



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

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TO: MEMBERS, FORMATION COMMISSION

FROM: DAVID CHURCH, AICP, EXECUTIVE OFFICER 

DATE: JULY 21, 2011

SUBJECT: YEAR-END BUDGET STATUS REPORT FOR FISCAL YEAR 2010-2011

Recommendation. It is respectfully recommended that the Commission review and file this budget report.

Summary. The LAFCO operating budget is comprised of three components: salaries/benefits, services/supplies, and fund balance /reserves. The budget is based on "bottom-line" management principal which allows for variation within line item accounts as long as the overall balance remains positive. Funds may not be drawn from the contingency/reserve without Commission approval.

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. LAFCO also receives revenue through application fees and interest earnings.

The County Auditor's Office provides LAFCO with claims processing and tracking services. Bills and invoices are paid through the Auditor's Office as submitted by LAFCO staff and reviewed by the Executive Officer. The County's financial tracking system assists us in monitoring the budget and compiling budget report data.

Attached is the Final Budget Report for Fiscal Year 2010-11 and a list of accomplishments for the fiscal year. Overall expenditures are at 96% with 100% of the fiscal year complete. Salaries and benefits are 98% expended and services and supplies are at 88% expended. A fund balance of \$15,476 will be transferred into reserves. This fiscal year the goal has been to carefully managed the budget while still being able to complete the LAFCO services at a high level of quality. This year's savings are particularly evident in the services and supplies categories.

We have limited travel to only the CALAFCO Annual Conference and Staff Workshop. The adopted FY 11-12 budget reduces expenditures further in these categories.

Revenues. The charges to agencies were received at 100%, with all agencies having paid their share of the LAFCO budget. Total revenues realized for the year were at 99% of the budgeted amount. The total revenues from application processing fees came in at 79% - \$13,060. This is a \$3,440 shortfall in overall projected revenues from processing fees. This was covered by the \$18,917 of overall savings realized in the Budget. In terms of detail, proposal processing fees had a surplus of \$1,100. Fees for CEQA work were on target at \$2,000. The Interest earned line was budgeted for \$2,500 and only \$910 of interest was earned for the year. Also fees to process SOI amendments were budgeted for \$2,000 and no SOI amendments were processed in the fiscal year.

Reserves/Fund Balance. The Fund Balance at the end of this fiscal year is \$15,476. This brings the total for fund balance and reserves to \$106,311. Next year's budget included a \$8,000 transfer from reserves to offset costs and slightly reduce the share paid by the jurisdictions. This brings Reserves to \$98,311 or 21% of fiscal year 2011-12. It is important to note that several applications remain on-hold and have fees on deposit. The proponents have been notified regarding the applications.

Services and Supplies. Overall expenses for services and supplies were at 88% of the budgeted amount. Several line items realized savings at the year's end including: Office Supplies, Commissioners-Consultant Expense, Rent, Employee and Commissioner Mileage, Airfare/Public Transportation, Accommodations, Travel, Utilities, Car Rentals, Postage, Copying, Phones, and Insurance. Several expenses were delayed until later in the 10/11 fiscal year to ensure that adequate funds would be available within the bottom-line of the services and supplies budget. Purchasing a new version of GIS software (\$1,700) that brings LAFCO from version 3.1 up to version 10.1 was needed to keep LAFCO's mapping capabilities current and technically appropriate. This accounts for the increase in the computer software line item. Also, the Laser jet printer that was 10+ years old and not working efficiently was replaced.

Salaries were at 99% expended at the end of the Fiscal Year. A part of this balance included \$1,088.59 of salaries in balance because the SDI payment to the EO was eliminated at the beginning of this fiscal year. Benefits and taxes were expended at 98% of budget. The deferred compensation match for the EO was at 67% creating a \$3,600 savings in Salaries and Benefits.

Overall, LAFCO completes the fiscal year in good financial condition while continuing to provide a high level of service. Thank you to our dedicated Staff (Mike and Donna) for their diligent efforts and hard work this year.

Fiscal Year 2010-11 LAFCO Budget Status Report Year End

Fiscal year ending June 30, 2011

EXPENDITURES SUMMARY	Adopted 10-11	Final Year End	Year End Balance	% Expended
Salaries	196,707	195,618	1,089	99%
Benefits & Payroll Taxes	145,371	141,303	4,068	97%
Services and Supplies	115,613	101,853	13,760	88%
Total Expenses	457,691	438,774	18,917	96%

EXPENDITURES DETAIL	Adopted 10-11	Final Year End	Year End Balance	% Expended
Salaries and Benefits				
Salaries	196,707	195,618	1,089	99%
Benefits & Payroll Taxes	145,371	141,303	4,068	97%
Subtotal Salaries & Benefits	342,078	336,921	5,157	98%

