




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, AICP, EXECUTIVE OFFICER 
DATE: JANUARY 19, 2011
SUBJECT: SECOND QUARTER FY 2011-12 LAFCO BUDGET
STATUS REPORT-ANNUAL REPORT

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Summary. The LAFCO operating budget is comprised of the following components: salaries, benefits and payroll taxes, services and supplies, and reserves/fund balance. The budget is funded primarily by the County, Cities and Independent Special Districts, with each group paying an estimated 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, interest earnings and occasionally grants. The County Auditor's Office provides LAFCO with claims processing and financial tracking services. The County's financial tracking system assists us in monitoring the budget and compiling budget report data.

Attached is the Commission's Second Quarter Budget Report for the 2011-12 Fiscal Year. Also attached is LAFCO's annual report of accomplishments and activities in 2011 and work plan for 2012. Overall, second quarter expenditures are at 49% with 50% of the fiscal year complete. Salaries are 50% expended with benefits and payroll taxes being at 46%. Services and Supplies are at 52% expended.

Expenses. Expenditures for Salaries are on target with half of the fiscal year completed. Benefits and Payroll taxes are at 46% because the Executive Officer is only using half of the allowed deferred compensation benefit at this time. Also, Services and Supplies are at 52% because of one time expenditures for the County Auditors Office Services, the payment of CALAFCO Membership Dues, annual conference costs and Property Liability Insurance, which were paid in the first quarter.

Revenues. LAFCO has received 96% of the budgeted revenues. All of the charges to the funding agencies (100%) have been paid. Revenues from application processing fees are at 31%. A shortfall in application fees would be managed by 1) adjusting expenditures to the extent possible or 2) transferring reserves.

Reserves/Fund Balance. Reserves and Fund Balance are currently at \$106,476 or 23% of the budget. In this year's budget the Commission approved a transfer of reserves in the amount of \$8,000 which will bring the reserve to 21%. Also, LAFCO is working on a grant from the Strategic Growth Council through the Council of Governments. Revenues from that grant should be realized by the end of the year. The reserves are intended to be transferred from Reserves or Fund Balance in the fourth quarter.

Fiscal Year 2011-12 LAFCO Budget Status Report

Second Quarter Report

12/31/2011

EXPENDITURES SUMMARY	Adopted 11-12	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Salaries	203,345	101,586	203,345	101,759	50%
Benefits & Payroll Taxes	150,261	69,374	150,261	80,887	46%
Services and Supplies	111,413	58,089	111,413	53,324	52%
Total Expenses	465,019	229,049	465,019	235,970	49%

EXPENDITURES DETAIL	Adopted 11-12	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Salaries and Benefits					
Salaries	203,345	101,586	203,345	101,759	50%
Benefits & Payroll Taxes	150,261	69,374	150,261	80,887	46%
Subtotal Salaries & Benefits	353,606	170,960	353,606	182,646	48%

Services and Supplies	Adopted 11-12	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Food	1,000	338	1,000	662	34%
Maintenance - Equipment	500	455	500	45	91%
Maintenance - Software	400	0	400	400	0%
CALAFCO/Other Memberships	3,750	2,745	3,750	1,005	73%
Office Supplies	2,700	1,650	2,700	1,050	61%
Commissioner/Consultant Exp	9,000	3,636	9,000	5,364	40%
Publication/Legal Notices	1,000	731	1,000	269	73%
Rent	38,000	18,339	38,000	19,661	48%
Small Equipment	250	0	250	250	0%
Large Equipment	500	0	500	500	0%
Computer Software	250	39	250	211	16%
Employee Mileage	600	295	600	305	49%
Commissioner Mileage	1,800	763	1,800	1,037	42%
Airfare/Public Transportation	500	340	500	160	68%
Accommodations/Travel	3,000	1,639	3,000	1,361	55%
Auto Allowance	5,400	2,700	5,400	2,700	50%
Training/Conf Registration	4,000	1,560	4,000	2,440	39%
Utilities	3,250	1,437	3,250	1,813	44%
Car/Vehicle Rentals	750	299	750	451	40%
Postage	1,000	846	1,000	154	85%
Custodian	910	325	910	585	36%
Copying	1,000	210	1,000	790	21%
ITD-SAP/Board Chambers	850	455	850	395	54%
Phones/Voice	1,450	457	1,450	993	32%
County Auditor	6,553	6,553	6,553	0	100%
Insurance	8,000	4,258	8,000	3,742	53%
Legal Counsel/Other Co Billings	15,000	8,021	15,000	6,979	53%
Subtotal Services & Supplies	111,413	58,090	111,413	53,323	52%

