



San Luis Obispo Local Agency Formation Commission

TO: MEMBERS OF THE COMMISSION

FROM: ROB FITZROY, EXECUTIVE OFFICER

DATE: MAY 18, 2023

SUBJECT: FINAL FISCAL YEAR 2023-2024 BUDGET AND WORK PLAN

RECOMMENDATION

Action 1: Approve, by resolution, the Final Fiscal Year 23-24 Budget and Work Plan (Attachment A).

Action 2: Direct the Executive Officer, by motion, to distribute the Final Budget and Work Plan to contributing agencies per the Cortese, Knox, Hertzberg Act.

Action 3: Direct the Executive Officer, by motion, to execute the agreement with the County Auditor for financial services (Attachment B).

SUMMARY

On April 20, 2023, the Commission held a duly noticed hearing for the Proposed Fiscal Year 23-24 (FY 23-24) Budget and Work Plan. A comprehensive staff report and presentation was provided, and a hearing was conducted as required by law. The Commission unanimously approved the Proposed FY 23-24 Budget and Work Plan as recommended by staff. The Proposed Budget and Work Plan was transmitted to all contributing agencies. As of the date of publication of this staff report, no comments were received from any contributing agencies. For full report of the FY 22-23 Budget and Work Plan, please refer to the previously prepared April 20, 2022, staff report, available at slo.lafco.ca.gov. Today's hearing is to consider adoption, by resolution, of the Final FY 23-24 Budget and Work Plan.

Attachment A: Resolution Approving Fiscal Year 23-24 Budget & Work Plan

Exhibit A: Final FY 23-24 Budget & Work Plan

Attachment B: County Auditor Agreement

COMMISSIONERS

Chair

DEBBIE ARNOLD
County Member

JIMMY PAULDING
County Member

MARSHALL OCHYLSKI
Special District Member

ROBERT ENNS
Special District Member

ED WAAGE
City Member

STEVE GREGORY
City Member

HEATHER JENSEN
Public Member

ALTERNATES

DAWN ORTIZ-LEGG
County Member

ED EBY
Special District Member

CHARLES BOURBEAU
City Member

David Watson
Public Member

STAFF

ROB FITZROY
Executive Officer

IMELDA MARQUEZ-VAWTER
Analyst

MORGAN BING
Clerk Analyst

BRIAN A. PIERIK
Legal Counsel

Attachment A

Resolution Approving
Fiscal Year 23-24 Budget
& Workplan

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

Date: May 18, 2023

RESOLUTION NO. 2023-___

**RESOLUTION ADOPTING THE FINAL FISCAL YEAR 2023-2024
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 20, 2023, and May 18, 2023, staff reports were prepared, and the hearing was conducted as required by law, and the LAFCO Fiscal Year 2023-2024 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 said proposed budget and work plan; and

WHEREAS, the Commission considered and approved the Fiscal Year 2023-2024 Proposed Budget and Work Plan at the April 20, 2023, meeting as recommended by staff and approved the Final Fiscal Year 2023-2024 Budget and Work Plan on May 18, 2023, 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 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 Cortese-Knox-Hertzberg Act Section 56381(a), the Commission hereby adopts a Final Budget and Work Plan for Fiscal Year 2023-2024 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 also found in Exhibit A attached hereto. This amount will be charged to contributing 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 Commission finds that it can accomplish its legislative purpose and adopted work plan with the adopted budget as required by Cortese-Knox-Hertzberg Act Section 56381(a).
4. That the Executive Officer of this Commission is hereby authorized to transmit the Fiscal Year 2023-2024 Budget and Work Plan in the manner required by law.

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

AYES:

NAYS:

ABSENT:

ABSTAIN:

Debbie Arnold, Chairperson Date
Local Agency Formation Commission

ATTEST:

Rob Fitzroy Date
LAFCO Executive Officer

APPROVED AS TO FORM AND LEGAL EFFECT:

Brian Pierik Date

LAFCO Legal Counsel

DRAFT

Exhibit A



FINAL FY 23-24 Budget and Work Plan

The San Luis Obispo Local Agency Formation Commission's public budget hearings are scheduled for April 20, 2023, and May 18, 2023, as required by government code section 56381.

