero Lane and Clarion Court Annexation	In take- Referrals sent out 3-10-2020. On Info Hold Letter sent 3-30-20.
2-S-19	SOI Amendment Tri-W site	Submitted Info Hold Letter 11-14-19. Awaiting responses.
SOI/MSR Updates		
1-S-19	SOI/MSR Five Cities area (Arroyo Grande, Grover Beach, Oceano, South Sanitation District)	Meetings held with agencies. Gathering Info. Public Review release pending local COVID19 status.



**SAN LUIS OBISPO
LOCAL AGENCY FORMATION COMMISSION
FEBRUARY 20, 2020**

Call to Order

The San Luis Obispo Local Agency Formation Commission (LAFCO) meeting was called to order at 9:00 a.m. on Thursday, February 20, 2020, in the Board of Supervisors Chambers at the County Government Center in San Luis Obispo, California by Chairperson Tom Murray.

Pledge of Allegiance

Roll Call

Present: Chairperson Tom Murray, Commissioners Robert Enns, Roberta Fonzi, Debbie Arnold, Ed Waage, Lynn Compton, and Alternate Commissioners Ed Eby and Heather Jensen.

Absent: Commissioner Marshall Ochylski, Alternate Commissioners Steve Gregory and John Peschong.

Staff: David Church, LAFCO Executive Officer
Mike Prater, LAFCO Deputy Executive Officer
Brian Pierik, LAFCO Legal Counsel
Imelda Marquez, LAFCO Commission Clerk

Approval of Minutes

Chairperson Murray opened the item to the floor for questions or comments from the Commissioners. No changes were suggested.

Commissioner Fonzi moved approval of the Minutes for January 16, 2020.

Commissioner Waage seconded the motion.

Chairperson Murray opened the item to the floor for public comment, with none being made.

AYES: Commissioners Compton, Waage, Arnold, Fonzi, Enns, and Chairperson Murray

NAYS: None

ABSTAINING: Commissioner Eby

The motion was passed.

Re-Selection of 2020 Vice-Chair

Chairperson Murray asked **Mr. Church** to brief the Commission on the status of the LAFCO Vice-Chair position.

Mr. Church recommended to the Commission that **Commissioner Enns** become the new 2020 LAFCO Vice-Chair.

Commissioner Enns accepted the position.

Commissioner Waage moved approval of **Commissioner Enns** as LAFCO 2020 Vice-Chair.

Commissioner Fonzi seconded the motion.

Chairperson Murray opened the item to the floor for public comment, with none being made.

AYES: Commissioners Compton, Waage, Arnold, Eby, Fonzi, Enns, and Chairperson Murray

NAYS: None

ABSTAINING: None

The motion passed with a unanimous roll call vote.

Non-Agenda Public Comments: None

Consent Agenda

A-1: Section 218 Agreement with Social Security Administrator's Office (Recommend Approval)

Mr. Church briefly presented the item.

Chairperson Murray opened the item to the floor for public comment, without any.

Commissioner Arnold moved to approve the consent agenda.

Commissioner Waage seconded the motion.

AYES: Commissioners Compton, Waage, Arnold, Eby, Fonzi, Enns, and Chairperson Murray

NAYS: None

ABSTAINING: None

The motion passed with a unanimous roll call vote.

Informational Matters

B-1: Study Session: City of San Luis Obispo Froom Ranch Specific Plan Annexation and Draft Environmental Impact Report (Recommend Receive and Discuss)

Mr. Church introduced the Study Session item.

Mr. Prater continued the LAFCO presentation; followed by introducing the City's representative.

Ms. Emily Creel, Contract Planner for City of San Luis Obispo, presented the item.

Commissioner Waage commented on the density of this project and how it could increase fire risk. **Mr. Waage** followed up by asking if Villaggio workers would have incentives to live in the new development and expressed concerns on traffic impacts on highway 101.

Commissioner Fonzi asked about findings that may be needed regarding Agriculture offset, questions on affordable housing, and clarification on a few other topics.

Commissioner Compton expressed her support for the Villaggio memory care program and continued to discuss potential impacts of the project.

Chairperson Murray posed questions related to affordable housing, economic impacts, and biological resources.

Commissioner Enns asked for clarification on the data presented in the report.

Commissioner Waage expressed concern on the additional access that is proposed for Irish Hills and the traffic and parking impacts that will have.

Mrs. Creel, Michael Codron and Staff responded to the Commissioners' questions.

Chairperson Murray opened the item to the floor for public comment.

Alternate Commissioner Jensen expressed interest in the referenced quarry on the Froom Ranch.

Mr. Madonna added to **Commissioner Jensen's** comments about the quarry.

Chairperson Murray closed public comment and asked the Commission for final comments.

Commissioner Arnold conveyed her support for this type of project.

Chairperson Murray closed the discussion and recommended the Commission go on a 10-minute break.

At 10:03 a.m. **Chairperson Murray** called the meeting back in order.

B-2: Status Report – Five Cities Area Sphere of Influence Update/Municipal Service Review (Recommend Receive and File)

Mr. Prater presented the item, recommending the Commission receive and file.

Chairperson Murray opened the item to the floor for public comment, without any.

Chairperson Murray added to the discussion by elaborating on the types of issues various landowners have undergone due to boundary changes.

Commissioner Fonzi asked if there were any other lots that have experienced a similar situation.

Commissioner Waage expressed appreciation for the new chapter that was added to the Municipal Service Review, regarding the Five Cities Fire Authority.

Mr. Prater and **Mr. Church** answered Commissioners' questions.

B-3: Status Report – LAFCO Directory of Local Agencies for 2020 (Recommend Receive and File)

Mr. Church introduced the item and **Mr. Prater** presented the item.

Chairperson Murray opened the item to the floor for public comment, without any.

Chairperson Murray opened the item to the floor for Commissioner comment.

Commissioners voiced their appreciation and support for the Directory and information it contained.

B-4: Status Report – Draft Regional/Affordable Housing Policy Ideas (Recommend Receive and File)

Mr. Church presented the item, recommending the item to be received and filed.

Commissioner Waage provided clarification on the intention of this item.

Commissioner Fonzi asked for clarification on the language used in the policy ideas.

Chairperson Murray asked about LAFCO's role and conveyed his outlook on the importance of the housing issue.

Commissioner Waage talked about deed restrictions and affordability.

Mr. Church addressed Commissioners' concerns and continued by providing examples.

Chairperson Murray opened the item to the floor for public comment, without any.

B-5: Transition Planning for Upcoming Fiscal Year 20-21 (Recommend Receive Oral Report by the Executive Officer and File)

Mr. Church gave an oral presentation on his announcement to retire.

Chairperson Murray opened the item to the floor for Commissioner comment.

Commissioners expressed gratitude towards **Mr. Church** and all the work he has done.

Chairperson Murray opened the item to the floor for public comment, without any.

C-1: Closed session pursuant to Government Code Section 54957(b) (1) to discuss the Public Employee/Employee Appointment - Title: Executive Officer

Mr. Pierik recommended Commissioners go into closed session.

At 11:21 a.m. **Chairperson Murray** called the open session back into order.

Report on Closed Session: LAFCO Legal Counsel, Brian Pierik, stated that there was no reportable action arising from the closed session.

Commissioner Comments: None

Legal Counsel Comments: None

Executive Officer Comments: Reported on the Incorporation presentation he gave at Templeton CSD.

Adjournment: With no further business before the Commission, the meeting adjourned at 11:24 a.m. until the next meeting of the Commission in the Board of Supervisors Chambers at the County Government Center in San Luis Obispo.

THESE MINUTES ARE NOT OFFICIAL NOR ARE THEY A PERMANENT PART OF THE RECORD UNTIL THEY ARE APPROVED BY LAFCO COMMISSIONERS AT THE NEXT REGULAR MEETING.

Respectfully submitted,
Imelda Marquez, LAFCO Commission Clerk



LAFCO - San Luis Obispo - Local Agency Formation Commission
SLO LAFCO - Serving the Area of San Luis Obispo County

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Public Member

Vice-Chair
ROBERT ENNS
Special District Member

DEBBIE ARNOLD
County Member

MARSHALL OCHYLSKI
Special District Member

ROBERTA FONZI
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ED WAAGE
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JOHN PESCHONG
County Member

STAFF

DAVID CHURCH
Executive Officer

BRIAN A. PIERIK
Legal Counsel

MIKE PRATER
Deputy Executive Officer

IMELDA MARQUEZ
Commission Clerk

TO: MEMBERS, FORMATION COMMISSION

**FROM: DAVID CHURCH, EXECUTIVE OFFICER
IMELDA MARQUEZ, COMMISSION CLERK**

DATE: APRIL 16, 2020

SUBJECT: MINOR UPDATES TO LAFCO BYLAWS

Recommendation. It is respectfully recommended that the Commission approve the minor updates to San Luis Obispo Local Agency Formation Commission (LAFCO) Bylaws.

