



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: APRIL 21, 2016

**SUBJECT: CONSIDERATION OF THE PROPOSED FISCAL YEAR
2016-17 SAN LUIS OBISPO LAFCO BUDGET**

COMMISSIONERS

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STAFF

DAVID CHURCH
Executive Officer

RAYMOND A. BIERING
Legal Counsel

MIKE PRATER
Senior Analyst

DONNA J. BLOYD
Commission Clerk

Recommendation: It is respectfully recommended that the Commission approve the proposed Fiscal Year 2016-17 LAFCO Budget (Exhibit A), and direct the Executive Officer to submit the Final Budget and Resolution at the May 19, 2016 LAFCO meeting.

Introduction. The Cortese-Knox-Hertzberg Act calls for the proposed budget to be adopted by May 1, 2016 with the final budget approved by June 15, 2016. The funding formula for LAFCO's Budget is established in the Cortese-Knox-Hertzberg Act. LAFCO's budget is funded primarily by the County, Cities and Independent Special Districts, with each group paying one-third of the LAFCO adopted budget. The City and District shares are pro-rated based on general revenues reported to the State Controller's Office by the jurisdictions. The County pays one-third of the LAFCO budget.

Background. The LAFCO operating budget is comprised of: salaries and benefits/taxes, services and supplies, revenues and reserves. Day-to-day management of the budget is based on "bottom-line" principles that allow for variation within line item accounts as long as the overall balance remains within the approved budgeted levels. The LAFCO Executive Officer serves as the budget administrator and prepares, submits, distributes, and executes the LAFCO budget consistent with State law and Commission direction. The Executive Officer provides the Commission with quarterly budget reports and a final report at the end of the fiscal year. These reports are submitted to the County Auditor for review.

Exhibits

A: FY 2016-17
Proposed Budget

B: LAFCO 2016-17
Work Plan

The County Auditor's Office provides LAFCO with financial management services on a contractual basis. General Accounting services include the use of the County's centralized accounting system and the validation, processing, and recording of financial transactions submitted by LAFCO. LAFCO has access to the general ledger, revenue, expenditure, and budget status reports as needed. Services also include processing, recording, tracking and mailing of expenditures. The Auditor also provides Accounting Support services including budget monitoring, responding to routine inquiries, and replying to bank confirmations.

Summary

The proposed Fiscal Year 2016-17 budget for the Local Agency Formation Commission (LAFCO) of San Luis Obispo is found in Exhibit A. The proposed FY 16-17 Budget compares the current year's adopted budget (FY 15-16) and shows increases and decreases in the line items. Exhibit B contains the LAFCO work program approved by the Commission in January 2016. The Draft Resolution approving the budget is found in Exhibit C. The goal of the FY 2016/17 Budget is to provide a financial plan for the San Luis Obispo LAFCO to accomplish its mission of implementing the Cortese-Knox-Hertzberg Act and San Luis Obispo LAFCO's Work Program.

This year's proposed budget is \$583,452; an increase of \$32,012 from FY 2015/16. This is a 5.8% increase over last year's budget. Salaries and Benefits/Taxes are proposed to be increased by 7.6%. Salaries are proposed to increase by 8.3% and benefits and taxes by 6.7%. Merit and CPI increases are proposed for the Executive Officer, Analyst and Clerk positions. More details are found below in the *Salaries, Benefits, and Taxes* section. Services and Supplies are projected to decrease by about 1%.

The County, Cities, and Independent Special Districts fund one-third each of the LAFCO budget. The charges to agencies are projected to increase by 4.2%. This includes using a projected \$30,000 in reserves/fund balance to reduce the amount charged to agencies. Revenues from applications are projected to increase by \$500 or 3.4% compared to last year. These revenues could increase or decrease depending on the applications submitted to LAFCO next year.

