



San Luis Obispo Local Agency Formation Commission

TO: MEMBERS OF THE COMMISSION

FROM: ROB FITZROY, EXECUTIVE OFFICER

DATE: MAY 21, 2026

SUBJECT: CONSIDERATION OF THE FINAL FISCAL YEAR 2026-2027 BUDGET AND WORK PLAN

RECOMMENDATION

Action: Adopt a Resolution approving the Final Fiscal Year 2026-2027 Budget and Work Plan (Attachment A), direct the Executive Officer to distribute the Final Budget and Work Plan to contributing agencies per the government code, and direct the Executive Officer to execute the agreement with the County Auditor for financial services (Attachment B).

SUMMARY

On April 16, 2026, the Commission held a duly noticed hearing for the Proposed Fiscal Year 2026-2027 (FY 26-27) Budget and Work Plan. A comprehensive staff report and presentation were provided, and a hearing was conducted as required by law. The Commission unanimously approved the Proposed FY 26-27 Budget and Work Plan as recommended by staff. The Proposed Budget and Work Plan were transmitted to all contributing agencies. As of the date of publication of this staff report, no comments have been received. For the full report of the FY 26-27 Budget and Work Plan, please refer to the previously prepared April 16, 2026 staff report, available at slo.lafco.ca.gov. Today's hearing is to consider the adoption, by resolution, of the Final FY 26-27 Budget and Work Plan.

ATTACHMENTS

Attachment A: LAFCO Resolution Adopting the Final Fiscal Year 2026-2027 Budget and Work Plan

Exhibit A: Final Budget and Work Plan

Attachment B: County Auditor Contract

COMMISSIONERS

Chairperson
HEATHER MORENO
County Member

Vice-Chair
DAVID WATSON
Public Member

DAWN ORTIZ-LEGG
County Member

ED WAAGE
City Member

STEVE GREGORY
City Member

ED EBY
Special District Member

NAVID FARDANESH
Special District Member

ALTERNATES

BRUCE GIBSON
County Member

CARLA WIXOM
City Member

VACANT
Special District Member

MICHAEL DRAZE
Public Member

STAFF

ROB FITZROY
Executive Officer

IMELDA MARQUEZ-VAWTER
Senior Analyst

MORGAN BING
Analyst

MELISSA MORRIS
Commission Clerk

HOLLY WHATLEY
Legal Counsel

Attachment A

LAFCO Resolution
Adopting the Final
Fiscal Year 2026-2027
Budget and Work Plan

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

Thursday, May 21, 2026

RESOLUTION NO. 2026-XX

RESOLUTION ADOPTING THE FINAL FISCAL YEAR 2026-2027 BUDGET AND WORK PLAN

The following Resolution is now offered:

RECITALS

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, 2026, and May 21, 2026, staff reports were prepared, and the hearing was conducted as required by law, and the LAFCO Fiscal Year 2026-2027 Budget and Work Plan was considered; and

WHEREAS, at said hearing, this Commission heard and received any 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 the budget and work plan; and

WHEREAS, the Commission considered and approved the Fiscal Year 2026-2027 Proposed Budget and Work Plan at the April 16, 2026, meeting as recommended by staff and approved the Final Fiscal Year 2026-2027 Budget and Work Plan on May 21, 2026, as recommended by staff;

WHEREAS, the San Luis Obispo Local Agency Formation Commission finds that it can accomplish its legislative purpose and adopted work plan with the final budget as required by the Cortese-Knox-Hertzberg Act by Section 56381(a); and

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 and are hereby incorporated by this reference.
2. That pursuant to Government Code Section 56381(a), the Commission hereby adopts a Final Budget and Work Plan for Fiscal Year 2026-2027 as shown in Exhibit A attached hereto. The amount charged to the Cities, Special Districts, and the County, after deducting fees from applications and using of fund balance available, is in Exhibit A attached hereto. This amount will be charged to contributing agencies based on the formula and procedure contained in the Government Code and as implemented by the County Auditor-Controller's office.