Approved _____, 2023

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: Ed Waage, City Member

Vice Chair: Debbie Arnold, County Member

Jimmy Paulding, County Member

Marshall Ochylski, Special District Member

Robert Enns, Special District Member

Steve Gregory, City Member

Heather Jensen, Public Member

Alternates

Charles Bourbeau, City Member

Dawn Ortiz-Legg, County Member

Ed Eby, Special District Member

David Watson, Public Member

Staff

Rob Fitzroy, Executive Officer

Imelda Marquez-Vawter, Analyst

Morgan Bing, Clerk Analyst

Brian Pierik, Legal Counsel

Introduction

This document represents the Fiscal Year 2023-2024 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	<i>Financial Audit - ETA 2024</i>
City of Paso Robles MSR	Feb-13	Feb-18	Initiated, ETA 2023
Templeton Community Services District (CSD) MSR	Nov-13	Nov-18	Initiated, ETA 2023
San Miguel CSD MSR	Nov-13	Nov-18	Initiated, ETA 2023
Avila Beach CSD MSR	Aug-23	Aug-19	Initiate 2023, ETA 2024
Cambria CSD MSR	Aug-14	Aug-19	Initiate 2023, ETA 2024
Los Osos CSD MSR	Aug-14	Aug-19	Initiate 2023, ETA 2024
San Simeon CSD MSR	Aug-14	Aug-19	Initiate 2023, ETA 2024
Cambria Healthcare District MSR	Aug-14	Aug-19	Initiate 2023, ETA 2024
Coastal San Luis Resource Conservation District (RCD) MSR	Nov-14	Nov-19	Initiate 2024, ETA 2024
Upper Salinas/Las Tablas RCD MSR	Nov-14	Nov-19	Initiate 2024, ETA 2024
Santa Margarita Fire District	Nov-14	Nov-19	Initiate 2024, ETA 2024
Garden Farms Water District	Nov-14	Nov-19	Initiate 2024, ETA 2024
Port San Luis Harbor District	Nov-14	Nov-19	Initiate 2024, ETA 2024
Cayucos Sanitary District	Jan-15	Jan-20	Initiate 2024, ETA 2025
Cal Valley CSD MSR	Dec-15	Dec-20	Initiate 2024, ETA 2025
Independence Ranch CSD MSR	Dec-15	Dec-20	Initiate 2024, ETA 2025
Linne CSD MSR	Dec-15	Dec-20	Initiate 2024, ETA 2025
Squire Canyon CSD MSR	Dec-15	Dec-20	Initiate 2024, ETA 2025
Ground Squirrel Hollow CSD MSR	Dec-15	Dec-20	Initiate 2024, ETA 2025
City of San Luis Obispo MSR	Oct-16	Oct-21	Initiate 2025, ETA 2025
Shandon-San Juan Water District MSR	Oct-16	Oct-21	Initiate 2025, ETA 2025
City of Morro Bay MSR	Mar-17	Mar-22	Initiate 2025, ETA 2025
Estrella-El Pomar-Creston Water District MSR	Apr-17	Apr-22	Up to Date
County Service Area 1 - and Nipomo Lighting District MSR	Aug-17	Aug-22	Up to Date
County Service Area 7 - Oak Shore MSR	Aug-17	Aug-22	Up to Date
County Service Area 9 - Los Osos MSR	Aug-17	Aug-22	Up to Date
County Service Area 10 - Cayucos MSR	Aug-17	Aug-22	Up to Date
County Service Area 12 - Lopez Water MSR	Aug-17	Aug-22	Up to Date
County Service Area 16 - Shandon MSR	Aug-17	Aug-22	Up to Date
County Service Area 18 - SLO Country Club MSR	Aug-17	Aug-22	Up to Date
County Service Area 21 - Countywide Roads MSR	Aug-17	Aug-22	Up to Date
County Service Area 22 - Airport Area MSR	Aug-17	Aug-22	Up to Date
County Service Area 23 - Santa Margarita MSR	Aug-17	Aug-22	Up to Date
Adelaida Cemetery District MSR	Mar-18	Mar-23	Up to Date
Arroyo Grande Cemetery District MSR	Mar-18	Mar-23	Up to Date
Atascadero Cemetery District MSR	Mar-18	Mar-23	Up to Date
Cambria Cemetery District MSR	Mar-18	Mar-23	Up to Date
Cayucos-Morro Cemetery District MSR	Mar-18	Mar-23	Up to Date
Pleasant Valley Cemetery District MSR	Mar-18	Mar-23	Up to Date
Paso Robles Cemetery District MSR	Mar-18	Mar-23	Up to Date
San Miguel Cemetery District MSR	Mar-18	Mar-23	Up to Date
Santa Margarita Cemetery District MSR	Mar-18	Mar-23	Up to Date
Shandon Cemetery District MSR	Mar-18	Mar-23	Up to Date
Templeton Cemetery District MSR	Mar-18	Mar-23	Up to Date
Nipomo CSD MSR	May-18	May-23	Up to Date
City of Pismo Beach MSR	Sep-19	Sep-24	Up to Date
City of Atascadero MSR	Nov-19	Nov-24	Up to Date
City of Arroyo Grande MSR	Jul-20	Jul-25	Up to Date
Heritage Ranch CSD MSR	May-23	May-28	Up to Date