Reserves and Fund Balance are proposed to be used 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 proposed (\$30,000) is reasonable because reserves are projected to be 29% at the end of this fiscal year. Also, it appears that the use of reserves in this fiscal year (FY 15/16-\$20,000) to offset expenditures will not be needed as budgeted. This is due to two factors: 1) overall expenditures are anticipated to be below budgeted amounts, and 2) revenues from application fees were more than budgeted. LAFCO should not accrue reserves beyond what is reasonable; however, LAFCO should be prepared for unexpected expenses such as lawsuits, special studies and other unanticipated costs. The LAFCO budget procedures for reserves are to maintain at least 15% of the operating budget in reserves.

Budget Details

Salaries, Benefits and Taxes. Salaries are budgeted to increase by 8.3% in fiscal year 16/17. This includes a merit increase for each position and Consumer Price Index (CPI) increase of 2.6%. The CPI is based on the average of the Los Angeles (2.0%) and San Francisco (3.2%) consumer price index (CPI). The Commission evaluates the performance of the Executive Officer annually and approves a merit increase, if any. Based on the performance evaluation in March 2015, the Executive Officer is budgeted for a merit increase of 5%. The Executive Officer evaluates the performance of LAFCO employees each year. The proposed budget proposes a 10% merit and CPI increase for the Senior Analyst position and a 7.6% merit and CPI increase for the Clerk position. The

merit increases for these positions are based on an annual performance evaluation completed by the Executive Officer. Benefit and payroll tax expenses are estimated to increase commensurate with the proposed salary increase. FICA, Medicare, State Disability Insurance, and Federal Unemployment Tax are calculated based on a percentage of salaries.

Pension Costs. Pension costs are connected to salary increases. Pension expenditures are calculated based on the rates established by the San Luis Obispo County Pension Trust. Any proposed increases in pension rates are split (50-50) by LAFCO and the employees. San Luis Obispo County Pension Trust anticipates a pension rate increase of 1.5% for next year. LAFCO would fund 0.75% of this increase and the employees would fund 0.75% of the anticipated rate increase. This increase is built into this year's budget. The Pension Obligation Bond (POB) was issued by the County to help cover unfunded pension costs. The POB was refinanced by the SLO Pension Trust to avoid increases in the variable interest rates. This year the rate for the POB remains at 6.03%. The POB payment increases commensurate with an increase in salaries. Please note that the Pension Costs represented in the attached Budget line items were prepared by LAFCO Staff and reviewed for accuracy by the SLO County Pension Trust Staff.

Services and Supplies. Recommended Services and Supplies of \$117,097 show a slight decrease of -0.9% from last year. The Services and Supplies category contains a number of line items that are fixed costs such as the County Auditor, legal services, insurance (workers compensation and general liability), phones and rent. The County Auditor increased its costs this year by 3%. The Special District Risk Management Association has estimated that workers' compensation coverage is to remain unchanged. For the seventh consecutive year SDRMA will not be increasing Property and Liability Program rates. The current lease for the LAFCO office has not increased over the last five years. Per the lease agreement, rent could be increased this year based on the average Los Angeles and San Francisco CPIs. The landlord has not exercised this provision over the last five years; however, we continued to plan for that possibility in the budget.

Travel costs are proposed to remain unchanged next year. This covers expenses for the Annual Conference in Santa Barbara, CA and travel by the Executive Officer to CALAFCO activities. Some of these expenses will be offset by the stipend received by the Executive Officer from CALAFCO for serving as the Deputy Executive Officer. Expenses for legal counsel remain unchanged and have not changed over the past several years. The Commissioner/Consultant line item covers Commissioner per diem and any other professional services or special studies that may be necessary during the year and remains unchanged.

Revenues. Revenues from application fees and interest are projected to increase by \$500 in FY 16/17 to \$15,000. Interest earned on revenues is anticipated to decrease to \$500 in next year's budget to \$1,000. It is challenging anticipate revenues from applications from year to year. There may be dissolution applications or a district formation application next fiscal year.

Reserves and Fund Balance. In April 2008, the Commission adopted a reserve/fund balance guideline of maintaining a 15% contingency or reserve. At the beginning of this fiscal year (FY 2015/16) LAFCO had a 29% reserve/fund balance that amounted to \$158,920. The current budget (FY 15/16) projected using \$20,000 in reserves and fund balance to fund the budget; however it is projected that at the end of the FY a positive fund balance of \$2,538 would remain. If a positive fund balance is realized, there will be no need to transfer reserves/fund balance in FY 2015/16. This is due largely to savings achieved throughout the year in the benefits (\$5,500 unused EO deferred compensation match) and the unanticipated revenues received in FY 2015/16. This assumes no unexpected expenses or revenues in the last quarter of this fiscal year.