Discussion. Page two and three of the bylaws contain a section that states the terms of Commissioners. Page three contains table consisting of both regular and alternate Commissioner term expiration dates. Every time a new Commissioner is appointed/re-appointed to LAFCO the table becomes outdated. Considering LAFCO terms are susceptible to change, it is recommended that the table be removed and be regularly updated on LAFCO's Website.

Attachments

**A: SLO LAFCO Bylaws with
Tracked Changes**

Best practice is to create bylaws that are not too easily amended. This change is an administrative fix that will not change the meaning of the document. The Clerk shall continue to maintain Commissioner terms on the website and on file in the LAFCO record. This will make the bylaws more accurate and eliminate the need for additional revision. The terms are currently available online at <http://www.slolafo.com/about-us--commissioners--staff--contacts.html>.

Additionally, page six of the bylaws contains a section on Voting. Part b. states that roll call shall be completed alphabetically during a meeting. It is recommended that language be added, on part b. of page six, to give more flexibility on this procedure. See Attachment A for the recommended changes to the LAFCO Bylaws.

Attachment A

SLO LAFCO Bylaws

**BYLAWS OF THE
LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN LUIS OBISPO**

ARTICLE I - GENERAL PROVISIONS

These rules and bylaws shall apply to the Local Agency Formation Commission of the County of San Luis Obispo (henceforth "Commission") and are adopted pursuant to the authority vested in the Commission by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Part I, commencing with Section 56000 of the Government Code.

ARTICLE II - ORGANIZATION

SECTION I: Composition. The Commission shall consist of seven (7) members selected as follows:

- a. Two (2) appointed by the Board of Supervisors from their own membership. The Board of Supervisors shall appoint a third (3rd) Supervisor who shall be an alternate member of the Commission. The alternate member may serve and vote in place of any Supervisor on the Commission who is absent or who disqualifies himself or herself from participating in a meeting of the Commission.

- b. Two (2) selected by the cities in the County, each of whom shall be a mayor or council member, appointed by the City Selection Committee. The City Selection Committee is encouraged to select members to fairly represent the diversity of the cities in the county, with respect to population and geography. The City Selection Committee shall also designate one (1) alternate member to the Commission in the same manner as it appoints a regular member. The alternate member shall also be a mayor or council member. If one of the regular City members is absent from a Commission meeting or disqualifies himself or herself from participating in a meeting, the alternate member may serve and vote in place of that regular City member for that meeting of the Commission.

- c. Two (2) presiding officers or members of legislative bodies of independent Special Districts, selected by the independent Special District Selection Committee. The independent Special District Selection Committee is encouraged to select members to fairly represent the diversity of independent special districts in the county, with respect to population and geography. The independent Special Districts Selection Committee shall also designate a presiding officer or member of the legislative body of an independent special district as an alternate member to the Commission in the same manner as it appoints a regular member. If one of the regular Special Districts members is absent from a Commission meeting or disqualifies himself or herself from participating in a meeting, the alternate member may serve and vote in place of that regular Special District member for that meeting of the Commission. The special district members so appointed shall be elected or appointed special district officers residing in the County, but shall not be members of the legislative body of a city or county.

- d. One (1) representing the general public appointed by the other six (6) members of the Commission. The Commission may also designate one alternate public member who may serve and vote in place of a regular public member who is absent or disqualifies himself or herself from participating in a meeting of the Commission. Selection of the public member and alternate public member shall be subject to the affirmative vote of at least one of the members selected by each of the appointing authorities.

SECTION 2: Terms. The term of office of each member shall be four (4) years and until the appointment and qualification of a successor. The expiration date of the term of office of each member shall be the last Monday in December in the year in which the term of the member expires. The Clerk shall maintain a record of the Terms. The terms of office shall be as follows:

Regular Members	Term Expiration
County (1)	2017
County (2)	2019
City (1)	2017
City (2)	2019
District (1)	2018
District (2)	2020
Public	2016
Alternate Members	
County	2019
City	2018
District	2017
Public	2016

Any member may be removed at any time and without cause by the body appointing that member. If a member who is a City, County or Special District officer ceases to be an officer of a City, County, or Special District during his/her term, that member's position on the Commission shall thereafter be considered vacant.

Any vacancy in the membership of the Commission shall be filled for the unexpired term by appointment by the body which originally appointed the member whose office has become vacant.

SECTION 3. Independent Judgment. While serving on the Commission, all Commission members shall exercise their independent judgment on behalf of the interests of residents, property owners, and the public as a whole. Any member appointed on behalf of local governments shall represent the interests of the public as a whole and not solely the interests of the appointing authority.

SECTION 4. Compensation. Non-County Commission members shall receive a per diem of \$50 per meeting. All non-County Commissions shall receive mileage reimbursement at County rates existing at the time, excluding Commissioners living within five (5) miles of the meeting place.

SECTION 5: Officers. A Chairperson and Vice Chairperson shall be elected at the first meeting in each year and shall serve a one (1) year and until the election of their successors or their re-election.

The Chairperson shall be the presiding officer and shall preserve order and decorum at all meetings of the Commission.

In the absence of the Chairperson, the Vice Chairperson shall assume the duties and powers of the Chairperson. In the absence of the Chairperson and Vice Chairperson at any meeting, a Chairperson Pro Tempore may be selected to assume the duties and powers of the Chairperson.

SECTION 6: Staff. The Commission shall appoint an Executive Officer who shall conduct and perform the day-to-day business of the Commission. If a proposal is approved by the Commission, the Executive Officer shall conduct protest proceedings in accordance with Government Code Section 57000, et seq.

The Commission shall appoint Legal Counsel to advise it. The Legal Counsel shall attend Commission meetings, provide requested advice on legal matters, and represent the Commission in legal actions.

SECTION 7: Executive Committee. An Executive Committee comprised of the Commission's Chairperson, Vice Chairperson, and the Immediate Past Chairperson, will meet periodically to advise the Commission on the annual budget; overall work program; and major policy issues, including controversial or sensitive proposals. Executive Committee items for review will be selected by the Commission, after consultation with the Executive Officer. The Executive Officer and Legal Counsel shall attend all meetings of the Executive Committee.

SECTION 8: Selection of the Public Member. When the position of public member and/or alternate public member is vacant, the Commission may choose from any of the following options for selection of a replacement:

- a. A nominating committee selected by the Commission will interview qualified candidates and select the most qualified candidates to be interviewed and voted on by the full Commission.
- b. The Executive Committee will interview qualified candidates and select the

most qualified candidates to be interviewed by the full Commission.

- c. The full Commission will interview all candidates and select the public member(s).

SECTION 9: Attendance. Each Commissioner is expected to have regular attendance. If any Commissioner misses three consecutive regular meetings without first advising the Executive Officer prior to each missed meeting, the Executive Officer will address a letter to the appointing body requesting that a replacement be appointed.

ARTICLE III - MEETINGS

SECTION 10: Regular Meetings. Regular meetings of the Commission are scheduled for the third Thursdays of each month at 9:00 a.m. in the Board of Supervisors Chambers, County Government Center, San Luis Obispo, with the first Thursday being held open for special meetings.

SECTION 11: Special Meetings. Special meetings of the Commission may be called in the manner provided by State law. The order calling the special meeting shall specify the time and place of the meeting and the business to be transmitted and no other business shall be transmitted at that meeting.

SECTION 12: Notice. The Executive Officer shall direct posting and publication of notices on all meetings pursuant to State law.

SECTION 13: Agenda. The Executive Officer shall prepare the meeting agenda. Unless otherwise directed by the Commission, the Executive Officer shall set as many matters for hearing as can be heard.

The Executive Officer shall prepare and send copies of the staff report at least one (1) week prior to the meeting to Commissioners, proponents and all affected local agencies and any persons requesting such a report.

SECTION 14: Quorum and Majority. A majority (at least 4) of all members of the Commission concurs therein.

SECTION 15: Minutes. The Executive Officer shall cause a staff member to take and transcribe the minutes of each meeting and, whenever possible, mail copies thereof

to all members prior to the next meeting. Minutes will continue to be subject to comment and objection at the following meeting before approval.

SECTION 16: Motions. The Chairperson or any other member of the Commission may introduce or second any motion.

SECTION 17: Voting.

