

LAFCO MEMORANDUM

SANTA BARBARA LOCAL AGENCY FORMATION COMMISSION
105 East Anapamu Street • Santa Barbara CA 93101 • (805) 568-3391 + Fax (805) 568-2249

March 5, 2026 (Agenda)

TO: Each Member of the Commission

FROM: Mike Prater
Executive Officer

SUBJECT: RECEIVE FOR PRESENTATION REGARDING USE OF AI GENERATED
MUNICIPAL SERVICE REVIEWS AND STAFF REPORTS FROM THE
PAPERWORK COMPANY

This is an Informational Report. No Action is Necessary

DISCUSSION

This memo provides the Commission the opportunity to hear a presentation from the Paperwork Company regarding the use of AI technology.

Attachments

Attachment A – The Paperwork Company Presentation

Please contact the LAFCO office if you have any questions.



Empowering Santa Barbara County's Municipal Oversight

From Static Reports to Dynamic
Intelligence

tpc

the paperwork company

thepaperworkcompany.com

ATTACHMENT A

tpc

Part 1

Primer on Artificial Intelligence and Machine Learning

the paperwork company

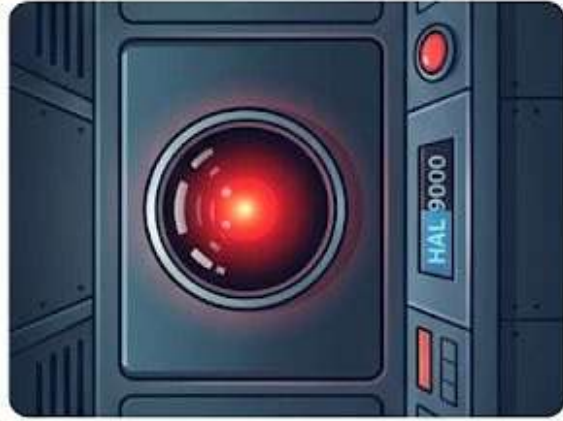
thepaperworkcompany.com

ATTACHMENT A

Overloaded Terms: What is "AI?"



**APOCALYPTIC
THREAT**



**SENTIENT
MASTERMIND**

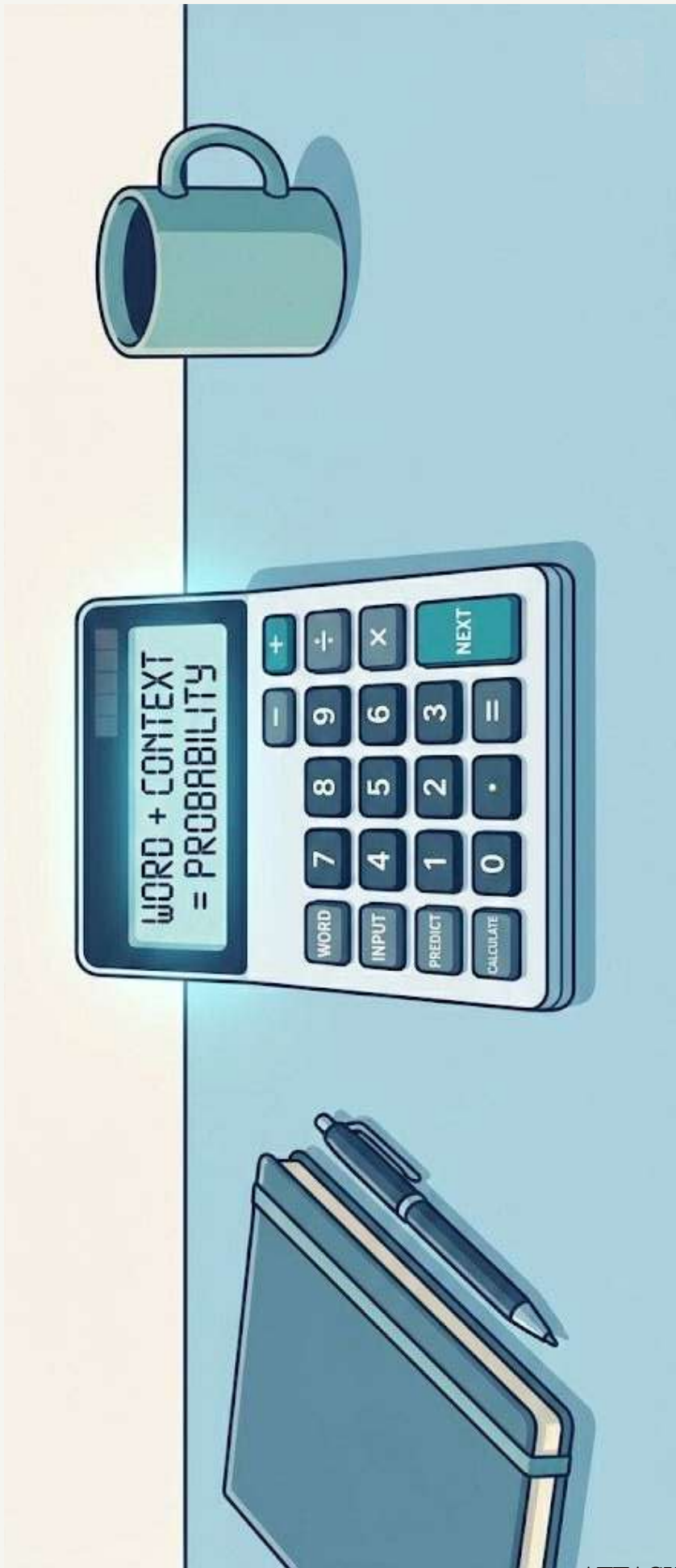


**MAGIC "FIX-ALL"
BUTTON**



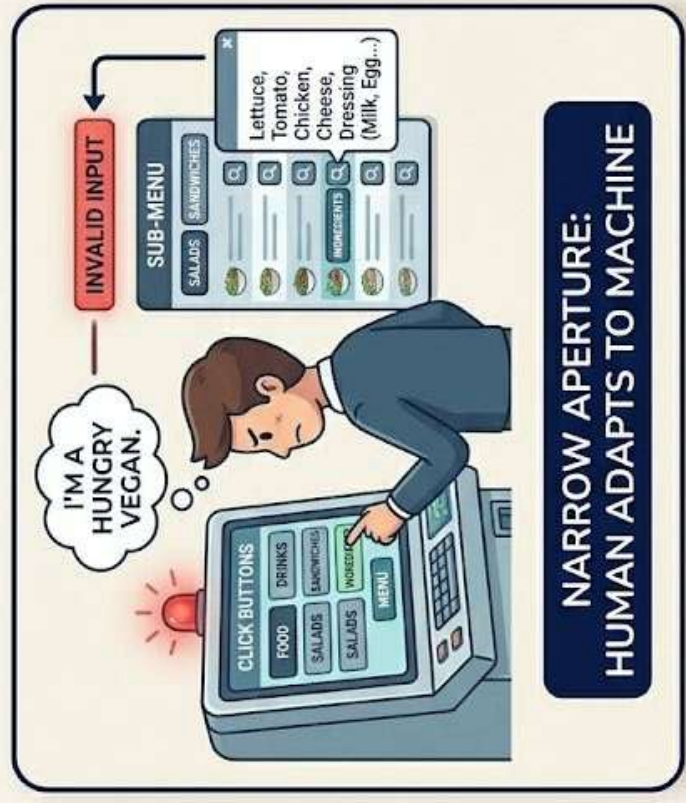
**HUMAN
REPLACEMENT**

Reality: Word Calculator (Very Boring but Still Useful)



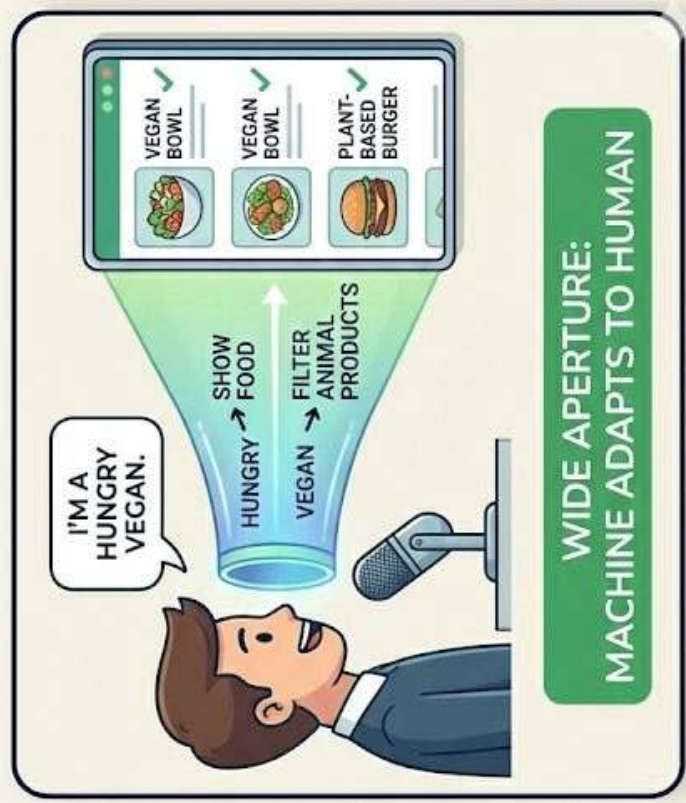
Deterministic vs Probabilistic

DETERMINISTIC SYSTEM (THE KIOSK)



**NARROW APERTURE:
HUMAN ADAPTS TO MACHINE**

PROBABILISTIC SYSTEM (THE ENGINE)