Total Expenses	465,019	229,050	465,019	235,969	49%
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REVENUE DETAIL	Adopted 11-12	Realized YTD	Projected Yr End	Balance YTD	% Realized
Interest	1,000	531	1,000	469	53%
Environmental Assessment Fees	2,000	1,000	1,000	1,000	50%
Sphere of Influence Fee	1,000	0	1,000	1,000	0%
LAFCO Processing Fees	8,000	6,340	7,000	1,660	79%
Other Revenue-Grant	5,000	0	5,000	5,000	0%
Transfer Reserves	8,000	0	8,000	8,000	0%
Sub-Total w/o Agency Charges	25,000	7,871	23,000	17,129	31%
LAFCO Charges to Agencies	440,019	440,019	440,019	0	100%
Total Revenue	465,019	447,890	463,019	17,129	96%

RESERVES	Existing Reserves	Fund Balance from FY 10/11	Total Res/FB	% of Budget
Fund Balance and Reserves	90,835	15,641	106,476	23%
Budgeted for transfer FY 2011-12			-8,000	
Projected Year End Reserves/Fund Balance			98,476	21%



San Luis Obispo
Local Agency Formation Commission

Annual Report
January through December 2011

Proposals and Activities

During the year 2011 San Luis Obispo LAFCO has evaluated a number of proposals, prepared staff reports and comments, written Municipal Service Reviews, updated Spheres of Influence, managed CALAFCO program activities, and worked on a number of other issues. These activities included:

- Conditional Approval of the Sphere of Influence Update and Municipal for the City of Pismo Beach. This update included extensive public outreach and involvement. A new Memorandum of Agreement with stronger provisions for future development within the SOI was developed by LAFCO Staff and modified by the City and County Staff. The MOA was approved by the City Council and Board of Supervisors. Staff organized and conducted a Public Workshop and a Tour of the Site as well. Numerous comments were received, reviewed and responded to. The Commission hearing was well attended and public participation was high.
- Conditional approval completion of the Orcutt Annexation to the City of San Luis Obispo including the completion of the conducting authority process and a vote of the registered voters in the area approving the annexation.
- Approval of the Sphere of Influence Update and Municipal Services Review for the City of Atascadero. LAFCO Staff facilitated City County discussion and a revised MOA with stronger provisions for development was the result.
- CALAFCO activities have included participating on the Annual Conference and Staff Workshop Committees. Also the Executive Officer is now an Alternate on the CALAFCO Legislative Committee. The Executive Officer presented sessions at the Annual Conference and Staff Workshops as well.
- Updated and Revised the LAFCO website to be more user friendly
- Started work on the Infrastructure Inventory Grant with a grant obtained by the Council of Governments
- Completed the election process for the Alternate Special District Member
- Prepared a budget that provided a slight decrease to shares paid by the Cities, Districts and County. Completed Quarterly and year-end Financial Reports.

- Referred proposals/issues to and consulted with other agencies
- Worked with jurisdictions, property owner, community groups or individuals to provide information about LAFCO and processes
- Analysis of the proposal or issue including CEQA review, preparation of reports, maps, Power Point presentations, public notice, posting on the LAFCO Website, and presentations to various agencies and organizations.

The following is a month-by-month listing of proposals and activities that have been worked on by Staff and considered by the Commission in 2011:

JANUARY-2011

- Staff Report summarizing the changes to the Commission
- Submittal of Second Quarter 2010/11 LAFCO Budget Status Report
- Status Report for the Municipal Service Review and Sphere of Influence Update for the City of Pismo Beach
- Study Session Orcutt Specific Plan - Annexation #79 to the City of San Luis Obispo
- San Luis Obispo LAFCO 2010 Annual Report and 2011 Work Plan

FEBRUARY - 2011

- Status Report for the Municipal Service Review and Sphere of Influence Update for the City of Atascadero
- Status Report regarding State Legislation potentially affecting LAFCO
- Changes to the San Luis Obispo LAFCO's Policies and Procedures 2011
- CALPOLY - City of San Luis Obispo History of Annexations Project