- a. The question of approval or denial of a proposal and of all resolutions shall be by roll call vote. All other questions may be voted upon by voice vote, or may be put by the Chairperson and a unanimous vote recorded if there is no objection. A roll call vote shall be taken on any question upon demand of any member.
- b. Each roll call of the Commission shall be in alphabetical order, except that the members making and seconding the motion shall be called first and second respectively, and the Chairperson shall be called last. Alternatively, roll call can be completed in a manner selected by the Commission and Staff.
- c. The alternate members qualify to vote only in lieu of the Commission membership classification they serve under.
- d. Unless otherwise provided by the City Selection Committee and the independent Special District Selection Committee in the manner required by law, a regular or alternate City or Special District member of the Commission shall be allowed the option to vote on proposals to the City or District of which such regular or alternate member is a representative.

SECTION 18: Testimony and Argument. The Chairperson may allocate and limit the time and scope of testimony from any interested party as necessary for the expedition of the Commission's business. Debate between members of the audience shall not be permitted.

ARTICLE IV - COMMISSION RECORDS

SECTION 19: Application Contents. A formal application filed with the Commission shall be accompanied by:

- a. Petition of proponent or resolution of legislative body.
- b. Maps and legal description of the proposed boundary change in a number specified by the Executive Officer.
- c. Completed justification of proposal questionnaire.
- d. Completed environmental assessment form.
- e. For local agencies or school districts filing a resolution of application, a plan for providing services pursuant to Government Code Section 56653.
- f. Filing fee or request for a fee waiver pursuant to the Commission's adopted fee schedule.
- g. Such additional data and information, as may be required by the Executive Officer, pertaining to any of the matters or factors which may be considered by the Commission.

No proposal shall be considered by the Commission for which such required items are not received.

SECTION 20: Copies of Documents on File. Any interested person may request copies of any document filed in any proceeding. The Executive Officer may charge and collect a fee to cover the cost to the Commission of making any such copies and such fees shall be deposited in the County General Fund.

| Revised January 17, 2002, August 16, 2007, ~~and~~ April 2016, and March 2020



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MIKE PRATER
Deputy Executive Officer

IMELDA MARQUEZ
Commission Clerk

TO: MEMBERS, FORMATION COMMISSION

FROM: DAVID CHURCH, EXECUTIVE OFFICER

DATE: APRIL 16, 2020

SUBJECT: THIRD QUARTER FISCAL YEAR 2019-2020 LAFCO BUDGET STATUS REPORT

Recommendation. It is respectfully recommended that the Commission review this third quarter financial report for fiscal year 19-20 and direct the Executive Officer to file it with the County Auditor.

Summary. The LAFCO operating budget is comprised of four components: 1) salaries, payroll taxes and benefits, 2) services and supplies, 3) revenues, and 4) fund balance and reserves. The Budget is considered and adopted by LAFCO each year as required by the Cortese-Knox-Hertzberg Act. Day-to-Day management of the Budget is based on “bottom-line” principles that allow for variation within individual line item accounts as long as the overall expenditures remain within the approved budgeted levels. Attached is the Third Quarter Budget Status Report for the 2019-20 fiscal year.

Attachments

A: 3RD Quarter Status Report for Fiscal Year 2019-2020

B: Credit Card Statements for Jan, Feb, Mar 2020

LAFCO’s budget is funded primarily by the County, Cities and Independent Special Districts, with each group paying one-third of the LAFCO Budget. The City and District shares are pro-rated based on general revenues reported to the State Controller’s Office on an annual basis. These revenues are found in the latest annual report released by the State Controller’s office. LAFCO also receives revenue through application fees and interest earnings. LAFCO and the County Auditor’s Office have a signed agreement for financial services.

Budget Summary. With three-quarters of the year gone, LAFCO’s expenditures are under budget by 5%. Salary/Benefits savings from the Clerk’s position have helped this year’s Budget. We expect additional savings in the fourth quarter. This is due to the Staff Workshop being canceled and Commissioner Murray has stopped attending CALAFCO meetings as well also reducing costs. Overall, the Budget is in solid shape with revenues received at 95%. More details are found on the next two pages.

Expenditures. Overall, third quarter expenditures are at 70% with 75% of the fiscal year complete. Below is a brief summary of line item expenditures:

- Salaries and Benefits are 72% expended with 20 pay periods completed in the first three quarters. A total of 26 pay periods are accounted for in the fiscal year. Savings in salaries were accrued during the months of July and August as we did not hire a Clerk until September. Also, the salary for the entry level Clerk was reduced from the previous clerk's salary.
- Services and Supplies are at 67% expended with 75% of the year complete. This included normal expenditures such as: County Auditor's Office Services (\$8,247), CALAFCO Membership Dues (\$3,261), Workers Compensation-SDRMA (\$1,304), and payment of Property/Liability Insurance-SDRMA (\$6,328). These one-time costs occur normally in the first quarter. Legal costs through the third quarter are at \$10,550.
- Consultant/Professional Services are at \$4,378 or 44% expended with 75% of the FY completed. This line item includes Commissioner meeting stipends, Clerk-Recorder charges, DocuTeam Storage charges, Paychex fees, etc.
- The building lease is \$3,056/month and has been paid for 10 months; through April. The lease is currently month to month and the amount has remained unchanged since 2010.
- CALAFCO Annual Conference in Sacramento, it should be noted that the accommodations and travel budget line items for the CALAFCO Annual Conference conducted in October were reflected in the second quarter report at \$2,139. The CALAFCO Staff Workshop was canceled due to the Covid-19 pandemic.
- LAFCO uses a credit card from Umpqua Bank through a program implemented by the Special District Risk Management Association (SDRMA) for public agencies. LAFCO has a credit card policy with regard to use and pays the bill in full each month. The statements for January, February, and March 2020 are found in Attachment B. Total credit card charges for the third quarter were \$463.31 and are broken down below:
 - **January:** Postage-65.20, GoDaddy-Website Services-167.88, Rebate Credit of 57.21.
 - **February:** Go Daddy-18.17, Enterprise RentACar-166 CALAFCO Trip
 - **March:** Norton Computer Protection-99.99, Postage-2.20.

Revenues. Overall revenues are 95% realized through the third quarter. The jurisdictions (Cities, Special Districts and County) have paid 99% of the LAFCO charges billed in the first and second quarter by the County Auditor, leaving an outstanding balance of \$371.28 to be paid.

Application processing fees have been submitted in the amount of \$4,500 for a Sphere of Influence Amendment to City of Morro Bay for the Tri-W property. Fees of \$3,500 were received for detachment from Estrella El Pomar-Creston Water District. An application for the Fiero Lane/East Airport Area Annexation to the City of San Luis Obispo was submitted with fees of \$6,390. This brings the total revenues received from applications through the third quarter to \$14,389. Interest through three quarters totaled \$5,861. This exceeds the budgeted amount of \$3,000. Total Interest and Processing Fees realized are \$20,250, just shy of the budgeted \$21,000.

Fund Balance and Designated Fund Balance (Reserves). Fund Balance is the difference between the total expenses and revenues in the fiscal year. Fund Balance is a more flexible asset than Designated Fund Balance and is carried forward from year to year. Designated reserves requires Commission approval for expenditure.

Due to the Salary and other savings it is projected that the use of Fund Balance and Reserves will not be needed and in fact a Fund Balance of \$9,606 is expected.

Please note that at the beginning of this fiscal year, the current Fund Balance and Designated Fund Balance total \$177,072.79, or 26% of the budget. LAFCO's Budget Policy calls for "reserves" of at least 15% of the adopted budget. Current fund balance is as follows:

• Fund Balance Carryover	\$119,223
• Designated Fund Balance	+ <u>\$57,850</u>
○ Starting Fund Balance/Reserves	\$ 177,073
• Projected Year-End Fund Balance	<u>\$ + 9,606</u>
○ Total Projected Fund Balance/Reserves	<u>\$ 186,679</u>

In the Fiscal Year 2019-20 Adopted Budget, \$32,000 in Fund Balance was estimated for use to offset expenses, if needed. The Fund Balance is projected to be a surplus of \$9.606 which means that a transfer from fund balance/reserves is not needed and in fact fund balance will be increased to an estimated 28% of the budget.