The proposed FY 2016/17 Budget calls for using \$30,000 of reserves/fund balance to offset expenses and help reduce the agency shares. If the \$30,000 of reserves and fund balance are not allocated for next year's budget, the agency shares would be increasing by 10% instead of the proposed 4.2%. If the \$30,000 reserves are used next fiscal year, the allocation would reduce the projected reserves down to \$131,458, or 22.5% of the proposed budget.

Agency Shares. Charges to each of the funding agencies (County, Cities and Special Districts) are proposed to increase by 4.2%. The one-third agency share in this year's budget is proposed at \$179,484. This is an increase of \$7,171 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 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.

Distribution. As required by Government Code Section 56381, the Commission's proposed Fiscal Year 2016/17 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 21 days in advance of the hearing. Upon approval of the proposed budget, the final FY 2016/17 Budget and resolution shall be submitted to the Commission at the May 19th LAFCO meeting.

Exhibit A

Proposed Budget Fiscal Year 2016-17

Exhibit A
San Luis Obispo Local Agency Formation Commission
Proposed Budget - Fiscal Year 2016-2017

Proposed - April 21, 2016

| EXPENDITURES SUMMARY | Current Year | Expense YTD | Proj. Yr End | Proposed 16-17 | Inc/Dec | % Inc/Dec |
|-----------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------|
| Salaries | 249,269 | 185,167 | 249,269 | 269,971 | 20,702 | 8.3% |
| Benefits and Taxes | 184,035 | 125,972 | 176,039 | 196,385 | 12,350 | 6.7% |
| Services and Supplies | 118,136 | 96,308 | 117,164 | 117,097 | -1,039 | -0.9% |
| Total Expenses | 551,439.99 | 407,447.10 | 542,472.00 | 583,452.41 | 32,012.41 | 5.8% |

| EXPENDITURES DETAIL | Current Year | Expense YTD | Proj. Yr End | Proposed 16-17 | Inc/Dec | % Inc/Dec |
|--|-------------------|-------------------|-------------------|-------------------|------------------|-------------|
| Salaries and Benefits | | | | | | |
| Salaries | 249,269 | 185,167 | 249,269 | 269,971 | 20,702 | 8.3% |
| Benefits and Taxes | 184,035 | 125,972 | 176,039 | 196,385 | 12,350 | 6.7% |
| Subtotal Salaries & Benefits | 433,303.52 | 311,139.05 | 425,308.00 | 466,355.13 | 33,051.61 | 7.6% |
| Variable Costs (%) : | | | | | | |
| FICA -Employer Match | 15,789 | 11,380 | 15,800 | 16,738 | 949 | 6.0% |
| Medicare - Employer Match | 3,693 | 2,846 | 3,700 | 3,915 | 222 | 6.0% |
| Retirement-Employer Contribution ¹⁾ | 65,713 | 47,117 | 65,000 | 73,282 | 7,569 | 11.5% |
| Retirement-Employer for Employee | 32,300 | 23,530 | 32,300 | 34,903 | 2,603 | 8.1% |
| Retirement - Employee Contribution ²⁾ | 5,511 | 3,325 | 5,511 | 8,186 | 2,675 | 48.5% |
| Pension Obligation Bond Payment | 17,139 | 11,785 | 17,139 | 18,147 | 1,008 | 5.9% |
| SDI/SUI-Employer Contribution | 2,500 | 311 | 1,000 | 2,500 | 0 | 0.0% |
| Fed Unemploy Tax-Employer Cont | 300 | 305 | 300 | 300 | 0 | 0.0% |
| Fixed Costs (\$) : | | | | | | |
| Health Plan/Café Cash | 35,100 | 24,497 | 35,100 | 35,100 | 0 | 0.0% |
| Life Insurance | 500 | 0 | 200 | 500 | 0 | 0.0% |
| Def Comp - EO Employer Match | 11,000 | 4,200 | 5,500 | 11,000 | 0 | 0.0% |
| Total Benefits | 184,035 | 125,972 | 176,039 | 196,385 | 12,351 | 6.7% |

