

April 19, 2007

To: Local Agency Formation Commission

Re: **Preliminary LAFCO Budget for Fiscal Year 2007-2008**

Staff's Recommended Action

Review the attached materials and approve a preliminary budget for fiscal year 2007-'08 and direct staff to incorporate any desired changes into a final budget to be brought before the Commission at its May meeting.

Background

Government Code Section 56381 (Attachment A) requires LAFCO to annually conduct public hearings and adopt a proposed budget by May 1st and a final budget by June 15th of each year.

Under law, LAFCO's budget is apportioned between the County, cities, and independent special districts; each paying one-third of the total budget. Independent special districts may apportion their one-third of the budget as specified by statute or they may apportion the cost by an alternative method approved by a majority of the districts, representing a majority of the combined populations of the districts.

Any alternative method of apportionment of the net operating expenses of the commission may be used if approved by a majority vote of each of the following: the board of supervisors; a majority of the cities representing a majority of the total population of cities in the county; and the independent special districts representing a majority of the combined total population of independent special districts in the county.

Once a budget has been adopted, the County Auditor's Office is required to request payment from each agency no later than July 1 of each year for the amount that each entity owes.

Budget Proposal

Staff has provided the Commission with a proposed balanced budget for fiscal year 2007-'08. The money required to be paid by independent districts, cities and the County will be \$19,800 each. This is a decrease of \$7,700 from last year. This is due to an anticipated budget carryover of \$32,294 that was largely accrued in the 2005-'06 fiscal year. Staff is proposing to return \$25,000 of this money by lowering each group's respective contribution to LAFCO this year. An estimate of the cost break down showing how each agency will be affected by the proposed budget is included as Attachment "C".

To summarize, the total budget proposed for fiscal year 2007-'08 is \$111,950 (Attachment B, far right column). This is an increase over the current fiscal year by 12 percent and is due to staff anticipating the need for contract services to assist in an upcoming proposal for the Gilsizer County Drainage District. This anticipated proposal will be processed on an at-cost basis and staff has reflected additional fee revenue (\$15,000) to offset these additional expenses. Removing this anticipated project from the budget would show a slight decrease in the budget from the previous fiscal year (\$96,950 vs. \$97,500).

The proposed budget estimates expenditures for professional/specialized services of \$60,000, identical to last year. These funds cover the staffing overhead of LAFCO, including the Executive Officer, Assistant Executive Officer, a senior planner, counsel and support staff.

Once again, appropriations for contingency (\$10,000) are proposed. These monies may be used for special studies or unanticipated legal or staff costs as the Commission deems appropriate.

Monies budgeted for reserves (\$20,000) are generally earmarked for future municipal service reviews and sphere of influence update study costs but may be appropriated by the Commission for other purposes. At the end of this fiscal year, \$40,000 will have been accumulated for these purposes.

Revenues for fiscal year 2006-'07 were less than anticipated due to a decrease in annexation activity in the Yuba City area. To date, \$7,104 in fees has been received and \$18,127 was anticipated.

Revenues received from independent districts, cities and the County for fiscal year 2006-'07 totaled \$82,500. All agencies have funded their portion of the LAFCO budget.

Sincerely,

LARRY T. COMBS
EXECUTIVE OFFICER

Doug Libby, AICP
Senior Planner

DL:gg

Attachments: A – Government Code Section 56381
B – Past budget data and Proposed FY 2007-2008 Budget
C – Estimated cost breakdown for the County, cities and districts

ATTACHMENT A
Government Code Section 56381

ATTACHMENT B
Past budget data and Proposed
FY 2007-2008 Budget

ATTACHMENT C
Estimated cost breakdown
for the County, cities and districts