Attachment A

3rd Quarter Status Report for Fiscal Year 2019-2020

Attachment A
Fiscal Year 2019-20 LAFCO Budget Status Report

Period Ending: March 31, 2020

Third Quarter Report

EXPENDITURES SUMMARY	Adopted 19-20	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Salaries (20 of 26 pay periods)	306,297	221,369	298,000	84,928	72%
Benefits & Payroll Taxes	238,231	162,672	223,319	75,559	68%
Services and Supplies	127,097	85,756	106,899	41,341	67%
Total Expenses	671,625	469,797	628,218	201,828	70%

EXPENDITURES DETAIL	Adopted 19-20	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Salaries and Benefits					
Salaries (14 pay periods)	306,297	221,369	298,000	84,928	72%
Benefits & Payroll Taxes	238,231	162,672	223,319	75,559	68%
Subtotal Salaries & Benefits	544,528	384,041	521,319	160,487	71%

Services and Supplies	Adopted 19-20	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Food	800	234	400	566	29%
Maintenance - Equipment	300	0	0	300	0%
Maintenance - Software	500	360	360	140	72%
CALAFCO/Other Memberships	4,400	4,707	4,707	-307	107%
Office Supplies	2,500	802	1,500	1,698	32%
Commissioner/Professional Serv.	10,000	4,378	7,000	5,622	44%
Publication/Legal Notices	800	1,027	1,027	-227	128%
Rent	38,000	30,565	36,700	7,436	80%
Small Equipment	400	0	0	400	0%
Large Equipment	1,000	73	500	927	7%
Computer Software	500	186	200	314	37%
Employee Mileage	200	0	0	200	0%
Commissioner Mileage	1,800	755	1,000	1,045	42%
Airfare/Public Transportation	500	0	0	500	0%
Accommodations/Travel	4,000	2,270	2,270	1,730	57%
Auto Allowance	5,400	4,154	5,400	1,246	77%
Training/Conf Registration	4,500	3,790	3,790	710	84%
Utilities	4,000	3,112	4,000	888	78%
Car/Vehicle Rentals	1,000	916	916	84	92%
Postage	1,000	160	200	840	16%
Custodian	1,000	640	1,000	360	64%
Copying	800	0	400	800	0%
ITD-SAP/Board Chambers	850	0	700	850	0%
Phones/Internet	2,600	1,198	2,400	1,402	46%
County Auditor	8,247	8,247	8,247	0	100%
Insurance	8,000	7,632	7,632	368	95%
Legal Counsel	24,000	10,550	16,550	13,450	44%
Subtotal Services & Supplies	127,097	85,756	106,899	41,341	67%

Total Expenses	671,625	469,797	628,218	201,828	70%
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REVENUE DETAIL	Adopted 19-20	Realized YTD	Projected Yr End	% Realized
Interest	3,000	5,861	5,861	195%
Environmental Fees	1,000	2,500	2,500	250%
Sphere of Influence Fee	1,000	3,500	3,500	350%
LAFCO Processing Fees	16,000	8,390	8,390	52%
Other Revenue/Fund Balance if needed	32,000	107	107	n/a
Sub-Total w/o Agency Charges	53,000	20,358	20,358	n/a
LAFCO Charges to Agencies	618,625	618,254	618,254	99.9%
Total Revenue	671,625	638,612	638,612	95%

Fund Balance-Reserves	Beginning FY 19-20	Projected End of Year Reserves	Projected % of Budget
Fund Balance and Reserves	177,072	177,072	26%
Transfer in 4th Qtr if needed		10,394	
Reserves/Fund Balance	177,072	187,466	28%

Attachment B

Credit Card Statements for Jan, Feb, Mar 2020



UMPQUA
B · A · N · K

LAFCO

Account Number: #####
Closing Date: 01/31/20



Account Inquiries



Customer Service: (866) 777-9013
Lost or Stolen Card: (866) 839-3485



Please Direct Written Inquiries to:
UMPQUA BANK
PO BOX 1952
SPOKANE, WA 99210-1952



To pay on-line:
www.umpquabank.com

Account Summary

Previous Balance	\$	236.05
Purchases	+	234.16
Cash	+	0.00
Special	+	0.00
Credits	-	57.21 -
Payments	-	236.05 -
Other Debits	+	0.00
Finance Charges	+	0.00
NEW BALANCE	\$	176.95

Payment Information



Total Minimum Payment Due \$176.95

Minimum Payment \$ 176.95

Payment Due Date 02/25/20

Mail Payments to: UMPQUA BANK PO BOX 2310 SPOKANE WA 99210-2310

Account Activity Since Your Last Statement

Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
01/07	01/08	PPLN01	24137460008001375480045	USPS PO 0568770075 SAN LUIS OBIS CA	\$ 65.20
Cardholder Name: DAVID CHURCH					
Total Charges for Account Number: [REDACTED]					65.20
01/02	01/03	PPLN01	24906410002085842079753	DNH*GODADDY.COM 480-5058855 AZ	\$ 167.88
01/14	01/15	PPLN01	24445000015000817378439	DOLLAR TREE SAN LUIS OBIS CA	1.08
Cardholder Name IMELDA MARQUEZ					
Total Charges for Account Number: [REDACTED]					168.96
Payments, Adjustments and Others					
01/27	01/27		00000000000000000000112300	PAYMENT - THANK YOU	\$ 236.05 -
01/30	01/30		70005600030777030220026	REBATE CREDIT	57.21 -



UMPQUA
B · A · N · K

LAFCO

Account Number: ### # ### # ### #
Closing Date: 02/28/20



Account Inquiries



Customer Service: (866) 777-9013
Lost or Stolen Card: (866) 839-3485



Please Direct Written Inquiries to:
UMPQUA BANK
PO BOX 1952
SPOKANE, WA 99210-1952



To pay on-line:
www.umpquabank.com

Account Summary

Previous Balance	\$	176.95
Purchases	+	184.17
Cash	+	0.00
Special	+	0.00
Credits	-	0.00
Payments	-	176.95 -
Other Debits	+	0.00
Finance Charges	+	2.66
NEW BALANCE	\$	186.83

Payment Information



Total Minimum Payment Due \$186.83
Payment Due Date 03/25/20

Minimum Payment \$ 186.83

Mail Payments to: UMPQUA BANK PO BOX 2310 SPOKANE WA 99210-2310

Account Activity Since Your Last Statement

Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
02/02	02/03	PPLN01	24906410033087695144836	DNH*GODADDY.COM 480-5058855 AZ	\$ 18.17
Cardholder Name: DAVID CHURCH					
Total Charges for Account Number: [REDACTED]					18.17
02/24	02/25	PPLN01	24164070055018120192001	ENTERPRISE RENT-A-CAR SAN LUIS OBIS CA	\$ 166.00
Cardholder Name MIKE PRATER					
Total Charges for Account Number: [REDACTED]					166.00
Payments, Adjustments and Others					
02/26	02/26		000000000000000000112665	PAYMENT - THANK YOU	\$ 176.95 -

Plan Level Information

Plan Name	Plan Description	FCM *	Previous Balance	Average Daily Balance	Periodic Rate **	Corresponding APR	Finance Charges	Fees/Finance Charge	Effective APR	Ending Balance
Purchases										
PPLN01 001	PURCHASE	E	\$176.95	\$157.99	0.06008% (D)	21.9900%	\$2.66	\$0.00	22.0076%	\$186.83
Cash										
CPLN01 001	CASH	A	\$0.00	\$0.00	0.06554% (D)	23.9900%	\$0.00	\$0.00	0.0000%	\$0.00
Total			\$176.95	\$157.99			\$2.66	\$0.00	22.0076%	\$186.83

Days In Billing Cycle: 28

*See last page for explanation of Finance Charge Method (FCM)

APR = Annual Percentage Rate

** Periodic Rate (M)=Monthly (D)=Daily

(V) = Variable Rate If you have a variable rate account the periodic rate and Annual Percentage Rate (APR) may vary.



UMPQUA
B · A · N · K

LAFCO

Account Number: #### #### ####
Closing Date: 03/31/20



Account Inquiries



Customer Service: (866) 777-9013
Lost or Stolen Card: (866) 839-3485



Please Direct Written Inquiries to:
UMPQUA BANK
PO BOX 1952
SPOKANE, WA 99210-1952



To pay on-line:
www.umpquabank.com

Account Summary

Previous Balance	\$	186.83
Purchases	+	102.19
Cash	+	0.00
Special	+	0.00
Credits	-	0.00
Payments	-	186.83 -
Other Debits	+	0.00
Finance Charges	+	0.00
NEW BALANCE	\$	102.19

Payment Information



Total Minimum Payment Due \$102.19

Minimum Payment \$ 102.19

Payment Due Date 04/25/20

Mail Payments to: UMPQUA BANK PO BOX 2310 SPOKANE WA 99210-2310

Account Activity Since Your Last Statement

Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
03/12	03/15	PPLN01	24137460074001819033524	USPS KIOSK 0568779551 SAN LUIS OBIS CA	\$ 2.20
03/19	03/20	PPLN01	24204290079002715265859	Norton *AP263759398 180-0721393 CA	99.99
Cardholder Name IMELDA MARQUEZ					
Total Charges for Account Number: [REDACTED]					102.19
Payments, Adjustments and Others					
03/18	03/18		0000000000000000112842	PAYMENT - THANK YOU	\$ 186.83 -

Plan Level Information

Plan Name	Plan Description	FCM *	Previous Balance	Average Daily Balance	Periodic Rate **	Corresponding APR	Finance Charges	Fees/Finance Charge	Effective APR	Ending Balance
Purchases										
PPLN01 001	PURCHASE	E	\$186.83	\$0.00	0.06008% (D)	21.9900%	\$0.00	\$0.00	0.0000%	\$102.19
Cash										
CPLN01 001	CASH	A	\$0.00	\$0.00	0.06554% (D)	23.9900%	\$0.00	\$0.00	0.0000%	\$0.00
Total			\$186.83	\$0.00			\$0.00	\$0.00	0.0000%	\$102.19

Days In Billing Cycle: 32

*See last page for explanation of Finance Charge Method (FCM)

APR = Annual Percentage Rate

** Periodic Rate (M)=Monthly (D)=Daily

(V) = Variable Rate If you have a variable rate account the periodic rate and Annual Percentage Rate (APR) may vary.