Exhibit A

Final Budget and Work Plan



Final FY 26-27 Budget and Work Plan

May 21, 2026

TABLE OF CONTENTS

About us _____ 3

Commissioners _____ 3

Alternates _____ 3

Staff _____ 3

Introduction _____ 4

Mission _____ 4

Goals _____ 4

Priorities _____ 4

Work plan _____ 5

Budget _____ 6

ABOUT US

Commissioners

Chair: Heather Moreno, County Member

Vice Chair: Dave Watson, Public Member

Dawn Ortiz-Legg, County Member

Ed Waage, City Member

Steve Gregory, City Member

Ed Eby, Special District Member

Navid Fardanesh, Special District Member

Alternates

Bruce Gibson, County Member

Carla Wixom, City Member

Vacant, Special District Member

Michael Draze, Public Member

Staff

Rob Fitzroy, Executive Officer

Imelda Marquez-Vawter, Senior Analyst

Morgan Bing, Analyst

Melissa Morris, Commission Clerk

Holly Whatley, Legal Counsel

Introduction

This document represents the Fiscal Year 2026-2027 Budget and Work Plan for the San Luis Obispo Location Agency Formation Commission.

Mission

Our mission is to serve 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 upon local conditions and circumstances.

Goals

LAFCO's goals are to:

- Serve the Commission, Cities, Districts, the County, and the public by providing accurate, objective, clear, and well-organized information for decision making purposes
- Process proposal applications efficiently; consistent with the Cortese-Knox-Hertzberg Act, Local Policies and Procedures, CEQA and other applicable state laws
- Prepare Sphere of Influence/Municipal Service Review updates as necessary, while working on applications and other work efforts simultaneously
- Provide the Commission with regular status reports regarding upcoming proposals, Sphere of Influence Updates, Legislative Activities, and the Budget
- Participate in CALAFCO events to improve Commission and Staff expertise
- Inform the Commission and Public regarding various local governance issues and processes by providing regular status reports and study sessions
- Monitor the new legislation that may affect LAFCO

Priorities

Our workload prioritization is as follows:

1. Process proposal applications as mandated by statute and conduct critical operations necessary for organization to function.
2. Prepare Municipal Service Reviews every five years, as mandated by statute, based on the date a Municipal Service Review was last updated.
3. Execute special work efforts as directed by the Commission.