1) Includes 1/2 of anticipated 1.5% pension increase. 2) Includes 1/2 of anticipated 1.5% increase. Paid by employee; not included in LAFCO Budget.

| Services and Supplies | Current Year | Expense YTD | Proj. Yr End | Proposed 16-17 | Inc/Dec | % Inc/Dec |
|---|----------------|----------------|----------------|----------------|---------------|--------------|
| Food | 1,000 | 576 | 900 | 1,000 | 0 | 0.0% |
| Maintenance - Equipment | 500 | 0 | 0 | 300 | -200 | -40.0% |
| Maintenance - Software | 500 | 0 | 250 | 500 | 0 | 0.0% |
| CALAFCO/Other Memberships | 4,300 | 4,127 | 4,127 | 4,400 | 100 | 2.3% |
| Office Supplies | 2,700 | 1,676 | 2,300 | 2,700 | 0 | 0.0% |
| Commissioner/Consultant Exp | 10,000 | 17,786 | 18,500 | 10,000 | 0 | 0.0% |
| Publication/Legal Notices | 1,000 | 747 | 1,200 | 800 | -200 | -20.0% |
| Rent | 38,000 | 30,565 | 36,700 | 38,000 | 0 | 0.0% |
| Small Equipment | 400 | 0 | 0 | 400 | 0 | 0.0% |
| Large Equipment | 2,000 | 1,045 | 1,500 | 1,000 | -1,000 | -50.0% |
| Computer Software | 500 | 221 | 300 | 500 | 0 | 0.0% |
| Employee Mileage | 400 | 0 | 200 | 300 | -100 | -25.0% |
| Commissioner Mileage | 1,800 | 749 | 1,800 | 1,800 | 0 | 0.0% |
| Airfare/Public Transportation | 500 | 0 | 0 | 500 | 0 | 0.0% |
| Accommodations/Travel | 5,000 | 2,580 | 3,500 | 5,000 | 0 | 0.0% |
| Auto Allowance | 5,400 | 3,946 | 5,400 | 5,400 | 0 | 0.0% |
| Training/Conf Registration | 4,500 | 3,109 | 4,300 | 4,500 | 0 | 0.0% |
| Utilities | 3,250 | 2,689 | 3,250 | 3,500 | 250 | 7.7% |
| Car/Vehicle Rentals | 800 | 465 | 800 | 800 | 0 | 0.0% |
| Postage | 1,200 | 529 | 800 | 1,000 | -200 | -16.7% |
| Custodian | 910 | 640 | 960 | 1,000 | 90 | 9.9% |
| Copying | 800 | 0 | 0 | 800 | 0 | 0.0% |
| ITD-SAP/Board Chambers | 850 | 254 | 700 | 850 | 0 | 0.0% |
| Phones | 1,450 | 831 | 1,200 | 1,450 | 0 | 0.0% |
| County Auditor | 7,376 | 7,377 | 7,377 | 7,597 | 221 | 3.0% |
| Insurance | 8,000 | 6,085 | 7,300 | 8,000 | 0 | 0.0% |
| Legal Counsel/Other Co Billings | 15,000 | 10,312 | 13,800 | 15,000 | 0 | 0.0% |
| Subtotal Services & Supplies | 118,136 | 96,308 | 117,164 | 117,097 | -1,039 | -0.9% |
| Total Expenses | 551,440 | 407,447 | 542,472 | 583,452 | 32,012 | 5.8% |