**WIDE APERTURE:
MACHINE ADAPTS TO HUMAN**

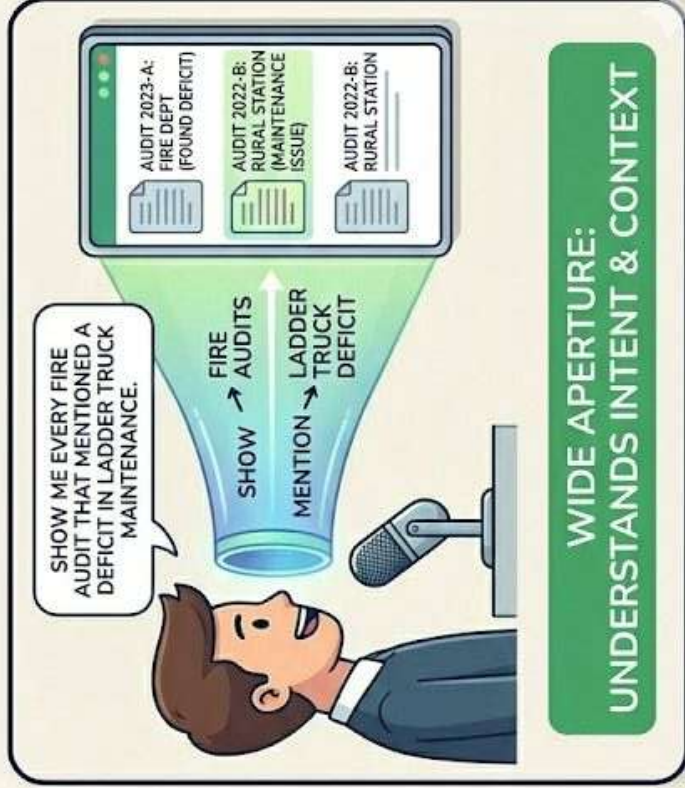
Deterministic vs Probabilistic (Gov Example)

TRADITIONAL DATABASE (THE ID HUNT)



**NARROW APERTURE:
EXACT MATCH REQUIRED**

PROBABILISTIC SYSTEM (THE COMPLIANCE ENGINE)



**WIDE APERTURE:
UNDERSTANDS INTENT & CONTEXT**

Worlds Best Auto-Complete

tpc

EVERYDAY EXAMPLE: EMAIL

Predicts the next word.

To:
Subject:
Hi David, sorry about the meeting, I need to...
reschedule it.

SIMPLE CONTEXT: WORD-BY-WORD

GOVERNMENT APPLICATION: MSR DRAFTING

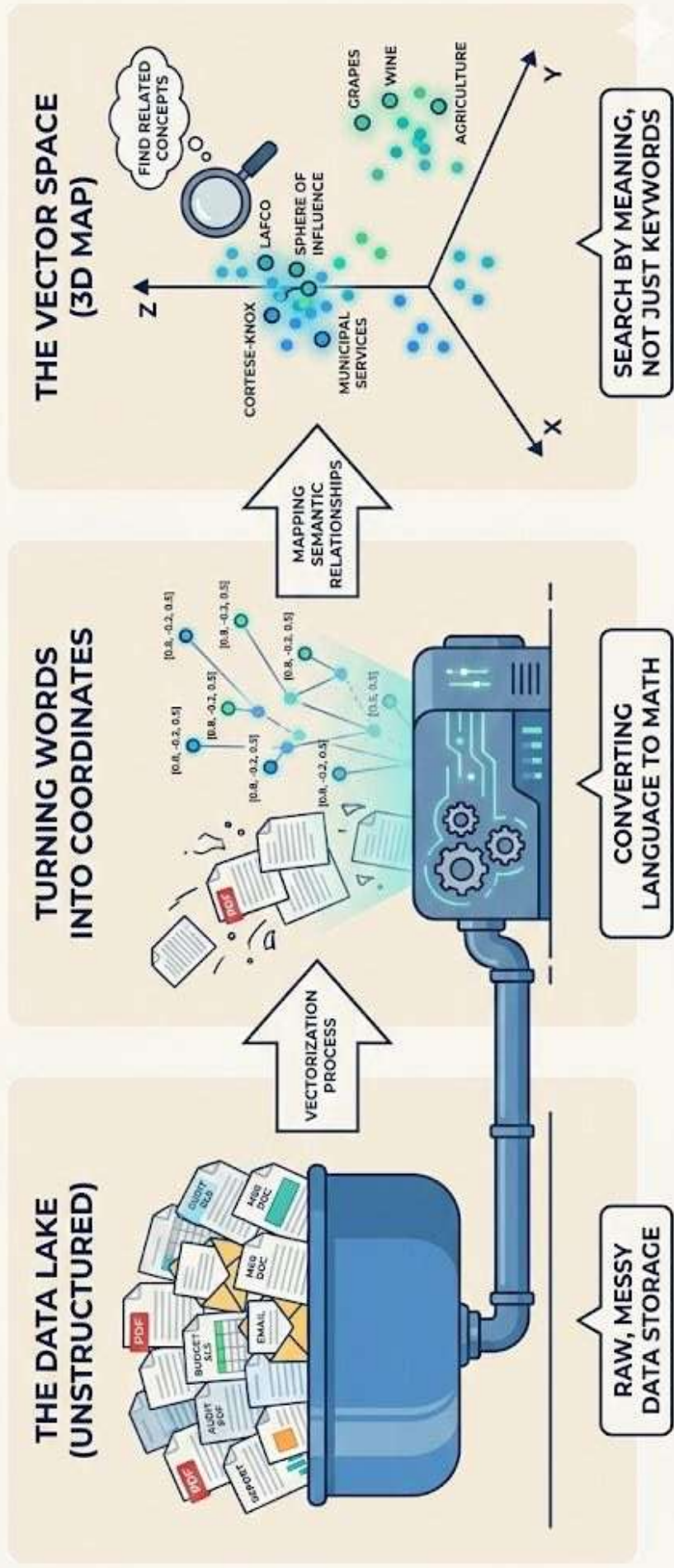
Predicts the next *paragraph* based on data & context.

Based on the NFPA 1710 standard, the Callistoga Fire Department's response times for urban incidents...

...have shown a consistent deficit. Recent audit data (2023-A) indicates an average response of 7:30, exceeding the 5:00 benchmark. This aligns with findings from the 2022 Grand Jury Report regarding staffing shortages. [Citation: 2023 Audit, p. 45].

COMPLEX CONTEXT: FACT-BASED REPORTING

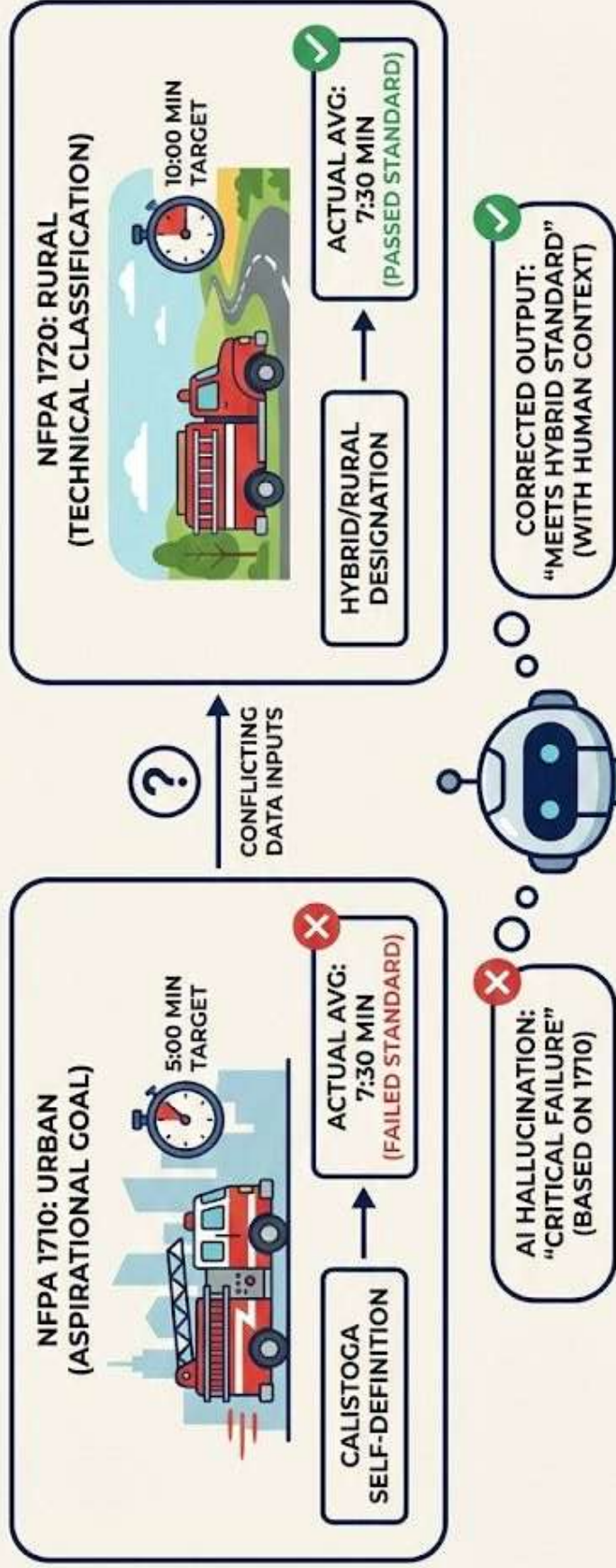
How it works: Data Lakes and Vectorization