Services and Supplies	Adopted 10-11	Final Year End	Year End Balance	% Expended
Food	1,000	834	166	83%
Maintenance - Equipment	500	783	-283	157%
Maintenance - Software	400	0	400	0%
CALAFCO/Other Memberships	3,750	3,981	-231	106%
Office Supplies	2,700	2,299	401	85%
Commissioner/Consultant Exp	10,000	6,873	3,127	69%
Publication/Legal Notices	1,000	451	549	45%
Rent	38,500	36,677	1,823	95%
Small Equipment	250	0	250	0%
Large Equipment	500	544	-44	109%
Computer Software	250	1,998	-1,748	799%
Employee Mileage	700	308	392	44%
Commissioner Mileage	2,000	1,554	446	78%
Airfare/Public Transportation	1,000	0	1,000	0%
Accommodations/Travel	4,000	3,239	761	81%
Auto Allowance	5,400	5,400	0	100%
Training/Conf Registration	4,000	3,896	104	97%
Utilities	3,250	2,893	357	89%
Car/Vehicle Rentals	1,000	378	622	38%
Postage	1,500	1,050	450	70%
Custodian	910	780	130	86%
Copying	1,250	688	562	55%
ITD-SAP/Board Chambers	850	703	147	83%
Phones/Voice	1,450	1,142	308	79%
County Auditor	6,453	6,453	0	100%
Insurance-Liability-Workers Comp	8,000	5,178	2,822	65%
Legal Counsel/Other Co Billings	15,000	13,750	1,250	92%
Subtotal Services & Supplies	115,613	101,853	13,760	88%

Total Expenses	457,691	438,774	18,917	96%
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REVENUE DETAIL	Adopted 10-11	Realized Year End	Year End Balance	% Realized
Interest	2,500	910	-1,590	36%
Environmental Assessment Fees	2,000	2,000	0	100%
Sphere of Influence Fee	2,000	0	-2,000	0%
LAFCO Processing Fees	9,000	10,100	1,100	112%
Other Revenue	1,000	50	-950	5%
Sub-Total w/o Agency Charges	16,500	13,060	-3,440	79%
LAFCO Charges to Agencies	441,191	441,191	0	100%
Total Revenue	457,691	454,251	-3,440	99%

	Reserves FY 2010-11	Fund Balance FY 10-11	Transfer Reserves for FY 11-12	Fund Balance July 1, 2011	% Reserves FY 11-12
Reserves	90,835	15,476	-8,000	98,311	21%



San Luis Obispo Local Agency Formation Commission **ACCOMPLISHMENTS AND WORK ACTIVITIES** Fiscal Year 2010-2011

Introduction

During the last fiscal year San Luis Obispo LAFCO has evaluated a number of proposals and projects, prepared staff reports and comments, written Municipal Service Reviews, updated Spheres of Influence, participated in CALAFCO program activities, and worked on a number of other issues.

LAFCO Activities July 2010 – June 2011

Proposals and Activities

Los Ranchos. In July 2010, the Commission approved Sphere of Influence Amendment and Annexation No. 10 to County Service Area No. 18. This will allow two residential parcels to receive wastewater service once these are developed.

Orcutt Specific Plan. In April 2011, The Commission approved Annexation No. 79 to San Luis Obispo. The proposed annexation is approximately 231 acres with approximately 79 acres preserved in open space. The area is identified as an expansion area for the City in both the City and County General Plans.

Ground Squirrel Hollow. In June 2011, the Commission approved the Outside User Agreement between the Ground Squirrel Hollow Community Services District and the Lauridsen easement. The purpose of the OUA is to allow the District to provide road maintenance services to the site for the purposes of mitigating health and safety concerns regarding mail delivery from the United States Postal Service, providing for a safe school bus stop and emergency access to the community of Ground Squirrel Hollow.

Pearwood SOI Amendment and Annexation. Completed the Pearwood SOI Amendment and Annexation to the City of Arroyo Grande. The City complied with the Conditions of Approval and the annexation was submitted to the State Board of Equalization for processing.

SOI UPDATES/MSRs

Nipomo Community Services District. The Commission adopted the SOI/MSR in July 2010. The Sphere was reduced by 1000 acres in two areas; one at the northern end that is under Williamson Act contract, and a second at the southern end that is being used to grow strawberries. The NCS D, County, and San Luis Obispo LAFCO received the Government Leadership Award from CALAFCO for their work on the Memorandum of Agreement.

Cemetery Districts. The Commission adopted the SOI/MSR in November 2010. The Spheres for all eleven Public Cemetery Districts were unchanged. The MSR has been updated to evaluate the service capabilities for each district.