MARCH - 2011

- Follow-up changes to the San Luis Obispo LAFCO's Sphere of Influence Municipal Services Review Policies
- Status Report for the Municipal Service Review and Sphere of Influence Update for the City of Pismo Beach

- Status Report for the Municipal Service Review and Sphere of Influence Update for the City of Atascadero
- Status Report for the Municipal Service Review and Sphere of Influence Update for the City of Paso Robles

APRIL – 2011

- Submittal of Third Quarter Fiscal Year 2010/11 LAFCO Budget Status Report
- Annexation No. 79 to the City of San Luis Obispo (Orcutt Area Specific Plan). A 231-acre annexation to implement the City's approved Specific Plan and certified Environmental Impact Report
- Status Report regarding the Sphere of Influence Update and Municipal Service Review for the City of Pismo Beach
- Status Report regarding LAFCO Funding and Work Program from the Council of Governments Sustainable Communities Strategic Grant
- Approved Proposed Fiscal Year 2011/12 LAFCO Budget-.3% decrease to funding jurisdictions

MAY – 2011

- California Forward Information (Information Only - No Action)
- Study Session regarding the Public Review Draft Sphere of Influence Update and Municipal Service Review for the City of Pismo Beach
- Status Report regarding the Public Review Draft Sphere of Influence Update and Municipal Service Review for the City of Atascadero

JUNE - 2011

- Groundsquirrel Hollow Community Services District - Outside User Agreement to provide road maintenance services to a 356-linear foot easement adjacent to the CSD Service Area
- Study Session regarding the Public Review Draft Sphere of Influence Update and Municipal Service Review for the City of Atascadero
- Status Report regarding the Public Review Draft Sphere of Influence Update and Municipal Service Review for the City of Paso Robles

- CALAFCO Annual Conference – Napa County August 31-September 2, 2011
- Continued the Conducting Authority Hearing for Orcutt Annexation

JULY – 2011

- Executive Officer Conducted Protest Hearing for Annexation No. 79 to the City of San Luis Obispo (Orcutt Area) pursuant to Government Code Section 57000 (c).
- Submittal of Year-End Budget Report for Fiscal Year 2010-2011
- Amendments to Government Code Section 56133 Outside User Agreements Commission directed the Executive Officer to draft a letter of support.
- Consideration of Special Districts Risk Management Association's Board of Directors Election

SEPTEMBER – 2011

- Approved Sphere of Influence Update, Municipal Service Review, and Environmental Determination for the City of Atascadero
- Study Session regarding the Public Review Draft Sphere of Influence Update and Municipal Service Review for the City of Pismo
- Status Report regarding the Public Review Draft Sphere of Influence Update and Municipal Service Review for the City of Paso Robles
- CALAFCO Annual Conference Report - Napa County August 31-September 2, 2011

OCTOBER – 2011

- Submittal of First Quarter 2010/11 LAFCO Budget Status Report
- Approved the Sphere of Influence Update, Municipal Service Review, and Environmental Determination for the City of Pismo Beach

NOVEMBER – 2011

- Study Session regarding the Sphere of Influence Update, Municipal Service Review, Memorandum of Agreement and Environmental Determination for the City of Paso Robles
- Status Report regarding the Strategic Growth Council grant through the Council of Governments: Infrastructure Inventory.

- Preparation of the Los Robles Del Mar annexation staff report in the months of November, December, January

SPHERE OF INFLUENCE UPDATE PROGRAM

The following work on Sphere of Influence Updates and MSRs were completed this year:

1. Prepared and Approved the Final SOI Updates and Municipal Service Reviews for Cities of Atascadero and Pismo Beach:
 - Prepared extensive information base for Municipal Service Reviews
 - Developed Study Area and analysis for potential additions of reductions to SOI
 - Facilitated numerous City/County meeting to update of the memorandums of agreements between the Cities and County
 - Preparation of all CEQA documentation.
2. Public Outreach activities included attending various meetings, returning phone calls from residents, and other groups.
3. Prepared and released Public Review Draft for City of Paso Robles Sphere of Influence

Goals and Work Program in 2012

In the upcoming year San Luis Obispo LAFCO will evaluate proposals and projects, prepare Staff Reports and comments, complete Sphere of Influence Updates and Municipal Service Reviews, participate in CALAFCO program activities and work on a number of other issues.