Hallucinations: Context Failures



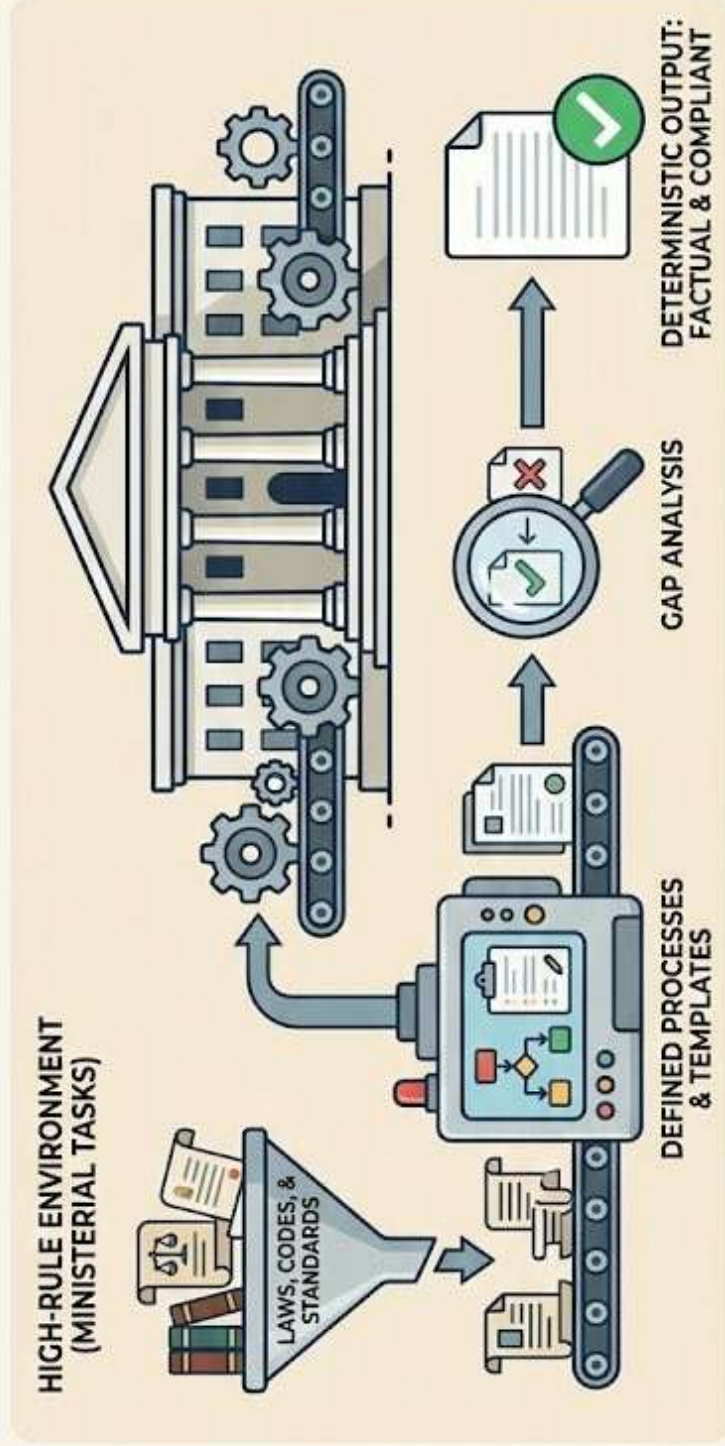
Napa Case Study: When Context is Unclear (THE CALISTOGA CONFLICT)



LESSON: AI NEEDS CLEAR RULES TO AVOID 'HALLUCINATING' FAILURES

the paperwork company

Why Government is Ideal for This Tech



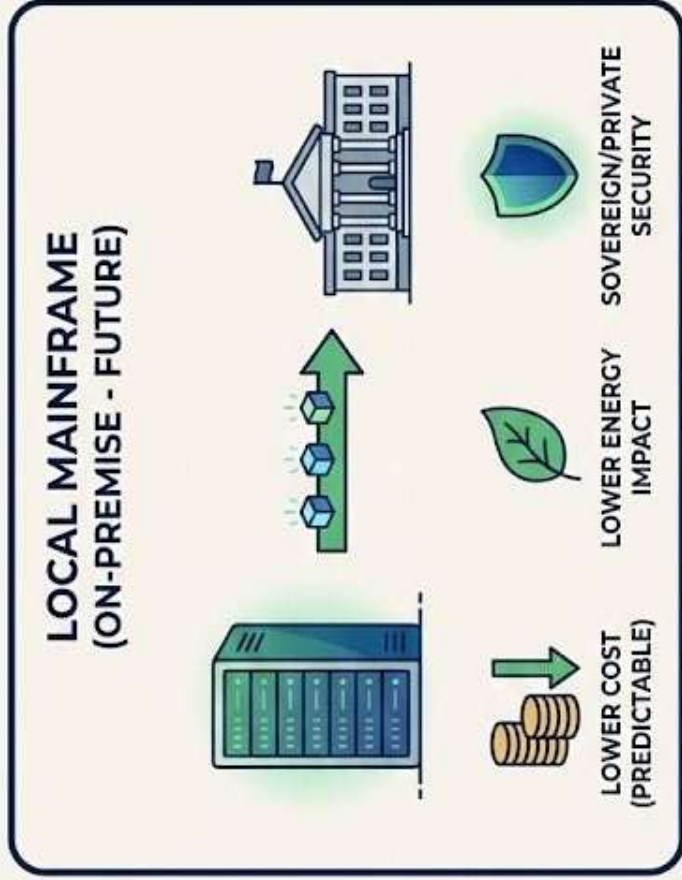
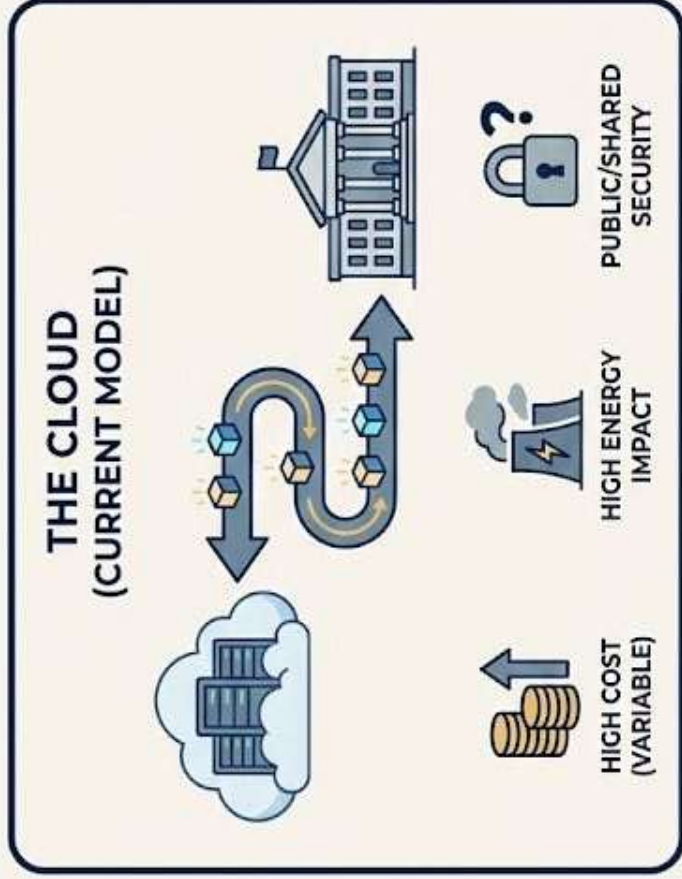
KEY TAKEAWAY: AI THRIVES ON CLEAR RULES. PERFECT FOR MEASUREMENT, NOT OPINION.

Technical vs Political: Defining AI's Role & The Human-in-the-Loop



KEY TAKEAWAY: AI PROVIDES THE FACTS. HUMANS MAKE THE DECISIONS.

Infrastructure: Cloud vs On-Premise (Future Looking)



CRITICAL NOTE: NO HARDWARE PURCHASE IS REQUIRED TO START. THIS IS A FUTURE CONSIDERATION.