City of Pismo Beach. The Public Review Draft was released in May 2011 with the public review period closing on June 27, 2011. Numerous comments from the public and other agency have been received and are being reviewed. Seven Study Areas were evaluated and the recommendation is to maintain the existing SOI and add the Godfrey property. Several Status Reports and a Study Session have been prepared by LAFCO Staff. The Memorandum of Agreement between the City and County was significantly revised with both jurisdictions having approved the agreement.

City of Atascadero. The Public Review Draft of the Sphere of Influence Update and Municipal Service Review was released in July 2011. The recommendation is to maintain the existing SOI boundary. The Memorandum of Agreement has been revised and approved by the City and is scheduled to be considered by the County in August.

City of Paso Robles. The Administrative Draft of the Municipal Service Review has been reviewed by the City and the Public Review Draft is scheduled for release in August/September 2011. Six Study Areas are being evaluated in the Sphere of Influence Update. The Memorandum of Agreement is being revised.

OTHER ACTIVITIES

- Prepared and submitted comments regarding the Price Canyon Specific Plan EIR-Coordinated with the Public, City and other agencies
- Worked with City of Pismo Beach and Los Robles Del Mar representatives regarding future consideration of this annexation
- Completed the process of selecting the LAFCO Commission Special District Member and started the process of selecting the Alternate Special District Member
- Participated in the CALAFCO Annual Conference in October 2010 with SLO LAFCO being awarded the Leadership Award for the Nipomo CSD MOA and the

EO presenting the LAFCO 101 session. Part of the program committee for the 2011 Annual Conference.

- Mapping/GIS – Updated all maps using the latest GIS data, updated maps and information for the BAS Census Survey, coordinated with SLO/Calpoly regarding a history of SLO Annexations
- Prepared the Budget for Fiscal Year 2011/12
- Prepared LAFCO Quarterly and Year-end Budget Reports
- Reviewed and processed numerous claims and invoices associated with day to day operations. Processed bi-weekly payroll. Coordinated with the Auditors Office regarding the tracking of expenses and revenues
- Regularly updated the website with information
- Executive Officer presented SLO LAFCO's Memorandum of Agreement process at CALAFCO University "LAFCO as a Catalyst" course in Sacramento
- Participated in the CALAFCO Staff Workshop in April 2011 EO presented and worked with the Program Committee and coordinating sessions on Public Records and Ethics
- Responded to information requests regarding a variety of issues; forming Fire Protection Districts, merging Districts, election of LAFCO representatives, annexation process, outside user agreements, complaints about jurisdictional services and other questions about government.

LAFCO STAFF ACTIVITIES

In reviewing a proposal LAFCO staff often engages in an evaluation of the laws regarding a proposal including the Cortese-Knox-Hertzberg Act, the California Environmental Quality Act (CEQA), the Revenue and Tax Code of California, laws that govern special districts and municipalities, and other laws or codes that may address a particular proposal. LAFCO Staff undertakes several activities in completing this review:

- Initial review of the file and existing materials
- Research the applicable state and local codes and laws
- Analysis/Evaluation of the proposal and the various options
- Coordination with the applicant, interested parties, public, and other agencies
- Preparing various analyses and studies
- Contract with and manage consultants
- Writing/preparing reports or other documentation

- Prepare Staff Reports, recommendation, and presentation materials
- Agendize and provide public notice for the proposal
- Present information at LAFCO Public Hearing
- Complete follow-up tasks associated with the proposal

The following is a brief discussion of the activities and tasks that are associated with review and processing of a proposal:

Research is a systematic investigation designed to develop or contribute to an already existing information base. Activities which meet this definition constitute research for purposes of understanding the legal context of a proposal, the applicable LAFCO policies, and identifying information gaps that may exist. Research may also include the activity of finding answers to questions that are posed by the public or other interested parties. Key tasks include searching through the federal, state and local laws and codes that may be applicable, compiling relevant studies and information, internet searches, and summarizing the data.

Analysis is a systematic approach to problem solving with regard to a particular proposal. Complex problems are made simpler by separating them into more understandable elements. This involves the identification of purposes and facts, identification of defensible assumptions, and the formulation of conclusions or recommendations. Breaking an idea or problem down into its parts helps the Commissioners, the public and others to understand a proposal and its implications. Key tasks include: reading and study, critical thinking, alternatives analysis, and writing.

Coordination includes working with the proposal proponents, the public, government agencies and others. Key tasks include phone conferencing, meetings, issue identification, carefully listening to issues and concerns, and following up on questions and requests for information.

Writing a staff report is the culmination of the review process and involves compiling and summarizing the results. Staff reports often include analysis and evaluation of various issues and information regarding a proposal. The staff report may include several attachments that include the documentation associated with a proposal.