WORK PLAN

Project	Latest MSR Adopted	MSR Update Due Date	Status
Application Processing	N/A	N/A	Ongoing, Highest Priority
Commission Initiatives	N/A	NA	No Active Initiatives
San Simeon CSD MSR and SOI Study	Aug-14	Aug-19	On Hold - Pending Dissolution
Garden Farms Community Water District MSR and SOI Study	Nov-14	Nov-19	In Progress, ETA May 2026
Port San Luis Harbor District MSR and SOI Study	Nov-14	Nov-19	In Progress, ETA May 2026
Ground Squirrel Hollow CSD MSR and SOI Study	Oct-15	Oct-20	In Progress, ETA July 2026
Linne CSD MSR and SOI Study	Oct-15	Oct-20	In Progress, ETA Summer 2026
Squire Canyon CSD MSR and SOI Study	Oct-15	Oct-20	In Progress, ETA Summer 2026
City of San Luis Obispo MSR and SOI Study	Oct-16	Oct-21	In Progress, ETA 2027
Cayucos Sanitary District MSR and SOI Study	Jan-15	Jan-20	In Progress, ETA 2027
City of Morro Bay MSR and SOI Study	Aug-17	Aug-22	Initiate 2026, ETA 2027
County Service Areas			
County Service Area 1 - and Nipomo Lighting District MSR and SOI Study	Aug-17	Aug-22	Initiate 2026, ETA 2028
County Service Area 7 - Oak Shores MSR and SOI Study	Aug-17	Aug-22	Initiate 2026, ETA 2028
County Service Area 9 - Los Osos MSR and SOI Study	Aug-17	Aug-22	Initiate 2026, ETA 2028
County Service Area 10 - Cayucos MSR and SOI Study	Aug-17	Aug-22	Initiate 2026, ETA 2028
County Service Area 12 - Lopez Water MSR and SOI Study	Aug-17	Aug-22	Initiate 2026, ETA 2028
County Service Area 16 - Shandon MSR and SOI Study	Aug-17	Aug-22	Initiate 2026, ETA 2028
County Service Area 18 - SLO Country Club MSR and SOI Study	Aug-17	Aug-22	Initiate 2026, ETA 2028
County Service Area 21 - Countywide Roads MSR and SOI Study	Aug-17	Aug-22	Initiate 2026, ETA 2028
County Service Area 22 - Airport Area MSR and SOI Study	Aug-17	Aug-22	Initiate 2026, ETA 2028
County Service Area 23 - Santa Margarita MSR and SOI Study	Aug-17	Aug-22	Initiate 2026, ETA 2028
Cemetery Districts			
Adelaida Cemetery District MSR	Mar-18	Mar-23	Initiate 2027, ETA 2028
Arroyo Grande Cemetery District MSR	Mar-18	Mar-23	Initiate 2027, ETA 2028
Atascadero Cemetery District MSR	Mar-18	Mar-23	Initiate 2027, ETA 2028
Cambria Cemetery District MSR	Mar-18	Mar-23	Initiate 2027, ETA 2028
Cayucos-Morro Bay Cemetery District MSR and SOI Study	Mar-18	Mar-23	Initiate 2027, ETA 2028
Pleasant Valley Estrella Cemetery District MSR and SOI Study	Mar-18	Mar-23	Initiate 2027, ETA 2028
Paso Robles Cemetery District MSR and SOI Study	Mar-18	Mar-23	Initiate 2027, ETA 2028
San Miguel Cemetery District MSR and SOI Study	Mar-18	Mar-23	Initiate 2027, ETA 2028
Santa Margarita Cemetery District MSR and SOI Study	Mar-18	Mar-23	Initiate 2027, ETA 2028
Shandon Cemetery District MSR and SOI Study	Mar-18	Mar-23	Initiate 2027, ETA 2028
Templeton Cemetery District MSR and SOI Study	Mar-18	Mar-23	Initiate 2027, ETA 2028
Nipomo CSD MSR and SOI Study	Mar-18	Mar-23	Initiate 2027, ETA 2027
City of Pismo Beach MSR and SOI Study	Sep-19	Sep-24	Initiate 2027, ETA 2028
City of Atascadero MSR and SOI Study	Nov-19	Nov-24	Initiate 2027, ETA 2028
City of Arroyo Grande MSR and SOI Study	Jul-20	Jul-25	Initiate 2028, ETA 2028
City of Grover Beach MSR and SOI Study	Jul-20	Jul-25	Initiate 2028, ETA 2028
South San Luis Obispo County Sanitation District MSR and SOI Study	Jul-20	Jul-25	Initiate 2028, ETA 2028
Oceano CSD MSR and SOI Study	Jul-20	Jul-25	Initiate 2028, ETA 2028
Heritage Ranch CSD MSR and SOI Study	Apr-23	Apr-28	Up to Date
Templeton CSD MSR and SOI Study	Aug-23	Aug-28	Up to Date
San Miguel CSD MSR and SOI Study	Oct-23	Oct-28	Up to Date
Avila Beach CSD MSR and SOI Study	Jan-24	Jan-29	Up to Date
Cambria CSD MSR and SOI Study	Jan-24	Jan-29	Up to Date
Cambria Community Healthcare District MSR and SOI Study	May-24	May-29	Up to Date
Santa Margarita Fire Protection District MSR and SOI Study	Jul-25	Jul-30	Up to Date
Coastal San Luis Resource Conservation District MSR and SOI Study	Jul-25	Jul-30	Up to Date
Los Osos CSD MSR and SOI Study	Sep-25	Sep-30	Up to Date
Shandon - San Juan Water District MSR and SOI Study	Dec-25	Dec-30	Up to Date
Estrella -El Pomar - Creston Water District MSR and SOI Study	Jan-26	Jan-31	Up to Date
City of Paso Robles MSR and SOI Study	Jan-26	Jan-31	Up to Date
Upper Salinas - Las Tablas Resource Conservation District MSR and SOI Study	Feb-26	Feb-31	Up to Date
Independence Ranch CSD MSR and SOI Study	Mar-26	Mar-31	Up to Date
Cal Valley CSD MSR and SOI Study	Apr-26	Apr-31	Up to Date