tpc

Part 2

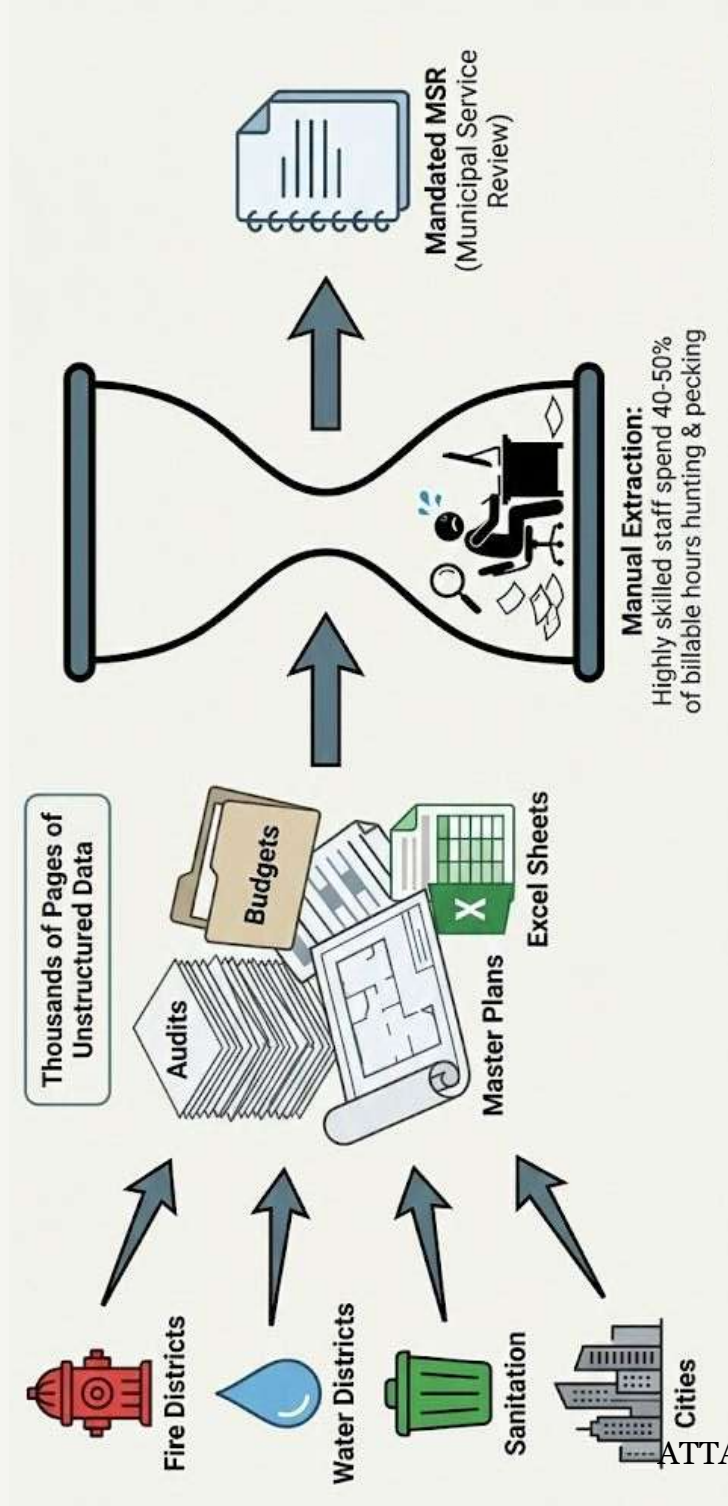
Current LAFCO Product Offering

the paperwork company

thepaperworkcompany.com

ATTACHMENT A

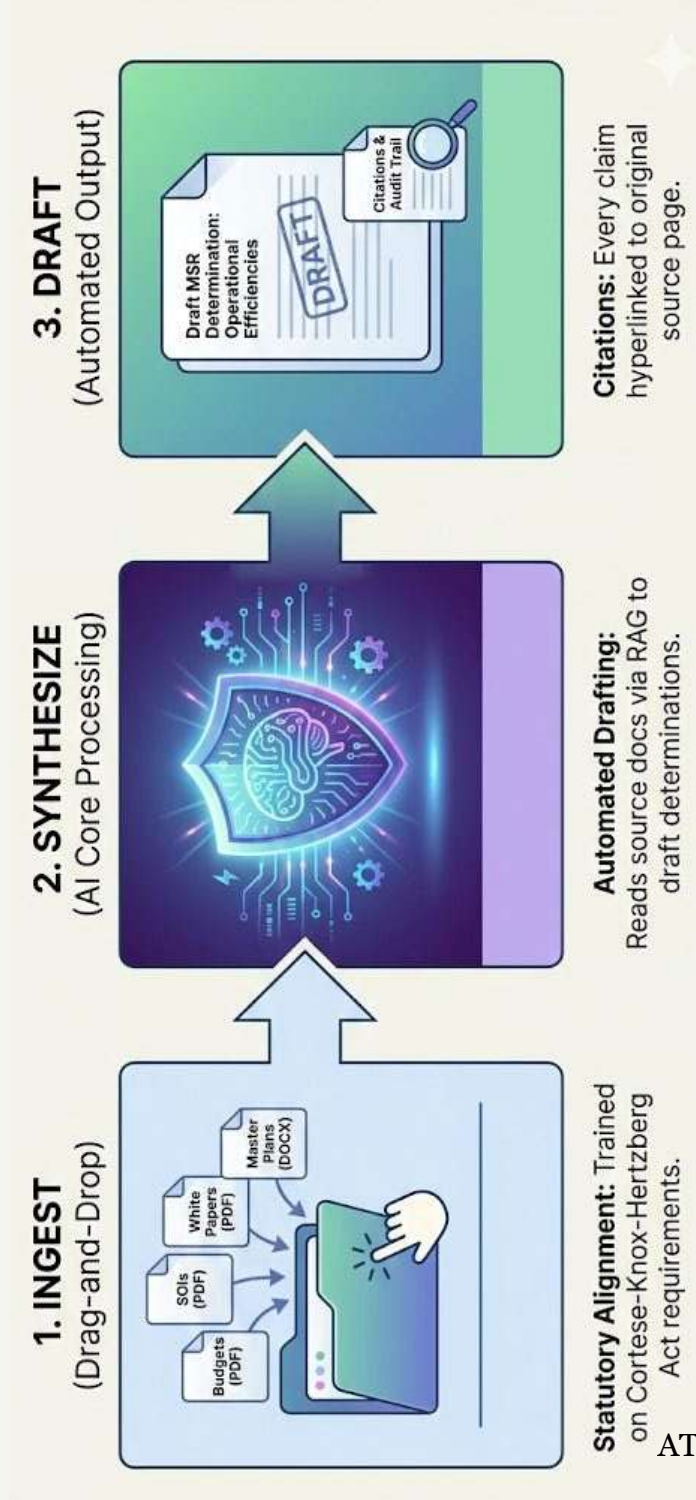
The Challenge: The Data Avalanche



The Burden: You deal with a massive intake of unstructured data—thousands of pages of audits, budgets, and master plans from dozens of agencies.

The Cost: Highly skilled analysts and consultants currently spend 40-50% of their billable hours just **hunting and pecking** for data points to populate the required statutory reports.

The Solution: The "Compliance Engine"

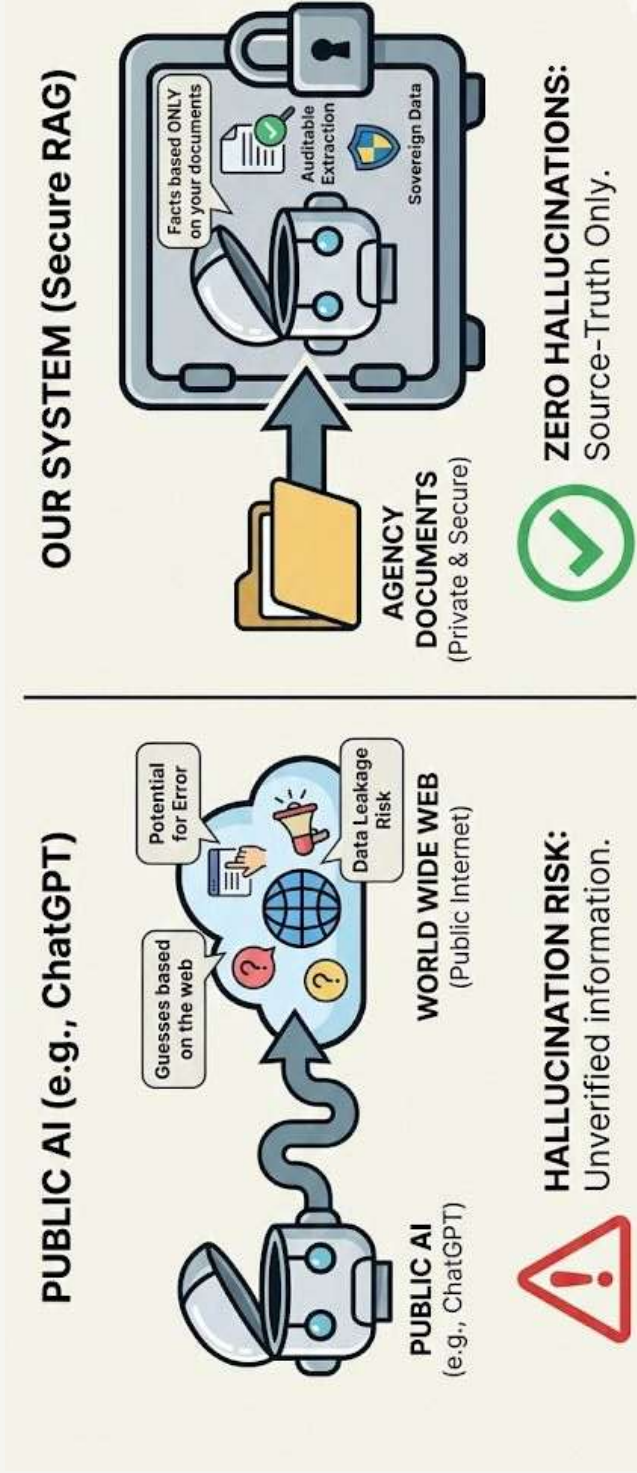


Statutory Alignment: Our system is trained on the specific requirements of the **Cortese-Knox-Hertzberg Act**. It knows exactly what an MSR, Sphere of Influence (SOI) update, or Policy White Paper needs to contain.

Automated Drafting: It reads the source documents (RAG) and drafts the narrative "Determinations" automatically.

Citations: Every claim is hyperlinked to the page number of the original agency PDF.