Exhibit A
San Luis Obispo Local Agency Formation Commission
Proposed Budget - Fiscal Year 2016-2017
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| REVENUE DETAIL | Current Year | Realized YTD | Proj. Yr End | Proposed 16-17 | Inc/Dec | % Inc./Dec. |
|--|----------------|----------------|----------------|------------------|---------------|-------------|
| Interest | 500 | 1,105 | 1,105 | 1,000 | 500 | 100.0% |
| Environmental Fees | 3,000 | 500 | 500 | 3,000 | 0 | 0.0% |
| Sphere of Influence Fee | 1,000 | 0 | 0 | 1,000 | 0 | 0.0% |
| LAFCO Processing Fees | 10,000 | 25,346 | 25,346 | 10,000 | 0 | 0.0% |
| Other Revenue/Grants/Insurance reimb. | 0 | 1,119 | 1,119 | 0 | 0 | |
| Sub-Total w/out Agency Charges | 14,500 | 28,070 | 28,070 | 15,000 | 500 | 3.4% |
| LAFCO Charge to Agencies | 516,940 | 516,940 | 516,940 | 538,452 | 21,512 | 4.2% |
| Total Revenue ¹⁾ | 551,440 | 545,010 | 545,010 | 583,452 | 32,012 | 5.8% |
| 1) Includes estimated Transfer of Reserves/Fund Balance | | | | | | |
| Transfer of Reserves to Fund Bal. (If needed) | 20,000.00 | 0.00 | 2,538.06 | 30,000.00 | 10,000.00 | 50.0% |

| RESERVES and FUND BALANCE | Beginning Res./FB FY 15/16 | % of Budget | Proj. Year End Fund Balance | Projected Year End Reserves FY 14/15 | Estimated Res./FB FY 15/16 | % of Budget |
|-------------------------------|----------------------------|--------------|-----------------------------|--------------------------------------|----------------------------|--------------|
| Reserves | 158,920.00 | 28.8% | 158,920.00 | 161,458.06 | 131,458.06 | 22.5% |
| Transfer in 4th Qtr-If needed | | | 2,538.06 | 30,000.00 | | |
| Total | 158,920.00 | 28.8% | 161,458.06 | 131,458.06 | | |

CHARGES TO AGENCIES

| Agency Share | FY 2015-16 | FY 2016-17 | Inc/Dec | % Inc/Dec |
|-------------------|----------------|----------------|---------------|-------------|
| Cities | 172,313.33 | 179,484.14 | 7,170.81 | 4.2% |
| County | 172,313.33 | 179,484.14 | 7,170.81 | 4.2% |
| Special Districts | 172,313.33 | 179,484.14 | 7,170.81 | 4.2% |
| Total | 516,940 | 538,452 | 21,512 | 4.2% |

ACCOUNTS RECEIVABLE - LRDM

| | FY-2014/15 |
|---------------------------|------------------|
| Legal Costs owed to LAFCO | 10,782.50 |
| LAFCO Staff Costs | 14,775.00 |
| Total | 25,557.50 |

Exhibit B

San Luis Obispo LAFCO Work Plan

Approved January 2016



EXHIBIT B

SAN LUIS OBISPO LAFCO

WORK PLAN – JANUARY 2016

This document is the Work Plan for San Luis Obispo LAFCO in 2016. LAFCO's overarching legislative goals include the following:

- **Encourage Orderly Growth and Development.** LAFCO considers proposals for the formation of new local governmental agencies including Cities and Special Districts. LAFCO is also responsible for considering annexations and detachments for agencies. LAFCO also determines the Sphere of Influence, which is a plan for the probable physical boundary of a City or Special District.
- **Promoting Efficient Provision of Public Services.** LAFCO reviews proposals based on a variety of factors including: a plan for services submitted by the agency, resource and infrastructure capacity, and the need for services.
- **Preserve Agricultural Land Resources.** LAFCO considers the impact that a proposal may have on existing agricultural lands with focus on prime agricultural lands. San Luis Obispo LAFCO has adopted specific policies regarding the preservation of agricultural resources.
- **Discourage Urban Sprawl.** Urban sprawl can best be described as irregular and disorganized growth occurring without apparent design or plan. By discouraging sprawl, LAFCO limits the misuse of land resources and promotes a more efficient system of services by local governmental agencies.