PLEASE DETACH COUPON AND RETURN PAYMENT USING THE ENCLOSED ENVELOPE - ALLOW 5 DAYS FOR MAIL DELIVERY



LAFCO - San Luis Obispo - Local Agency Formation Commission
SLO LAFCO - Serving the Area of San Luis Obispo County

TO: MEMBERS, FORMATION COMMISSION

FROM: DAVID CHURCH, EXECUTIVE OFFICER

DATE: APRIL 16, 2020

**SUBJECT: CONSIDERATION OF THE PROPOSED FISCAL YEAR
2020/21 SAN LUIS OBISPO LAFCO BUDGET**

Recommendation: It is respectfully recommended that the Commission:

- 1) Consider and tentatively approve option #1 or option #2 for the Fiscal Year 2020/21 LAFCO Budget with any proposed changes;
- 2) Direct the Executive Officer to distribute the approved Budget and Resolution to the local agencies per the Cortese-Knox-Hertzberg Act;
- 3) Direct the Executive Officer to sign the attached agreement with the County Auditor's Office for financial services;
- 4) Submit the Final Budget and Resolution to LAFCO for final consideration at its next meeting.

Introduction. The Cortese-Knox-Hertzberg Act calls for the budget to be considered by May 1, 2020 and the final budget approved by June 15, 2020. No relief has been granted by the State with regard to this requirement due to the Covid-19 situation. Today's budget item includes two options for your Commission to consider.

The County Auditor's Office provides LAFCO with financial management services through an agreement (Exhibit D). General Accounting services include the use of the County's centralized accounting system (SAP), processing, and recording of financial transactions submitted by LAFCO. LAFCO has access to the general ledger, revenue, expenditure, and budget status reports as needed.

The Auditor also provides Accounting Support services including budget monitoring, responding to routine inquiries, and replying to bank confirmations. The agreement for next fiscal year is attached in Exhibit D. It is recommended that the Executive Officer sign this agreement and submit it to the County Auditor/Controller.

<u>Attachments</u>
A: Option #1: FY 2020/21 Proposed Budget
B: Option #2: FY 2020/21 Proposed Budget
C: Draft Resolution Approving the Budget
D: County Auditor/LAFCO Agreement
E: Staff Salary Comps-2018-19

COMMISSIONERS

Chairperson
TOM MURRAY
Public Member

Vice-Chair
ROBERT ENNS
Special District Member

DEBBIE ARNOLD
County Member

MARSHALL OCHYLSKI
Special District Member

ROBERTA FONZI
City Member

LYNN COMPTON
County Member

ED WAAGE
City Member

ALTERNATES

ED EBY
Special District Member

STEVE GREGORY
City Member

HEATHER JENSEN
Public Member

JOHN PESCHONG
County Member

STAFF

DAVID CHURCH
Executive Officer

BRIAN A. PIERIK
Legal Counsel

MIKE PRATER
Deputy Executive Officer

IMELDA MARQUEZ
Commission Clerk

Due to Mr. Church’s retirement planned for July 24, 2020, two options are proposed for the LAFCO budget. These are described below in more detail.

Budget Option #1. Option #1 plans for the appointment of the Deputy Executive Officer as the Executive Officer effective on July 27, 2020. Option #1 results in an overall budget reduction of -9.3% or -\$62,412. Budget savings are attributed to the reduced salaries for the Executive Officer and the Deputy Executive Officer position becoming an entry level LAFCO Analyst position.

This projected total salary savings of -\$50,500. Benefits and taxes are decreased by \$29,178. These savings are achieved assuming the salary of \$125,000 for the incoming Executive Officer and up to a \$65,000 salary for the entry level analyst position. The Clerk’s base salary is projected to be \$47,711 (6% merit and CPI increase-an increase of \$2,700) which are included in the budget. Of course, the savings would be more if the base salaries are less. Conversely, if the salaries are more the savings would be reduced. The Analyst position can likely be filled as an entry level salary for less than \$65,000 allowing for additional savings. Funding agencies would see an -8% reduction in their charges.

Your Commission requested a resume from Mr. Prater which was submitted along with salary comparison information. Also, Mr. Prater is available for an interview as part of today’s closed session on Zoom/telephone dial-in.

Budget Option #2. Option #2 envisions the selection and appointment of a new Executive Officer effective on July 27, 2020. This Budget Option would provide for a broader selection process for the position. Option #2 results in an overall budget increase of 4.5% or \$30,185. It assumes hiring a new EO at a salary of up to \$130,000/year, although the base salary could be less depending on the experience of the candidate. Also, the DEO base salary as proposed for next year is projected to be \$105,639 (6% merit and CPI increase-an increase of \$6,000) along with the Clerk base salary to be \$47,711 (6% merit and CPI increase-an increase of \$2,700) both are included in the budget. Option #2 includes funds to engage a selection consultant (\$30,000) and a biennial Audit (\$8,000). Funding agencies would see a +6.9% increase in their charges.

FY 20-21 Proposed Budget Options

Line Items	Option #1	% Dec./Inc.		Option #2	% Dec./Inc.
Salaries	\$255,799	-16%		\$290,351	-5%
Taxes/Benefits	\$209,053	-12%		\$235,097	-1%
Services Supplies	\$144,361	+11%		\$176,361	+39%
Total Budget	\$609,213	-9.3		\$701,810	+4.5%
Charges to Agencies	\$568,213	-8%		\$660,810	+6.9%

Option #1 includes funds for a biennial Audit as well, but not for the selection consultant. Both options include Mr. Church’s salary through July 24, 2020.

Summary

Two proposed options for the Fiscal Year 2020/21 budget for the Local Agency Formation Commission (LAFCO) of San Luis Obispo are found in Exhibit A-Option #1 and Exhibit B-Option #2 as described above. The FY 20/21 Proposed Budgets show the comparisons between the current years adopted budget (FY 19/20), and increases and decreases within the various line items. Both Options also project the annual revenues and expenses for the proposed budget FY 20/21. A Draft Resolution approving the budget is found in Exhibit C and will be revised based on the Option selected. Exhibit D has the annual agreement with the County Auditor-Controller for financial services.

Salaries

Budget Option #1.

Salaries in Option #1 are proposed to decrease by -16% (last year's decrease was -1%). Benefits and taxes are expected to decrease by -12% (last year's increased by +4%). This option assumes that the Deputy Executive Officer (DEO) is appointed the Executive Officer at a salary up to \$125,000. This would be a decrease of -\$27,000 from the current EO salary.

If that is the Commission's decision, the DEO position would then be budgeted as an entry level Analyst position with a salary of up to \$65,000. This is a decrease of -\$34,000 from the current DEO's salary.

The proposed annual Consumer Price Index (CPI) increase of 3.0% is based on the average of the Los Angeles (3.4%) and San Francisco (2.9%) indexes. A 3% CPI and a 3% merit increase (based on performance and comparisons) would be proposed for the Clerk position. The CPI and Merit Increase of 6%, would bring the Clerk's base salary to a projected \$47,711. Total salaries for Option #1 are proposed to be \$255,799.

Budget Option #2.

Salaries in Option #2 are proposed to decrease by -5% (last year's decrease was -1%). Benefits and taxes are expected to decrease by -1% (last year's increased by +4%). This option assumes that a new Executive Officer is selected appointed at a salary up to \$130,000. The DEO would remain in that position with a proposed CPI and Merit Increase of 6%, bringing the base salary to \$105,639. The Clerk position would be the same as in Option #1; with a proposed base salary of \$47,711. Total salaries for option #2 are proposed to be \$290,351.

Services and Supplies

Budget Option #1.