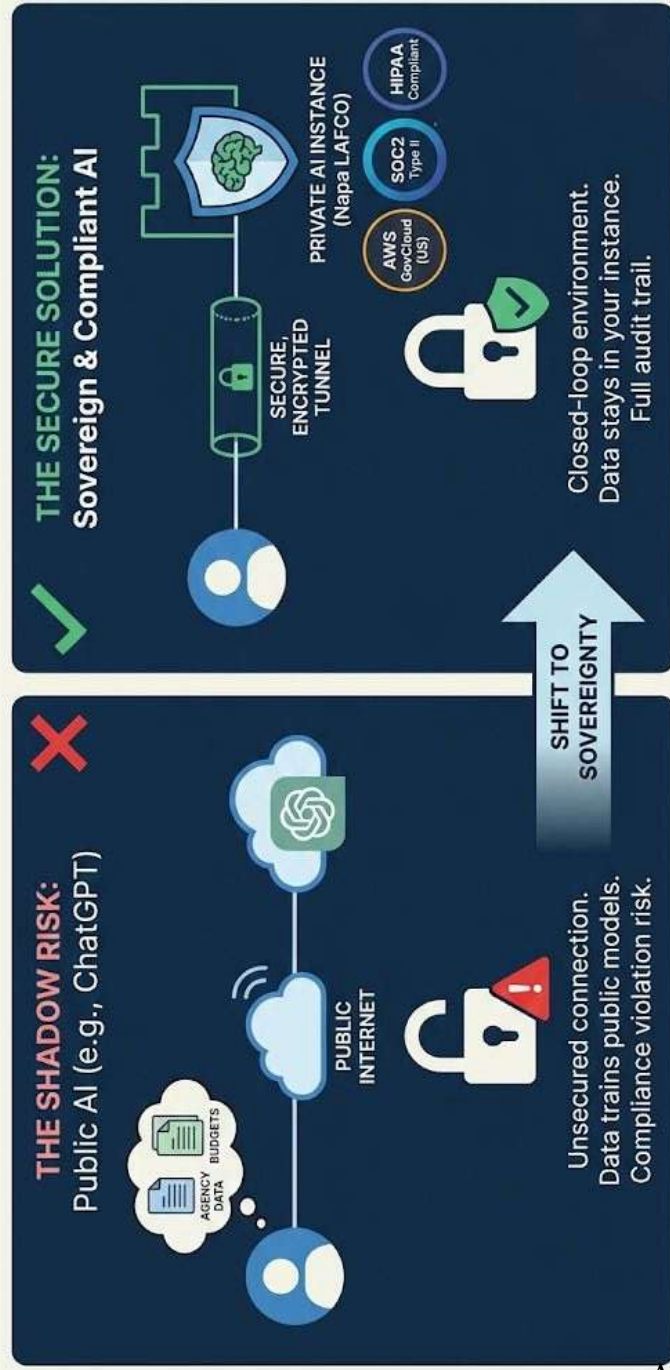
Validating the Tech (Zero Hallucinations)



Source-Truth Only: The system is strictly prohibited from inventing facts. It can only use the data contained in the documents you provide.

Why This Matters: In a statutory report, accuracy is legal compliance. You cannot afford "creative" writing. You need **auditable extraction.**

Security & Sovereign Data

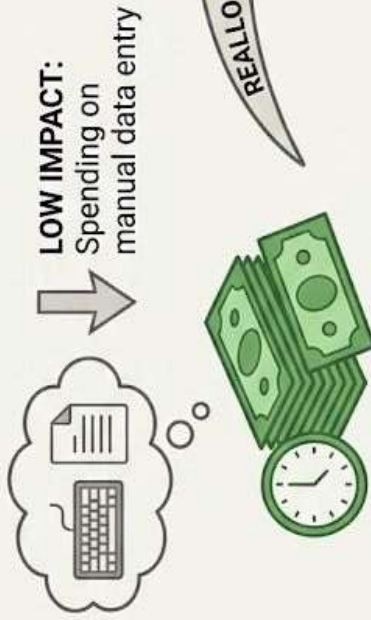


The Shadow Risk: We know staff are tempted to use ChatGPT to summarize these massive reports. That puts agency data on public servers.

The Secure Solution: A closed-loop, government-compliant environment. Your data never trains a public model. It stays in your Santa Barbara County LAFCO instance.

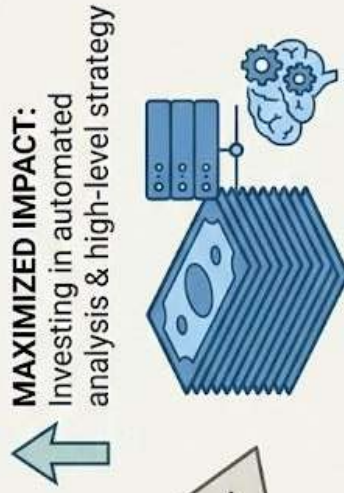
Impact Leader

CURRENT STATE: Variable Consultant Hours (Typing Reports)



Goal: Shift away from unpredictable, low-value spend.

FUTURE STATE: Fixed Software Infrastructure (AI Platform + Strategy)



Goal: Lock in recurring value, freeing up experts for policy work.



Reallocate Your Impact: We aren't asking you to change your total budget. We are suggesting you move funds from "manual administrative hours" to "high-value analysis."

Consultant Efficiency: Your expensive consultants shouldn't be typing numbers from spreadsheets. They should be analyzing policy. This tool makes your existing budget **work harder**.

The Leadership: Experience, Stability & High-Stakes Oversight

DAVID KEY | Co-Founder & CEO



- Fortune 50 Compliance Architect (Amway, PepsiCo, Hain Celestial)
- Expert in FDA/NLEA Regulatory Systems & Global Export
- Architected Amway's Global Regulatory AI (2TB data/3 markets)

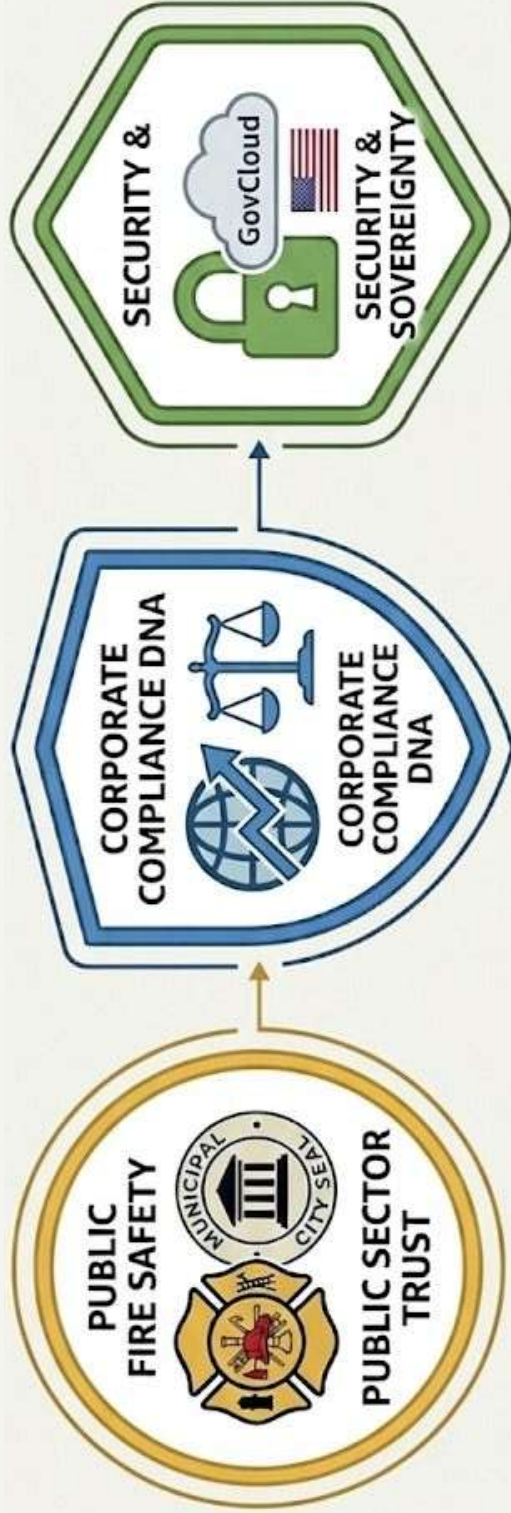
HAIG SANTOURIAN | Co-Founder & CTO



- Technical Lead for Secure GovCloud Infrastructure
- Scalable Software Architecture for Mission-Critical Systems
- Focused on Data Sovereignty & Fail-Safe Environments



Why Us?



Bay Area Fire & City Partners

Fortune 50 Regulatory Experience


AWS GovCloud & Sovereign Data



Proposal | What's Included

THE TECHNICAL ENGINE: AUTOMATED DRAFTING CORE

UNLIMITED TECHNICAL INGESTION



- Send every document, audit, and meeting minute.
- Engine processes all into your "Digital Twin" repository.

LEGISLATIVE UPDATE SYNC




- Automatic updates for CKH Act and rules like SB 244.
- Engine adjusts drafting logic for instant compliance.

AUDIT-READY CITATIONS



- Every claim is hyperlinked to the source document page.
- Pre-defends the report for County Counsel.

DRAFTING BASELINE EXCELLENCE



- 90% complete technical draft in 30 days.
- Removes all "hunting and pecking" for staff.

Proposal | What's Included

THE STRATEGIC SERVICE: CONTINUOUS PARTNERSHIP VALUE



QUARTERLY HEALTH BRIEFS

- High-level, 2-page summary for the Commission.
- Shows financial & operational health of all districts at a glance.



UNLIMITED TECHNICAL RESPONSES

- Ingest complex lawyer comments or city objections.
- Receive a technical draft response within 48 hours.



24/7/365 DATA VIGILANCE

- Continuous monitoring of city agendas & financial filings.
- "Digital Twin" is always ready for a mandated review.




DEDICATED DATA LIAISON

- Direct access to a technical partner.
- Understands the local history and political nuances of your county.


Proposal | What's Included

THE PARTNERSHIP SAFEGUARDS: THE DE-RISKING LAYER




AT-WILL FLEXIBILITY

- Standard 30-day exit clause.
- Ensures Agency is never "locked" into a contract that no longer serves its goals.




FIXED-FEE CERTAINTY

- One annual price for the entire statutory work plan.
- Zero hourly billing or "out of scope" surprise charges.