Goals in 2016

1. Serve the Commission and the public by providing accurate, clear and well-organized information for decision making.
2. Serve the Cities, County and Special Districts by providing information about LAFCO's purpose and the processes LAFCO is authorized to complete.
3. Process proposals in an efficient manner; consistent with the Cortese-Knox-Hertzberg Act, CEQA and other state laws.
4. Implement the Sphere of Influence/Municipal Service Review Update Work Plan, while working on applications and other topics at the same time.
5. Provide the Commission with regular status reports regarding upcoming proposals, Sphere of Influence Updates, Legislative Activities, and the Budget.
6. Participate in CALAFCO events to improve and enhance the Commission and Staff's expertise.
7. Inform the Commission and Public regarding the Cayucos Fire Protection District governance status.
8. Implement SB239, working with the Fire agencies to develop policies.

9. Complete *the follow-up activities on* the Formation process for the Paso Robles Basin Water District. See the Ballot measures are presented accurately to the voters and complete the final steps.

POTENTIAL ANNEXATIONS

Several Cities may have annexation proposals on the horizon. Annexations to Special Districts are more difficult to predict. The Memorandum of Agreements between the Cities and County help set the path for these annexations by providing the provisions for development of an area. Annexation Proposals that may be on the horizon include:

- Castoro, Templeton CSD
- Robert Hall-Vina Robles, City of Paso Robles
- Chevron Tank Farm, City of San Luis Obispo
- Eagle Ranch, City of Atascadero
- San Luis Ranch, City of San Luis Obispo

It is uncertain if these will be submitted next year, but planning and environmental work is being completed on each of these proposals. LAFCO Staff continues to monitor each project and provide comments at the appropriate times.

OTHER PROPOSALS

- Dissolution of Cayucos Fire District - The Fire District will consider whether to submit an application to dissolve the District or to seek an increase in special tax to continue to manage the District's fire services. LAFCO has provided information to the District and the public about how the dissolution or consolidation process works and what are the necessary steps. An information guide and special study may be prepared to help understand and clarify the different processes and focus the discussion on the issues.
- Pismo Preserve Outside User Agreement - The Preserve property was purchased in 2014 with the purpose of developing a public trails system to provide access to an area with beautiful vistas and habitat. A restroom facility requires water and sewer service. The City of Pismo Beach would provide those services if an outside user agreement is approved by LAFCO.
- Fire Services Outside User Agreements – New State Law (SB239) requires an outside user agreement approved by LAFCO that extend fire services under contract. Cambria and Templeton CSD are working with CALFIRE to develop such an agreement. Other District may be considering doing the same or updating an existing contract that could extend services that would require LAFCO review.

SPHERE OF INFLUENCE/MUNICIPAL SERVICE REVIEW UPDATE

The Sphere of Influence (SOI) is a boundary that identifies areas a jurisdiction might serve over the next 20 years. The Municipal Service Review (MSR) provides information about a jurisdiction's ability to serve a particular area. The MSR is an informational document that summarizes the existing service situation of a jurisdiction. The Service Review compiles information that is provided by the jurisdiction to LAFCO.

Other information from the County Planning Department, State Controller's Office, County Auditor's Office, and other agencies is also used to prepare the SOI and MSR. LAFCO Staff reviews, summarizes and evaluates the various studies and data and prepares a Draft Sphere of Influence Update and Municipal Service Review. A Municipal Service Review is prepared in accordance with Section 56430 of the California Government Code. This code section was updated in 2012 to include seven factors instead of the previous six factors. The Service Review contains written determinations that address the following seven factors. Information and written determinations regarding each of the factors is provided in the Service Review and include:

1. Growth and Population projections for the affected area.
2. Location and characteristics of any disadvantaged unincorporated communities
3. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies
4. Financial ability of agencies to provide services
5. Status of, and opportunity for, shared facilities
6. Accountability for community service needs including governmental structure and operational efficiencies
7. Any other matter related to effective or efficient service delivery, as required by commission policy

LAFCO compiles a variety of information in preparing a Service Review. Also, administrative and organizational information is collected and evaluated. In order to complete a review LAFCO relies on Audit Reports submitted to the County Auditor Controller's Office pursuant to state law, original formation filing documents, State Controllers Special Districts Annual Financial Reports, the General Plan, Capital Improvement Plans, various studies and information from various websites.