Services and Supplies are projected to increase by 14%, to a total of \$144,361. This is caused by the estimated \$8,000 added to Consultant Expenses to complete the biennial

audit. Property and liability insurance rates are increasing significantly due to nationwide and worldwide disasters. The project increase in insurance rates is 67% from \$6,329 to \$10,575. Also, the LRDM lawsuit remains an open case and this negatively impacts LAFCO's rates as well. Other increases are CALAFCO by dues (\$4,922) up from \$3,261. Legal fees are increasing by \$100 per month as provided for in contract with Burke, Williams & Sorensen (BWS).

Budget Option #2.

Services and Supplies are projected to increase by 39%, a total of \$176,361. This is caused by the estimated \$8,000 added to Consultant Expenses to complete the biennial audit and insurance increases discussed in Option #1 above. Additionally, \$30,000 is included to fund a selection consultant for the Executive Officer position. Other increases are CALAFCO by dues (\$4,922) up from about \$3,261. Legal fees are increasing \$100 per month as provided for in contract with BWS.

Pension Costs

Budget Option #1 Pension Costs.

San Luis Obispo LAFCO is a member of San Luis Obispo County Pension Trust. Pension costs are directly correlated to salaries. Option #1 would result in a decrease of pension costs by an estimated -\$17,980. This would be due to the hiring of the EO and an entry level Analyst at lower salaries. Pension expenditures are calculated based on the rates established by the San Luis Obispo County Pension Trust.

Budget Option #2 Pension Costs.

Option #2 would result in an increase of pension costs by an estimated \$2,000. This would be due to the hiring of an EO at a lower salary compared to the previous EO. This option anticipates the DEO and Clerks position with a 6% merit and CPI increase. Pension expenditures are calculated based on the rates established by the San Luis Obispo County Pension Trust.

Pension Information. From 2003 to 2010, LAFCO contributed 100% of the pension payments. As pension rates rose, a new rate contribution formula was approved by the Commission in FY 2010/11, splitting any future rate increases 50-50 between LAFCO and the employees. Since 2011 any increases in pension rates have been split (50-50) by LAFCO and the employees. The total share LAFCO employees are now paying of pension contributions is up to 16% from 14% last year. This continued 50-50 split of rate increases will result in the employees taking on an increased percentage of the contribution in the future.

San Luis Obispo County Pension Trust anticipates a pension rate increase of 2.83% for fiscal year 20/21. LAFCO would fund 1.4% of this increase and the employees would fund 1.4% of the anticipated rate increase. This increase is built into this year's budget and would be implemented on July 1, 2020. Please note that the Pension rates were reviewed for accuracy by the SLO County Pension Trust.

The Pension Obligation Bond (POB) was issued by the County to help cover unfunded pension costs. The POB is refinanced by the SLO Pension Trust to avoid increases in the variable interest rates. This year the rate for the POB remains at 6.0%. The POB payment increases are commensurate with an increase in salaries.

Agency Shares

Budget Option #1.

Charges to each of the funding agencies (County, Cities and Special Districts) are proposed to decrease by -8% or -\$50,041. Last year the charges to agencies increased by \$239. The one-third agency share for budget Option #1 is proposed at \$189,404. This is a decrease of -\$16,680 for each of the one-third shares.

Budget Option #2.

Charges to each of the funding agencies (County, Cities and Special Districts) are proposed to increase by 7% or +\$42,555. Last year the charges to agencies increased by \$239. The one-third agency share for budget Option #2 is proposed at \$220,270. This is an increase of \$14,185 per each of the one-third shares.

These shares are allocated to the Cities and Special Districts based on their total revenues as reported to the State Controller. The County Auditor's Office uses the most recent Cities and Special Districts Annual Report prepared by the State Controller to allocate the charges to each of the agencies in the County on a prorated basis. The County Auditor's office sends invoices to the Cities and Special Districts in July, 2020.

Revenues and Reserves

Revenues from Applications. Revenues from application fees are projected to remain the same at \$21,000 in both Option #1 and #2. Interest earned on revenues is anticipated to increase from \$3,000 to \$4,000.

Reserves and Fund Balance. Reserves and fund balance carryover from year-to-year with the budget. In April 2008 the Commission adopted a reserve/fund balance policy of maintaining at least a 15% reserve.

At the beginning of this fiscal year (FY 19/20) LAFCO had a 26% reserve/fund balance that amounted to \$177,073. The current budget (FY 19/20) projected using \$32,000 in reserves/fund balance to fund the budget. The use of reserves will not be necessary because of the projected savings achieved in this year's budget. This leaves a projected fund balance of +\$10,394 for this year, increasing the projected fund balance and reserves to \$187,457.

The Adopted FY 2019/20 Budget expenses were \$668,090. The projected actual expenses for FY 19/20 are \$628,218. It is projected that the FY 19/20 budget will be under

budget by \$39,872. This is due to salary savings caused by the transition in the Clerk's position and savings in the services and supplies line items. This projection assumes no unexpected expenses or revenues in the last quarter of this fiscal year.

Reserves and Fund Balance are built into the budget to help reduce the amount charged to local agencies and maintain reserves/fund balance at a reasonable level. Using Reserves/Fund Balance to offset expenses in the amount of \$20,000 is reasonable because reserves are projected to be 28% at the end of this fiscal year; \$187,457.

The Executive Officer's contract provides for a sick leave pay out of an estimated \$46,000 that will be paid out of fund balance/reserves. The hourly rate for the payout is based on the EO's salary without benefits; \$73.38, times the number of hours on the books (estimated 630 hrs). A budget adjustment would be processed by the Commission at the beginning of the next fiscal year. This would reduce overall reserves to about 17%.

Distribution. As required by Government Code Section 56381, the Commission's proposed Fiscal Year 20/21 budget has been transmitted to the Board of Supervisors, each City Manager, and each Independent Special District. The budget has also been sent to the County Administrative and Auditor's Offices. A legal notice of the public hearing was published in advance of the hearing. Upon approval of the proposed budget, the final FY 2020/21 budget and resolution shall be distributed and submitted to the Commission at the May 21, 2020, LAFCO meeting.

Attachment A

Option #1: FY 2020/21 Proposed Budget

Exhibit A - Option #1
San Luis Obispo Local Agency Formation Commission
Proposed Budget - Fiscal Year 2020-2021

Proposed 4/16/2020

EXPENDITURES SUMMARY	Current Year	Expense YTD	Proj. Yr End	Proposed 20-21	Inc/Dec	% Inc/Dec
Salaries	306,297	237,245	298,000	255,799	-50,498	-16%
Benefits and Taxes	238,231	171,498	223,319	209,053	-29,178	-12%
Services and Supplies	127,097	85,755	106,899	144,361	17,264	14%
Total Expenses	671,625	494,498	628,218	609,213	(62,412)	-9.3%

EXPENDITURES DETAIL	Current Year	Expense YTD	Proj. Yr End	Proposed 20-21	Inc/Dec	% Inc/Dec
Salaries and Benefits						
Salaries	306,297	237,245	298,000	255,799	-50,498	-16%
Benefits and Taxes	238,231	171,498	223,319	209,053	-29,178	-12%
Subtotal Salaries & Benefits	544,528	408,743	521,319	464,852	(79,676)	-14.6%
Variable Costs (%) :						
FICA -Employer Match	18,990	13,571	19,176	15,860	-3,130	-16%
Medicare - Employer Match	4,441	3,678	4,500	3,709	-732	-16%
Retirement-Employer Contribution *	103,595	77,440	100,953	90,742	-12,853	-12%
Retirement-Employer for Employee	31,647	24,989	31,951	26,520	-5,127	-16%
Retirement - Employee Contribution *	22,313	14,339	18,640	22,723	410	2%
Pension Obligation Bond Payment	20,439	15,111	20,739	15,973	-4,466	-22%
SUI-Employer Contribution	2,500	378	500	2,500	0	0%
Fed Unemploy Tax-Employer Cont	300	0	0	300	0	0%
Fixed Costs (\$) :						
Health Plan/Café Cash	45,000	28,331	35,100	41,700	-3,300	-7%
Life Insurance	0	0	0	750	750	0%
Def Comp - EO Employer Match	11,000	8,000	10,400	11,000	0	0%
Total Benefits	238,231	171,498	223,319	209,053	-28,859	-12%