SCALABLE INFRA-STRUCTURE

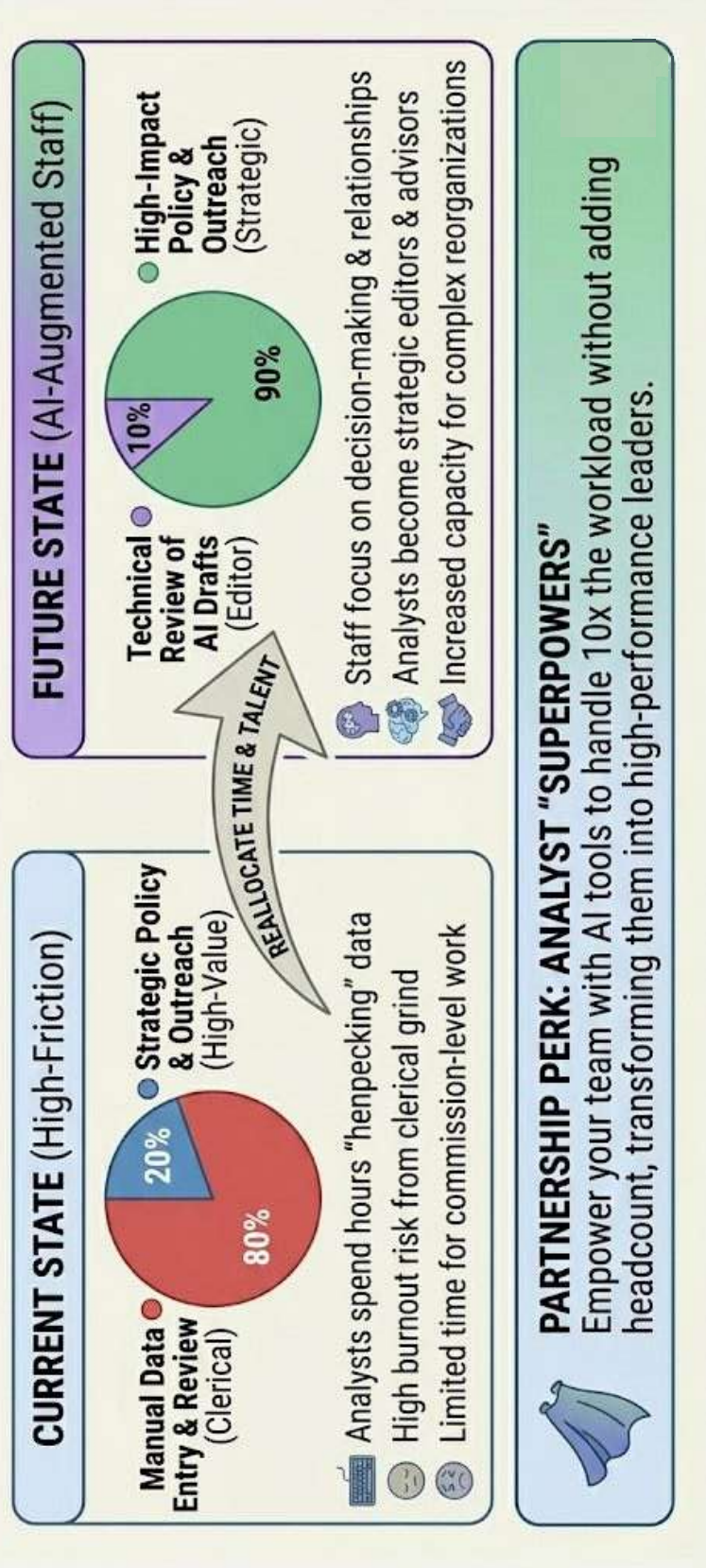
- 5-year growth path increases technical capability (e.g., Predictive Modeling).
- Scales without increasing administrative burden.



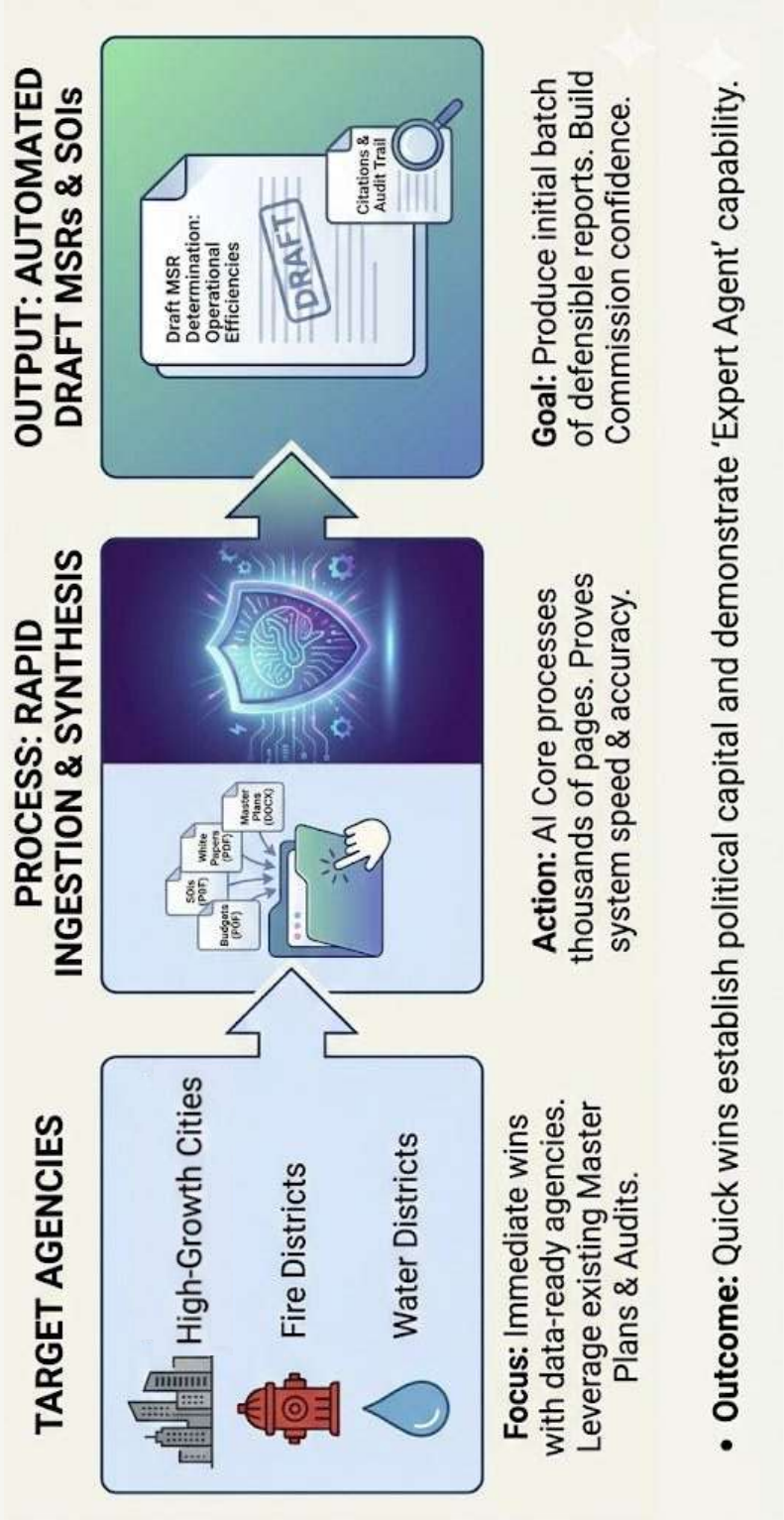
STAFF EMPOWERMENT

- Re-allocation of \$180k analyst hours clerical data entry.
- Focus shifts to high-impact policy and relationship management.