CITIES

The 2016 Work Plan will focus on those Cities which have passed, or are approaching the five-year requirement for update. In 2015, Staff recommended beginning the update process for the Cities of Morro Bay and San Luis Obispo. These updates were temporary put on hold while the Water District was being processed. Work has begun and a Public Review Draft is expected sometime in the first quarter of 2016. Below are the Cities and the five-year update schedule:

| Jurisdiction | Completion Date | Update 5-Year Date | Status/Action |
|-----------------|-----------------|--------------------|-----------------------------|
| Pismo Beach | October 2011 | October 2016 | SOI/MSR/MOA Updated in 2011 |
| Atascadero | Sept. 2011 | September 2016 | SOI/MSR/MOA Updated in 2011 |
| Arroyo Grande | November 2012 | February 2017 | SOI/MSR/MOA Updated in 2012 |
| Grover Beach | November 2012 | February 2017 | SOI/MSR Updated in 2012 |
| Paso Robles | February 2013 | September 2018 | SOI/MSR Updated in 2013 |
| San Luis Obispo | January 2006 | January 2011 | Complete in 2016 |
| Morro Bay | October 2007 | October 2012 | Complete in 2016 |

Memorandum of Agreement (MOA). The MOA was developed between a City and County to improve communication and coordination in planning for future growth and development. Each City, with the exception of Grover Beach, has an MOA with the County. The Memoranda of Agreement between the City and County is reviewed and amended to reflect any changes to the Sphere of Influence and provisions that are agreed to by the County and City.

The second versions of the MOAs contain more detail about what type of development might be expected in the SOI. This helps clarify expectations and provides guidelines that help guide future projects in the SOI. The MOA has also been used to specify a particular planning process or policies for areas. Also the second versions address other issues such as water resources and agricultural/open space preservation.

DISTRICTS

The 2016 Work Plan will focus on those Districts which have passed, or are approaching the five-year requirement for update. Staff recommends the schedule for updating the SOIs and MSR for the Districts be followed as shown in the table below.

COMMUNITY SERVICES DISTRICTS

| Jurisdiction | Completion Date | Update 5-Year Due | Status/Action |
|----------------------------|-----------------|-------------------|-------------------------|
| Oceano | November 2012 | Nov 2017 | SOI/MSR Updated in 2012 |
| Nipomo | May 2010 | May 2015 | SOI/MSR Updated in 2010 |
| Templeton | November 2013 | Nov 2018 | SOI/MSR Updated in 2013 |
| San Miguel | November 2013 | Nov 2018 | SOI/MSR Updated in 2013 |
| Heritage Ranch | November 2013 | Nov 2018 | SOI/MSR Updated in 2013 |
| Avila Beach | August 2014 | Aug 2019 | SOI/MSR Updated in 2014 |
| Cambria | August 2014 | Aug 2019 | SOI/MSR Updated in 2014 |
| Los Osos | August 2014 | Aug 2019 | SOI/MSR Updated in 2014 |
| San Simeon | August 2014 | Aug 2019 | SOI/MSR Updated in 2014 |
| Cal Valley (R-S) | Dec 2007 | Dec 2020 | Complete in 2015 |
| Independence Ranch (R) | Dec 2007 | Dec 2020 | Complete in 2015 |
| Linne (R) | Dec 2007 | Dec 2020 | Complete in 2015 |
| Creston Hills Ranch (R) | Dec 2007 | Dec 2020 | Complete in 2015 |
| Squire Cyn (R) | Dec 2007 | Dec 2020 | Complete in 2015 |
| Ground Squirrel Hollow (R) | Dec 2007 | Dec 2020 | Complete in 2015 |

(R) These Districts provide only Road Maintenance Services.

(R-S) California Valley provides Road Maintenance and Solid Waste Services.