* Split Employer/Employee 2.6% pension rate increase

Services and Supplies	Current Year	Expense YTD	Proj. Yr End	Proposed 20-21	Inc/Dec	% Inc/Dec
Food	800	234	400	800	0	0%
Maintenance - Equipment	300	0	0	300	0	0%
Maintenance - Software	500	360	360	500	0	0%
CALAFCO/Other Memberships	4,400	4,707	4,707	7,000	2,600	59%
Office Supplies	2,500	802	1,500	2,500	0	0%
Commissioner/Consultant/Sick Leave Payout	10,000	4,378	7,000	18,000	8,000	80%
Publication/Legal Notices	800	1,027	1,027	1,000	200	25%
Rent	38,000	30,565	36,700	38,000	0	0%
Small Equipment	400	0	0	400	0	0%
Large Equipment	1,000	73	500	1,000	0	0%
Computer Software	500	186	200	500	0	0%
Employee Mileage	200	0	0	200	0	0%
Commissioner Mileage	1,800	755	1,000	1,800	0	0%
Airfare/Public Transportation	500	0	0	500	0	0%
Accommodations/Travel	4,000	2,270	2,270	4,000	0	0%
Auto Allowance	5,400	4,154	5,400	5,400	0	0%
Training/Conf Registration	4,500	3,790	3,790	4,500	0	0%
Utilities	4,000	3,112	4,000	4,000	0	0%
Car/Vehicle Rentals	1,000	916	916	1,300	300	30%
Postage	1,000	160	200	1,000	0	0%
Custodian	1,000	640	1,000	1,000	0	0%
Copying	800	0	400	800	0	0%
ITD-SAP/Board Chambers	850	0	700	850	0	0%
Phones	2,600	1,198	2,400	2,800	200	8%
County Auditor	8,247	8,247	8,247	8,511	264	3%
Insurance/Worker Comp/Property/Liability	8,000	7,632	7,632	12,500	4,500	56%
Legal Counsel/Other Co Billings	24,000	10,550	16,550	25,200	1,200	5%
Subtotal Services & Supplies	127,097	85,755	106,899	144,361	17,264	14%

Total Expenses	671,625	494,498	628,218	609,213	-62,412	-9.3%
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Exhibit A - Option #1
San Luis Obispo Local Agency Formation Commission
Proposed Budget - Fiscal Year 2020-2021 - page 2

REVENUE DETAIL	Current Year	Realized YTD	Proj. Yr End	Proposed 20-21	Inc/Dec	% Inc./Dec.
Interest	3,000	5,861	5,861	4,000	1,000	33%
Environmental Fees	1,000	2,500	2,500	1,000	0	0%
Sphere of Influence Fee	1,000	3,500	3,500	2,000	1,000	100%
LAFCO Processing Fees	16,000	8,390	8,390	14,000	-2,000	-13%
Refunds	0			0	0	0%
Other Revenue/Grants/Insurance reimb.	0	107	107	0	0	
Sub-Total w/out Agency Charges	21,000	20,358	20,358	21,000	0	0%
LAFCO Charge to Agencies	618,254	618,254	618,254	568,213	-50,041	-8%
Total Revenue	671,254	638,612	638,612	609,213	-62,041	-9%
Use of Reserves/Fund Bal. (Not needed)	32,000	0	0	20,000	-12,000	-38%

RESERVES and FUND BALANCE	Beginning Res./FB FY 19/20	% of Budget	Proj. Year End Fund Balance	Projected Year End Reserves	Estimated Res./FB FY 19/20	% of Budget
Reserves/Fund Balance	177,073	26.4%	177,073	187,467	167,467.46	27%
Use of fund balance - If needed			10,394	-20,000		
Total	177,073	26.4%	187,467	167,467		

CHARGES TO AGENCIES

Agency Share	FY 2019-20	FY 2020-21	Inc/Dec	% Inc/Dec
Cities	206,085	189,404	-16,680	-8.09%
County	206,085	189,404	-16,680	-8.09%
Special Districts	206,085	189,404	-16,680	-8.09%
Total	618,254	568,213	-50,041	-8.09%

Attachment B

Option #2: FY 2020/21 Proposed Budget

Exhibit B - Option #2
San Luis Obispo Local Agency Formation Commission
Proposed Budget - Fiscal Year 2020-2021

Proposed 4/16/2020

EXPENDITURES SUMMARY	Current Year	Expense YTD	Proj. Yr End	Proposed 20-21	Inc/Dec	% Inc/Dec
Salaries	306,297	237,245	298,000	290,351	-15,946	-5%
Benefits and Taxes	238,231	171,498	223,319	235,097	-3,134	-1%
Services and Supplies	127,097	85,755	106,899	176,361	49,264	39%
Total Expenses	671,625	494,498	628,218	701,810	30,185	4.5%

EXPENDITURES DETAIL	Current Year	Expense YTD	Proj. Yr End	Proposed 20-21	Inc/Dec	% Inc/Dec
Salaries and Benefits						
Salaries	306,297	237,245	298,000	290,351	-15,946	-5%
Benefits and Taxes	237,913	171,498	223,319	235,097	-2,816	-1%
Subtotal Salaries & Benefits	544,210	408,743	521,319	525,449	(18,761)	-3.4%
Variable Costs (%) :						
FICA -Employer Match	18,990	13,571	19,176	18,002	-988	-5%
Medicare - Employer Match	4,441	3,678	4,500	4,210	-231	-5%
Retirement-Employer Contribution *	103,595	77,440	100,953	106,199	2,604	3%
Retirement-Employer for Employee	31,647	24,989	31,951	31,043	-604	-2%
Retirement - Employee Contribution *	22,313	14,339	18,640	14,360	-7,953	-36%
Pension Obligation Bond Payment	20,439	15,111	20,739	19,394	-1,045	-5%
SUI-Employer Contribution	2,500	378	500	2,500	0	0%
Fed Unemploy Tax-Employer Cont	300	0	0	300	0	0%
Fixed Costs (\$) :						
Health Plan/Café Cash	45,000	28,331	35,100	41,700	-3,300	-7%
Life Insurance	0	0	0	750	750	0%
Def Comp - EO Employer Match	11,000	8,000	10,400	11,000	0	0%
Total Benefits	238,231	171,498	223,319	235,097	-2,815	-1%

* Split Employer/Employee 2.6% pension rate increase

Services and Supplies	Current Year	Expense YTD	Proj. Yr End	Proposed 20-21	Inc/Dec	% Inc/Dec
Food	800	234	400	800	0	0%
Maintenance - Equipment	300	0	0	300	0	0%
Maintenance - Software	500	360	360	500	0	0%
CALAFCO/Other Memberships	4,400	4,707	4,707	7,000	2,600	59%
Office Supplies	2,500	802	1,500	2,500	0	0%
Commissioner/Consultant Expenses	10,000	4,378	7,000	50,000	40,000	400%
Publication/Legal Notices	800	1,027	1,027	1,000	200	25%
Rent	38,000	30,565	36,700	38,000	0	0%
Small Equipment	400	0	0	400	0	0%
Large Equipment	1,000	73	500	1,000	0	0%
Computer Software	500	186	200	500	0	0%
Employee Mileage	200	0	0	200	0	0%
Commissioner Mileage	1,800	755	1,000	1,800	0	0%
Airfare/Public Transportation	500	0	0	500	0	0%
Accommodations/Travel	4,000	2,270	2,270	4,000	0	0%
Auto Allowance	5,400	4,154	5,400	5,400	0	0%
Training/Conf Registration	4,500	3,790	3,790	4,500	0	0%
Utilities	4,000	3,112	4,000	4,000	0	0%
Car/Vehicle Rentals	1,000	916	916	1,300	300	30%
Postage	1,000	160	200	1,000	0	0%
Custodian	1,000	640	1,000	1,000	0	0%
Copying	800	0	400	800	0	0%
ITD-SAP/Board Chambers	850	0	700	850	0	0%
Phones	2,600	1,198	2,400	2,800	200	8%
County Auditor	8,247	8,247	8,247	8,511	264	3%
Insurance/Worker Comp/Liability	8,000	7,632	7,632	12,500	4,500	56%
Legal Counsel/Other Co Billings	24,000	10,550	16,550	25,200	1,200	5%
Subtotal Services & Supplies	127,097	85,755	106,899	176,361	49,264	39%

Total Expenses	671,625	494,498	628,218	701,810	30,185	4.5%
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Exhibit B - Option #2
San Luis Obispo Local Agency Formation Commission
Proposed Budget - Fiscal Year 2020-2021 - page 2

REVENUE DETAIL	Current Year	Realized YTD	Proj. Yr End	Proposed 20-21	Inc/Dec	% Inc./Dec.
Interest	3,000	5,861	5,861	4,000	1,000	33%
Environmental Fees	1,000	2,500	2,500	1,000	0	0%
Sphere of Influence Fee	1,000	3,500	3,500	2,000	1,000	100%
LAFCO Processing Fees	16,000	8,390	8,390	14,000	-2,000	-13%
Other Revenue/Grants/Insurance reimb.	0	107	107	0	0	
Sub-Total w/out Agency Charges	21,000	20,358	20,358	21,000	0	0%
LAFCO Charge to Agencies	618,625	618,254	618,254	660,810	42,185	7%
Total Revenue	671,625	638,612	638,612	701,810	30,185	4%
Use of Reserves/Fund Bal. (If needed)	32,000	0	-10,394	20,000	-12,000	-38%