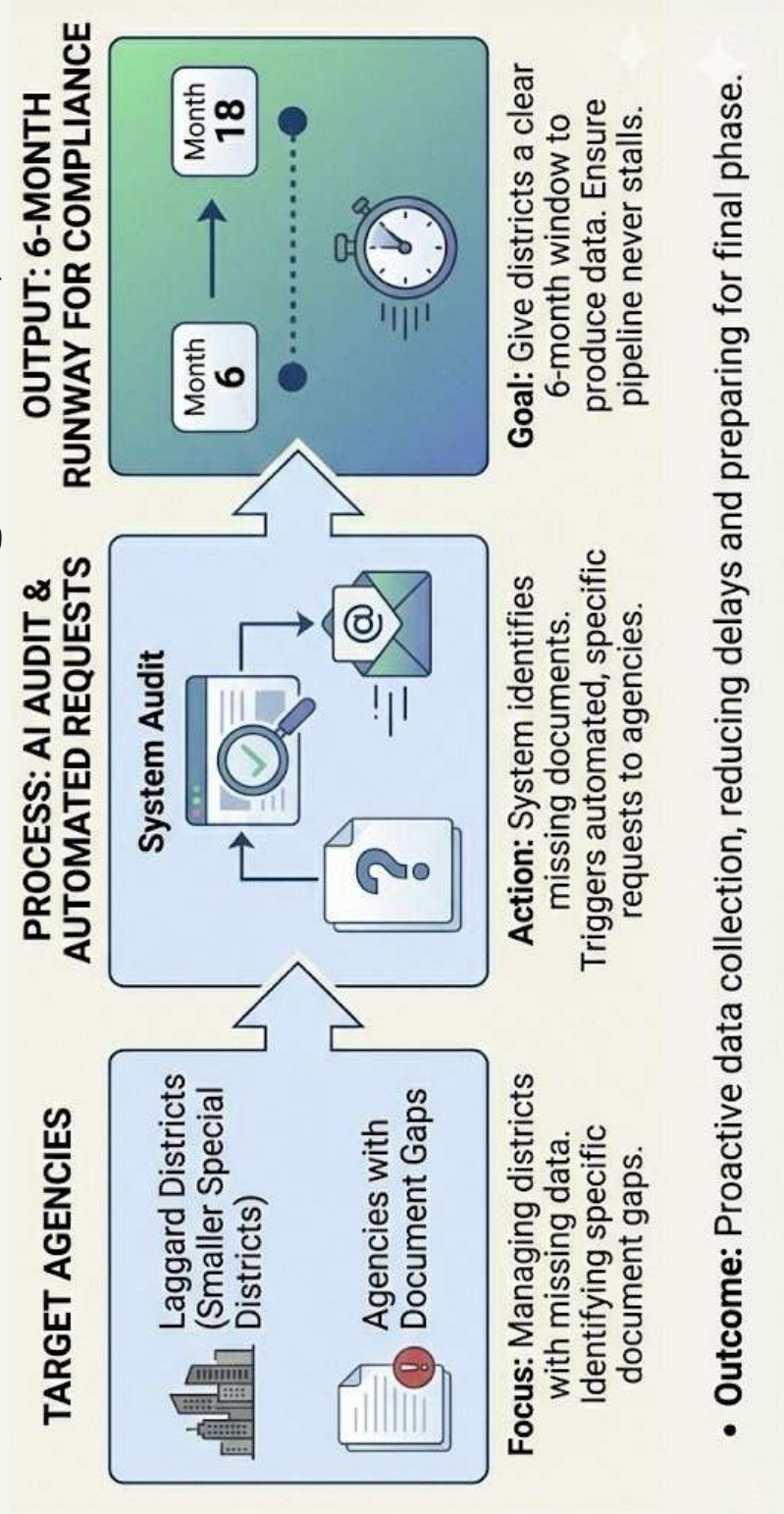
Proposal | Benefits



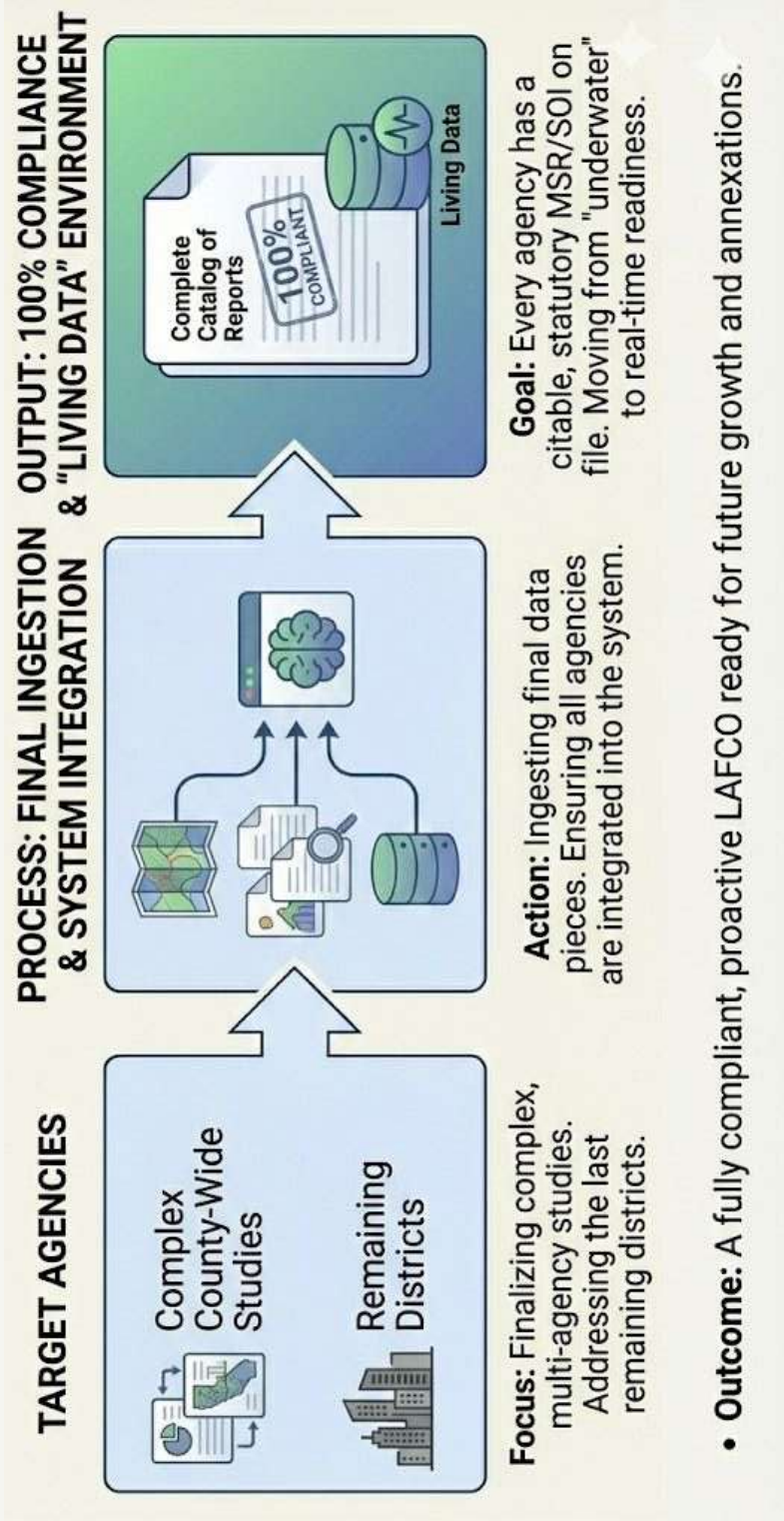
Santa Barbara LAFCO: 2-Year Plan Phase 1: Momentum Sprint (Months 1-6)



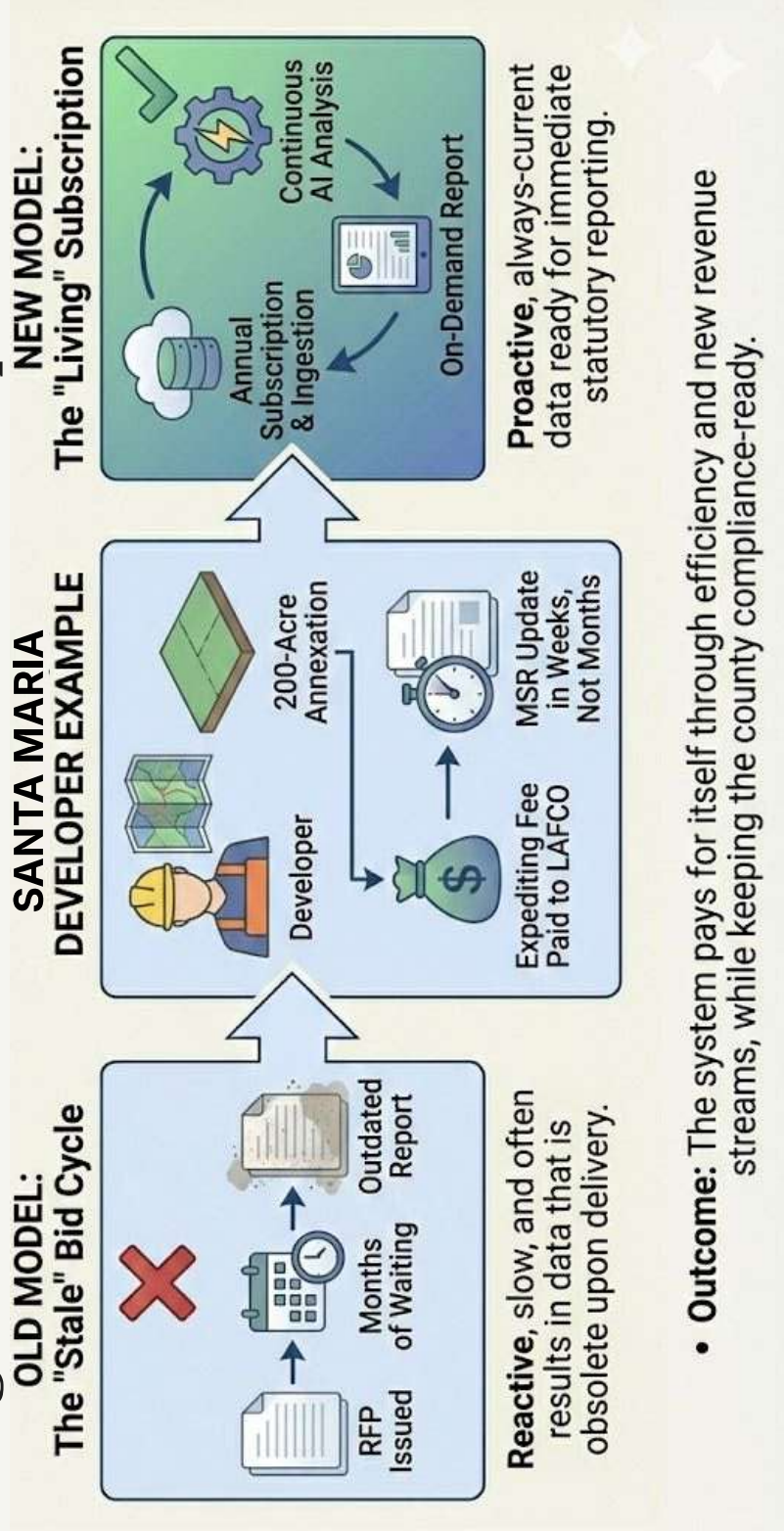
Santa Barbara LAFCO: 2-Year Plan Phase 2: Notification & Onboarding Wave (Month 6-18)



Santa Barbara LAFCO: 2-Year Plan Phase 3: Full Catalog Completion (Month 18-24)



The Economic Pivot: From Per-Bid to Subscription Unlocking Value with On-Demand Compliance



- **Outcome:** The system pays for itself through efficiency and new revenue streams, while keeping the county compliance-ready.