Other Special Districts

There are numerous other Special Districts that are providing services to County residents and visitors. The Special Districts found below provide a variety of services including; soils management, Fire Protection, Harbor and Marine, and Healthcare and Sanitary. Each of these districts has independent Board of Directors.

| Jurisdiction | Completion Date | Update 5-Year Due Date | Status/Action |
|---------------------------------|-----------------|------------------------|--------------------------|
| Coastal San Luis RCD | Nov 2014 | Nov 2019 | SOI/MSR Updated in 2014 |
| Upper Salinas/Las Tablas RCD | Nov 2014 | Nov 2019 | SOI/MSR Updated in 2014 |
| Cayucos Fire | Dec 2007 | Dec 2020 | Completed in 2015 |
| Santa Margarita Fire | Nov 2014 | Nov 2019 | SOI/MSR Updated in 2014 |
| So. County Sanitation | Nov 2012 | Nov 2017 | Completed in 2012 |
| Garden Farms Co. Water District | Nov 2014 | Nov 2019 | SOI/MSR Updated in 2014 |
| Cayucos Sanitary | Dec 2007 | Dec 2020 | Completed in 2015 |
| Cambria Healthcare | Aug 2014 | Aug 2019 | SOI/MSR Updated in 2014 |
| Port San Luis Harbor District | Nov 2014 | Nov 2019 | SOI/MSR Updated in 2014 |

County Service Areas (CSA)

These special districts are governed by the County Board of Supervisors. The SOI and MSR Update will be completed for all CSAs as part of one document. This is an efficient way to update these Spheres of Influence and Municipal Services Reviews and allows for the compilation of data from the County at one time. It is anticipated to complete by end of the year 2016.

| Jurisdiction | Completion Date | Update Due | Status/Action |
|--------------------------------------|-----------------|------------|--------------------------|
| COUNTY SERVICE AREAS | | | |
| CSA 1 – and Nipomo Lighting District | Oct 2007 | Oct 2012 | Start update in 2016 |
| CSA 7 - Oak Shores | Oct 2007 | Oct 2012 | Start update in 2016 |
| CSA 9 - Los Osos | Oct 2007 | Oct 2012 | Start update in 2016 |
| CSA 10 - Cayucos | Oct 2007 | Oct 2020 | Completed in 2015 |
| CSA 12 - Lopez Water | Oct 2007 | Oct 2012 | Start update in 2016 |
| CSA 16 - Shandon | Oct 2007 | Oct 2012 | Start update in 2016 |
| CSA 18 - Country Club | Oct 2007 | Oct 2012 | Start update in 2016 |
| CSA 21 - Countywide | Oct 2007 | Oct 2012 | Start update in 2016 |
| CSA 22 - Airport | Oct 2007 | Oct 2012 | Start update in 2016 |
| CSA 23-Santa Margarita | Oct 2007 | Oct 2012 | Start update in 2016 |

MAPPING PROGRAM

LAFCO Staff (Mike Prater) continues to implement and improve LAFCO's Geographic Information Systems (GIS) mapping program. This program produces a number of important deliverables including the updated Service Areas and Spheres of Influence for all Cities, Special Districts, and County Service Areas in the County. LAFCO continues to be recognized by other agencies as the central keeper of boundary data. LAFCO is responsible for maintaining the boundaries for jurisdictions in the throughout the County. The Directory of Local Agencies contains maps and service information regarding these agencies and is updated every two years. The Directory will be released in the first quarter of 2016. The History of Annexations is an online inventory of all annexations. This inventory includes a summary map and the Certificate of Completion and Resolution. Maps are created for each annexation and Sphere of Influence Update considered by LAFCO. Mapping is a key piece of LAFCO's service capability. LAFCO Staff also participates in the Countywide GIS Committee and is helping to distribute GIS data to other jurisdictions.

CALAFCO ACTIVITIES

CALAFCO is LAFCO's statewide organization that provides educational opportunities, follows and facilitates the discussion of issues on a statewide basis. The SLO LAFCO EO serves as a Deputy Executive Officer for the CALAFCO Board of Directors and is also on the Legislative Committee. SLOLAFCO EO will be the Program Chair again this year for the CALAFCO annual conference. Staff and Commissioners have been involved in the continuing education process by participating in the annual CALAFCO Conference and attending the Staff Workshop.