RESERVES and FUND BALANCE	Beginning Res./FB FY 19/20	% of Budget	Proj. Year End Fund Balance	Projected Year End Reserves	Estimated Res./FB FY 19/20	% of Budget
Reserves/Fund Balance	177,073	26.4%	177,073	187,467	167,467.46	24%
Use of fund balance - If needed			10,394	-20,000		
Total	177,073	26.4%	187,467	167,467		

CHARGES TO AGENCIES

Agency Share	FY 2019-20	FY 2020-21	Inc/Dec	% Inc/Dec
Cities	206,085	220,270	14,185	6.88%
County	206,085	220,270	14,185	6.88%
Special Districts	206,085	220,270	14,185	6.88%
Total	618,254	660,810	42,555	6.88%

Attachment C

Draft Resolution Approving the Budget

IN THE LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA

Date:

PRESENT:

ABSENT:

RESOLUTION NO. 2020-__

**RESOLUTION ADOPTING THE FISCAL YEAR 2020-21
LAFCO BUDGET**

The following resolution is now offered:

WHEREAS, the Executive Officer has given the notices required by law and forwarded the LAFCO budget to officers, persons and public agencies as prescribed by law; and

WHEREAS, the matter was set for public hearing at 9:00 a.m. on Thursday, April 16, 2020, a staff report prepared, and the public hearing was duly conducted under the Covid-19 modified meetings laws and the proposed LAFCO Budget for Fiscal Year 2020-2021 was adopted; and

WHEREAS, at said hearing, this Commission heard and received all written protests, objections and evidence which were made, presented, or filed, and all persons present were given the opportunity to hear and be heard in respect to any matter relating to said proposed budget; and

WHEREAS, the Commission considered the Proposed Budget at the April 16, 2020 meeting and approved the Adopted Budget for Fiscal Year 2020-2021 on May 21, 2020;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Local Agency Formation Commission of the County of San Luis Obispo, State of California, as follows:

1. That the recitals set forth hereinabove are true, correct, and valid.
2. That pursuant to Government Code Section 56381(a), the Commission hereby

adopts a Final Budget for Fiscal Year 2020-21 in the amount set forth in Exhibit A. The amount charged to the Cities, Special Districts and County, after deducting fees from applications and the use of reserves/fund balance is found in Exhibit A. This amount will be charged to the Funding Agencies based on the formula and procedure contained in the Cortese-Knox-Hertzberg Act and as implemented by the County Auditor-Controller's office.

3. That the San Luis Obispo LAFCO finds that it can accomplish its legislative purpose and adopted work plan with the adopted reduced budget as required by Cortese-Knox-Hertzberg Act.
4. That the Executive Officer of this Commission is authorized to mail copies of the Final Budget in the manner provided by law.

Upon a motion of Commissioner _____, seconded by Commissioner _____, and on the following roll call vote:

AYES:

NAYS:

ABSTAIN:

Tom Murray, Chairperson Date
Local Agency Formation Commission

ATTEST:

David Church Date
LAFCO Executive Officer

APPROVED AS TO FORM AND LEGAL EFFECT:

Brian Pierik Date
LAFCO Legal Counsel

Attachment D

County Auditor/LAFCO Agreement



COUNTY OF SAN LUIS OBISPO

AUDITOR - CONTROLLER • TREASURER - TAX COLLECTOR

James W. Hamilton, CPA Auditor-Controller • Treasurer-Tax Collector

Lydia J. Corr, CPA Assistant Auditor-Controller • Treasurer-Tax Collector

April 6, 2020

To the Board of Directors and Management
SLO County Local Agency Formation Commission (LAFCO)

We are pleased to confirm our understanding of the terms and costs of our services under this agreement for the 2020-2021 fiscal year.

Scope of Services

We will provide the following services:

1. **General Accounting** - includes use of the County's centralized accounting system and recording of financial system entries submitted by the agency. Transactions will be reviewed for authorization by appropriate agency personnel prior to processing. In addition, access to the accounting system's financial reports will be available to the agency as needed.
2. **Accounts Payable** - includes processing payment claims by warrant or ACH. Claims will be reviewed to validate two authorized agency signers have approved the payment prior to processing, recording and mailing payments. Any invoices submitted with payment claims will be scanned and archived for retention. Review of invoices for mathematical accuracy and appropriateness of expenditure is not part of this service agreement.
3. **Accounting Support** - includes recording your Agency's budget, ensuring expenditures do not exceed authorized budget, responding to routine inquiries, working with external auditors, and replying to bank confirmations.
4. **Term** - Our services and responsibility end on June 30, 2021.

Our Responsibilities

Our responsibility is to perform the services enumerated above. We will not audit accounting entries, payment claims or budget transactions, nor will we validate the appropriateness of accounting transactions or claims for payment. Our service does not include annual preparation of 1099's or preparation of payroll reports.

Our services are not designed to detect instances of fraud, noncompliance with laws or regulations or significant errors; however, we will communicate to you any known and suspected fraud, noncompliance with laws or regulations or significant errors that come to our attention.

Your Responsibilities

You are responsible for (1) ensuring all transactions are submitted and/or approved by authorized staff, (2) reviewing all transactions prior to submittal to ensure appropriateness of the expenditure, compliance with laws or regulations and to check for significant errors and fraud, (3) retaining all source documents, and (4) providing all Board authorized budgets and budget amendments. You are encouraged to routinely provide accounting reports and payment registers to your Board for review.

You agree to inform us of significant noncompliance, fraud and/or errors immediately upon discovery.

For all services we provide to you, management agrees to assume all management responsibilities; oversee the services by designating an individual who possesses suitable skill, knowledge, and/or experience to understand the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services.

Annual Cost and Billing

The annual cost for the services identified above is \$8,511. Your agency will be billed by journal entry during the first quarter of the fiscal year for the entire annual costs. A copy of the journal entry will be provided to your agency

Agreement

We appreciate the opportunity to be of service to you and believe this letter accurately summarized the significant terms of our agreement. This letter constitutes the entire agreement regarding these services and supersedes all prior agreements.

Sincerely,

James W. Hamilton, CPA
Auditor-Controller-Treasurer-Tax Collector

Authorized Signature Director _____ Date _____

Authorized Signature Board Chair _____ Date _____

Attachment E

Staff Salary Comps-2018-19

Staff Base Salary Comparisions - 2018-2019

Executive Officer Comparisons 2018-19 Base Salary	Executive Officer Annual Base Salary	Range-Step 1	Range-Step 5	
Comparison Counties				
Coastal				
Monterey	182,668	None	182,668	
Santa Barbara (no benefits)	159,389	None	159,389	
Santa Cruz	142,210	135,000	162,000	Coastal Avg.
Ventura	178,412	124,888	178,412	170,617
Inland				
Butte	122,540	111,938	136,116	
Kern	129,780	115,000	129,780	
Napa	137,251	120,180	144,973	
Placer	141,890	120,000	141,890	
San Joaquin	130,400	115,000	130,400	Inland Avg.
Yolo	138,909	116,560	141,681	133,462
2019 Average Annual Salary Range	146,345	119,821	150,731	

Deputy Executive Officer Comparisons 2018-19 Base Salary	Deputy Executive Officer Annual Base Salary	Range-Step 1	Range-Top	
Comparison Counties				
Coastal				
Ventura		94,574	135,106	Coastal Avg.
Sonoma		91,478	111,201	123,154
Inland				
Butte		74,521	99,866	
El Dorado		76,336	92,787	
Stanislaus		61,173	91,749	
Yolo		97,379	118,370	Inland Avg
2019 Average Annual Salary Range		82,577	108,180	100,693

Clerk Comparisons 2018-19 Base Salary	Base Salary	Clerk Annual Base Salary	Range-Step 1	Range-Top	
Comparison Counties					
Coastal					
Monterey		84,136	56,805	84,136	
Santa Barbara		60,000		60,000	
Santa Cruz		70,459		70,459	Coastal Avg.
Ventura		82,000	54,100	82,000	74,149
Inland					
Butte		58,298	43,137	58,298	
Kern		57,165	48,693	57,165	
Napa		55,659	44,821	55,659	
Placer		66,816		66,816	
San Joaquin		57,609	40,521	57,609	
Yolo		57,573		57,573	Inland Avg.
2019 Average Annual Salary Range		59,214	48,013	64,972	58,853