SLO LAFCO
FY 26-27 Budget & Work Plan

BUDGET

	Adopted FY 25-26	Projected Year End FY 25-26	Proposed FY 26-27	Increase / Decrease From FY 25-26
Expenditures Summary	\$877,831	\$858,207	\$924,005	5%
Revenues Summary	\$877,831	\$858,207	\$924,005	5%
<i>Services and Supplies Expenditure Details</i>				
Vehicle Stipend	\$5,400	\$5,400	\$5,400	0%
Vehicle Rental	\$500	\$689	\$750	50%
Computer Software	\$2,000	\$1,000	\$3,000	50%
Copying-Printing	\$300	\$300	\$300	0%
Commission Meeting Expenses	\$600	\$745	\$750	25%
LAFCO Insurance Policies	\$22,000	\$16,687	\$22,000	0%
IT Support	\$850	\$850	\$850	0%
Maintenance-Equipment	\$500	\$300	\$500	0%
Maintenance-Software	\$500	\$576	\$500	0%
CALAFCO/ SDRMA / Other Memberships	\$9,000	\$7,776	\$9,000	0%
Employee Mileage Reimbursement	\$200	\$200	\$200	0%
Commissioner Mileage Reimbursement	\$1,500	\$1,500	\$1,500	0%
Office Supplies	\$3,000	\$3,500	\$3,000	0%
Custodial Services	\$1,800	\$1,800	\$1,800	0%
County Auditor Services	\$10,500	\$10,215	\$10,800	3%
Legal Counsel	\$38,000	\$32,000	\$32,000	-16%
Postage	\$1,000	\$2,000	\$2,000	100%
General / Commissioner Stipends	\$17,000	\$11,000	\$17,000	0%
Publication & Legal Notices	\$1,000	\$1,000	\$1,000	0%
Training	\$6,000	\$5,040	\$8,000	33%
Office Lease	\$42,000	\$42,000	\$42,000	0%
Large Equipment	\$3,000	\$2,000	\$3,000	0%
Small Equipment	\$1,000	\$1,000	\$1,000	0%
Telephone / Internet	\$3,000	\$3,000	\$3,000	0%
Travel Expenses	\$3,000	\$3,000	\$3,000	0%
<i>Services/ Supplies Subtotal</i>	<i>\$173,650</i>	<i>\$153,578</i>	<i>\$172,350</i>	<i>-1%</i>
<i>Salary, Benefits, and Taxes Expenditures</i>				
Salaries	\$427,610	\$427,610	\$450,080	5%
Federal Taxes - FICA Social Security	\$26,509	\$26,509	\$27,905	5%
Federal Taxes - Medicare	\$6,200	\$6,200	\$6,526	5%
SDI/SDU	\$0	\$448	\$500	100%
SLOCPT Pension Rate	\$145,904	\$145,904	\$158,722	9%
SLOCPT Pension Obligation Bond	\$18,358	\$18,358	\$19,439	6%
Health Insurance	\$69,600	\$69,600	\$78,483	13%
Deferred Compensation	\$10,000	\$10,000	\$10,000	0%
<i>Salary, Benefits and Taxes Subtotal</i>	<i>\$704,181</i>	<i>\$704,629</i>	<i>\$751,655</i>	<i>7%</i>
Total Expenditures	\$877,831	\$858,207	\$924,005	5%
<i>Revenues</i>				
Interest Earned	\$9,000	\$20,000	\$20,000	122%
Environmental Review Fees	\$3,000	\$1,000	\$3,000	0%
Sphere of Influence Fees	\$3,000	\$0	\$3,000	0%
Application Processing Fees	\$24,000	\$12,015	\$24,000	0%
Other Revenue (Transfer of Reserves)	\$50,000	\$36,360	\$0	-100%
<i>Agency Contributions</i>				
Cities	\$262,944	\$262,944	\$291,335	11%
County	\$262,944	\$262,944	\$291,335	11%
Special Districts	\$262,944	\$262,944	\$291,335	11%
Total Revenue	\$877,831	\$858,207	\$924,005	5%
Reserves Fund Balance	\$254,363	\$218,003	\$218,003	-14%

Attachment B

County Auditor
Contract



April 1, 2026

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 2026-2027 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. The County is currently planning to implement a new Enterprise Resource Planning (ERP) system, with a targeted go-live date of April 2027. The County will make reasonable efforts to ensure continuity of service throughout this transition.
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. **ERP System Transition Support** – as part of the County's planned ERP system implementation, the county will migrate applicable financial data from the current system to the new system. The County agrees to validate, reconcile, and test to support accuracy and completeness of migrated information. During this transition period, there may be changes to processes, workflows, submission procedures, and new reporting formats. The County will provide guidance and reasonable training resources to support this transition. Following implementation, the County will provide a reasonable stabilization period to assist with system-related questions and issue resolution.
5. **Term** - Our services and responsibility end on June 30, 2027.

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.

In addition, you agree to (1) ensure appropriate staff participate in ERP-related training, (2) comply with updated processes and internal controls associated with the new system, and (3) designate authorized users for system access and promptly communicate any changes to such designations.

Annual Cost and Billing

The annual cost for the services identified above is \$10,542. The cost increase over the prior year is attributed to a change in the Consumer Price Index (CPI-U) of 3.2%, based on the Los Angeles-Long Beach-Anaheim region and using July as a base month. 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 _____