SLO LAFCO
FY 23-24 Budget & Work Plan

BUDGET

	Adopted FY 22-23	Projected FY 22-23 Year End	Proposed FY 23-24	Increase / Decrease From FY 22-23
Regular Ongoing Expenditures Summary	\$649,615	\$619,244	\$686,653	6%
One Time Expenditure for Financial Audit	NA	NA	\$25,000	NA
Total Expenditures with One Time Audit Expense	NA	NA	\$711,653	10%
Revenues Summary	\$649,615	\$620,405	\$711,653	10%
Services and Supplies Expenditure Details				
Computer Software	\$500	\$200	\$500	0%
Copying-Printing	\$300	\$280	\$300	0%
Meals	\$600	\$446	\$600	0%
LAFCO Insurance Policies	\$17,500	\$16,539	\$20,000	14%
Maintenance-Equipment	\$30	\$55	\$30	0%
Maintenance-Software	\$50	\$50	\$50	0%
CALAFCO/ SDRMA / Other Memberships	\$8,800	\$6,722	\$8,800	0%
Employee Mileage Reimbursement	\$200	\$0	\$200	0%
Commissioner Mileage Reimbursement	\$1,500	\$1,000	\$1,500	0%
Office Supplies	\$2,500	\$1,500	\$2,500	0%
Custodial Services	\$1,800	\$1,800	\$1,800	0%
County Auditor Services	\$8,931	\$8,931	\$9,619	8%
Legal Counsel	\$31,200	\$31,200	\$32,400	4%
Postage	\$1,000	\$800	\$1,000	0%
General Services/ Commissioner Stipends (Includes one time expenditure of \$25,000 for Audit)	\$12,000	\$6,618	\$39,000	225%
Publication & Legal Notices	\$1,000	\$700	\$1,000	0%
Training	\$5,000	\$2,000	\$5,000	0%
Office Lease	\$37,000	\$37,000	\$42,000	14%
Large Equipment	\$1,500	\$1,400	\$1,500	0%
Small Equipment	\$400	\$0	\$400	0%
Telephone / Internet	\$3,000	\$3,000	\$3,000	0%
Travel Expenses	\$2,500	\$1,500	\$2,500	0%
Utilities	\$4,700	\$4,700	\$0	-100%
Board Chambers - IT Support	\$850	\$0	\$850	0%
Vehicle Allowance	\$5,400	\$5,400	\$5,400	0%
Vehicle Rental	\$500	\$500	\$500	0%
Ongoing Services / Supplies Subtotal w/o Audit	\$148,761	\$132,341	\$155,449	4%
Services/ Supplies Subtotal with One Time Audit	\$148,761	\$132,341	\$180,449	21%
Salary, Benefits and Taxes Expenditures				
Salaries	\$315,000	\$302,040	\$326,000	3%
Taxes - FICA SS Employer Match	\$19,530	\$18,726	\$20,212	3%
Taxes - Medicare Employer Match	\$4,568	\$4,380	\$4,727	3%
Pension Rate	\$88,698	\$88,698	\$102,882	16%
Pension Obligation Bond	\$16,558	\$16,558	\$17,882	8%
SDI/SUI Employer Contribution	\$1,500	\$1,500	\$1,500	0%
Health Insurance	\$45,000	\$45,000	\$48,000	7%
Deferred Compensation	\$10,000	\$10,000	\$10,000	0%
Salary, Benefits and Taxes Subtotal	\$500,854	\$486,903	\$531,204	6%
Total Expenditures w/o Audit Expenses	\$649,615	\$619,244	\$686,653	6%
Total Expenditures with Audit Expenses	\$649,615	\$619,244	\$711,653	10%
Revenue Details				
Interest Earned	\$4,000	\$3,818	\$4,000	0%
Environmental Review Fees	\$3,000	\$3,000	\$3,000	0%
Sphere of Influence Fees	\$2,000	\$5,000	\$2,000	0%
Application Processing Fees	\$19,000	\$21,972	\$23,000	21%
Other Revenue (Transfer of Reserves)	\$35,000	\$0	\$60,000	71%
Agency Contributions				
Cities	\$195,538	\$195,538	\$206,551	6%
County	\$195,538	\$195,538	\$206,551	6%
Special Districts	\$195,538	\$195,538	\$206,551	6%
Total Revenue	\$649,615	\$620,405	\$711,653	10%
Reserves Fund Balance	\$301,201	\$301,201	\$241,201	-20%

Attachment B

County Auditor Agreement



April 1, 2023

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 2023-2024 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, 2024.

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 \$9,619. The cost increase over the prior year is attributed to a change in the Consumer Price Index (CPI-U) of 7.7%, based on the Los Angeles-Riverside-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 _____