1. Provide for the timely processing and thorough review of application and proposals.
2. Work with the Communities of Arroyo Grande, Grover Beach, Oceano, and South San Luis Obispo Sanitation District to update their Sphere of Influence, MSRs and MOAs.
3. Work with the North County Community Service Districts to update their Spheres of Influence and MSRs
4. Work with SLOCOG and other agencies on Infrastructure and Resources Inventory
5. Develop and refine a Fiscal Trend Analysis to support MSR program
6. Prepare analysis and comments on the Price Canyon Specific Plan and EIR
7. Complete Update LAFCO Directory including water and sewer rates
8. Participate in the CALAFCO Annual & Staff Workshops

ANNEXATIONS

Broad Street – City of San Luis Obispo. A minor annexation to adjust a lot line so an entire parcel can be annexed into the City of San Luis Obispo. The area is to be annexed is less than one acre and is within the City's Sphere of Influence in the area located across from the airport on Broad Street. It is zoned commercial.

Los Robles Del Mar/Coastal Christian Annexation – City of Pismo Beach. This annexation will be considered at the Commissions January meeting. Future actions and work on this project depends on the Commission's decision.

Price Canyon Area. An Environmental Impact Report for one of these properties is being prepared and is scheduled for release in the near future. LAFCO Staff will review and comment on the EIR. Also we intend to conduct a workshop with the Commission regarding this proposal.

SOI UPDATES/MSRs

Cities. The 2011 work plan was approved by the Commission in January 2011 and focuses on those Cities which have passed, or are approaching the five-year requirement for update. Staff is working on updating the MSRs for the Cities of Paso Robles, Arroyo Grande, and Grover Beach at this time.

The **City of Paso Robles** Sphere Update is scheduled to begin in 2011. Staff is discussing the timing of the Sphere and possible study areas.

Below are the Cities and the five year update schedule.

Jurisdiction	Completion Date	5-Year Date	Status/Action
CITIES			
Pismo Beach	April 2002	April 2007	Completed in October 2011
Atascadero	September 2003	September 2008	Completed in September 2011.
Arroyo Grande	February 2003	February 2008	MSR information is being updated. Start update in 2012.
Grover Beach	February 2003	February 2008	MSR information is being updated. Start update in 2012.
Paso Robles	September 2004	September 2009	MSR information is being updated. Start update in 2012.
San Luis Obispo	January 2006	January 2011	Process proposals

Jurisdiction	Completion Date	5-Year Date	Status/Action
Morro Bay	October 2007	October 2012	Process proposals

It is also recommended that the Memorandum of Agreements between the Cities and County be reviewed and amended to reflect any changes to the Sphere of Influence or the terms of the agreement.

Districts. Oceano CSD's five-year SOI update was due in 2008. Staff is in the process of updating the MSR information. No change in the SOI is anticipated for the Oceano CSD. The North County CSDs are scheduled to start the update process in 2012.

Jurisdiction	Completion Date	Update Due	Status/Action
COMMUNITY SERVICES DISTRICT			
Oceano	February 2003	Feb 2008	MSR is being updated
Nipomo	July 2010	May 2015	Completed in 2010
Templeton	April 2006	April 2011	Start update in 2012
San Miguel	April 2006	April 2011	Start update in 2012
Heritage Ranch	April 2006	April 2011	Start update in 2012
Avila Beach	Dec 2007	Jan 2013	Start update in 2013
Cambria	July 2008	July 2013	Start update in 2013
Los Osos	Dec 2007	Dec 2012	Start update in 2013
San Simeon	Dec 2007	Dec 2012	Start update in 2013
Cal Valley	Dec 2007	Dec 2012	Start update in 2013
Independence Ranch	Dec 2007	Dec 2012	Start update in 2013
Linne	Dec 2007	Dec 2012	Start update in 2013
Creston Hills Ranch	Dec 2007	Dec 2012	Start update in 2013
Squire Cyn	Dec 2007	Dec 2012	Start update in 2013
Ground Squirrel Hollow	Dec 2007	Dec 2012	Start update in 2013