Strategic Value Comparison

Feature	Traditional Consultant Model (Status Quo)	AI-Powered Subscription Model (Your Firm)
Total Cost (2 Years)	\$1.2M - \$2.5M+ (Estimated based on individual RFPs)	\$350,000 (\$175k Annual Flat Fee)
Cost per Report	\$10,000 - \$30,000 per individual district	~\$3,300 (Included in flat fee)
Major Service Studies	\$190,000 - \$296,000 (e.g., Rural Fire Study)	Included (No additional charge)
Reporting Speed	6-18 Months per study	Weeks (via Automated Ingestion)
Data Recency	"Stale Snapshot" (Outdated by publication)	"Living Data" (Always Current)
Staff Workload	High (Managing RFPs, bidding, & oversight)	Low (Oversight of generated drafts only)
Revenue Generation	Cost Center (Pure expenditure)	Profit Center (Via Expediting Fees)
Compliance Status	Reactive (Chasing 15-year-old backlogs)	Proactive (100% compliant in 24 months)

ATTACHMENT A

tpc

Part 3

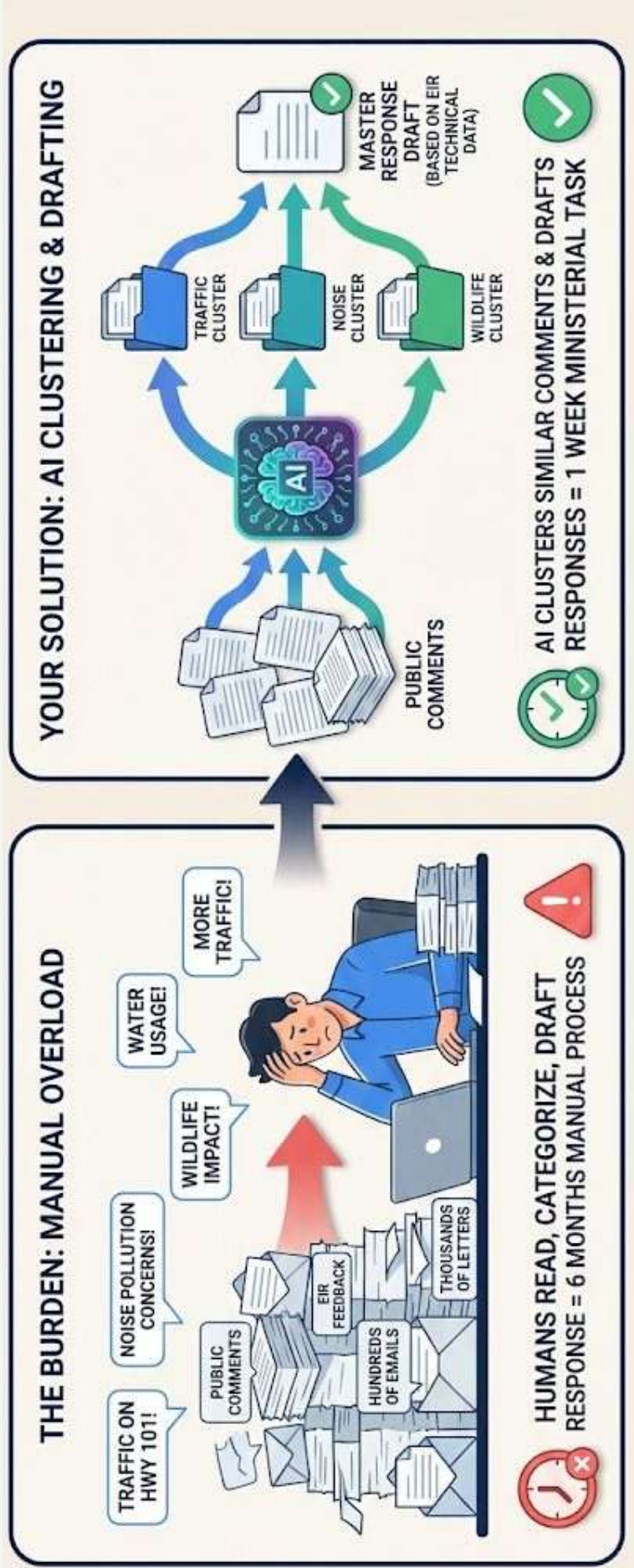
Additional Applications of the Technology for Local Government

the paperwork company

thepaperworkcompany.com

ATTACHMENT A

CEQA “Response to Comment” Machine (Planning Dept)




Public Records Act Sorting & Redaction (Counsel/Clerk)

THE BURDEN: MANUAL SEARCH & REDACTION



CITIZEN REQUEST: "MIRAMAR EXPANSION" EMAILS?

WHERE IS IT? MANUAL REDACTION... SO MUCH PII...

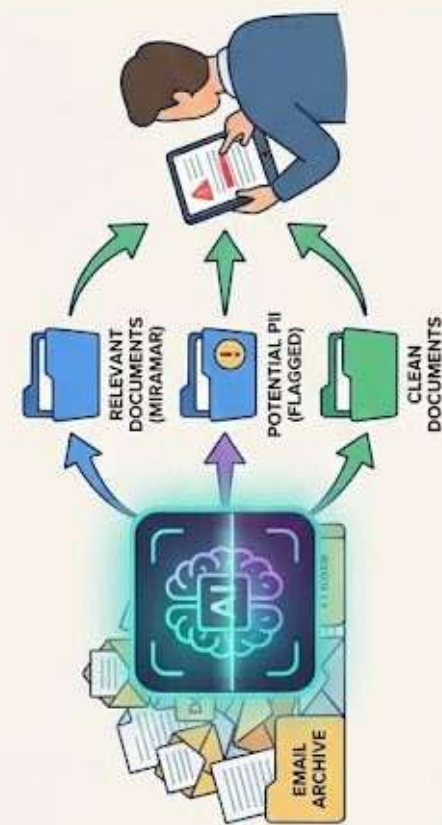


DOCUMENTS
10,000 ITEMS
EMAIL ARCHIVE

STAFF HUNTS & REDACTS = HUNDREDS OF HOURS, HIGH RISK





YOUR SOLUTION: AI "DATA LIBRARIAN"



RELEVANT DOCUMENTS (MIRAMAR)
POTENTIAL PII (FLAGGED)
CLEAN DOCUMENTS

EMAIL ARCHIVE

AI IDENTIFIES & FLAGS = MINUTES TO PROCESS, HUMAN REVIEW FOCUSED



Grant Compliance & Audit Consolidation (Finance/Social Services)

THE BURDEN: MANUAL REPORTING & PANIC

WHERE ARE THE FIRE PREVENTION RECEIPTS?
HOMELESSNESS SPENDING DATA?
CHASING DEPARTMENTS AGAIN!
DEADLINE LOOMING!

GRANT REQUIREMENTS
INVOICES
RECEIPTS
SOPs

QUARTER END!
!

ANALYSTS CHASE DATA = 'END-OF-QUARTER PANIC', HIGH STRESS & ERRORS

YOUR SOLUTION: AI DATA STREAM MONITORING & AUTO-POPULATION

FINANCE DEPT DATA
SOCIAL SERVICES DATA
FIRE DEPT DATA

EXTRACT SPECIFIC DATA POINTS

TEMPLATED STATE REPORT (COMPLIANT)

AI MONITORS & AUTO-FILLS = ELIMINATES PANIC, CONTINUOUS COMPLIANCE

Social Services Case Study Consolidation

THE BURDEN: FRAGMENTED NOTES & MANUAL COMPILATION

CASE NOTES (MESSY)
 EMAILS & TEXTS
 MANUAL NARRATIVE WRITING...
 RISK OF MISSING DETAILS...
 NEED TO UNIFY THESE SOURCES...
 INTAKE FORMS
 EMAILS & TEXTS
 AUDIT DEADLINE!
 Flat Plus

SOCIAL WORKERS COMPILE MANUALLY = HOURS PER CASE, HIGH RISK OF ERROR & BURNOUT

YOUR SOLUTION: AI NARRATIVE GENERATION & CONSOLIDATION

AI
 STATE-MANDATED NARRATIVE (COMPLIANT TEMPLATE)
 AI PULLS & DRAFTS NARRATIVE = MINUTES PER CASE, AUDIT-READY & COMPLIANT

Vision: Unified 'Institutional Knowledge Search'

**THE BURDEN:
LOST KNOWLEDGE & MANUAL SEARCH**

WHAT HAS BEEN OUR POLICY ON AGRICULTURAL WATER OFFSETS SINCE 2010?

NO ONE KNOWS...

SEARCHING...

CHECK THE BASEMENT?

IT'S BURIED!

2010_S015_POLICY

ARCHIVE_FINAL_V3.doc

WHERE IS IT?

OLD WHITE PAPERS

**STAFF SEARCHES FOR HOURS/DAYS =
KNOWLEDGE GAPS & SLOW DECISIONS**

**YOUR SOLUTION:
EXPANDED AI DATA LAKE & SEMANTIC SEARCH**

POLICY: AG WATER OFFSETS SINCE 2010

RESULT 1: 2012 WHITE PAPER - AG WATER USE (RELEVANT)

RESULT 2: 2015 COMMISSION MINUTES (POLICY UPDATE)

RESULT 3: 2018 ORD. ON OFFSETS (KEY DETAILS)

MSR DATA LAKE + HISTORICAL POLICY DOCS + WHITE PAPERS + MINUTES

**INSTANT, ACCURATE RESULTS =
"GOOGLE SEARCH FOR SANTA BARBARA POLICY"**

tpc

Thank You!

David Key

david@thepaperworkcompany.com

510.837.0238

Mill Valley, CA

the paperwork company

thepaperworkcompany.com