

April 24, 2008

To: Local Agency Formation Commission

Re: **Preliminary LAFCO Budget for Fiscal Year 2008-09**

Staff's Recommended Action

Review the attached materials, adopt the finding contained in this staff report, approve a preliminary budget for fiscal year 2008-09 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 1st 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 2008-09. The amount of money that will be required to be paid by independent districts, cities and County will be \$19,800 each. A 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 2008-09 is \$102,015 (Attachment B). This is a reduction of \$9,935 under the current fiscal year.

The proposed budget estimates expenditures for professional/specialized services of \$60,000. The 2007-08 budget apportioned the same amount.

Staff is proposing to budget appropriations for contingency (\$15,565). These monies may be used for special studies or unanticipated legal or staff costs as the Commission deems appropriate.

Monies budgeted for reserve (\$20,000) in the current fiscal year and proposed budget are earmarked for future municipal service reviews and sphere of influence update study costs. Currently, \$60,000 has been reserved for this purpose.

Revenues for fiscal year 2007-08 were less than anticipated. To date, \$3,500 has been received and \$25,000 was anticipated. The decrease is due to a decrease in the number of applications filed, processed, and completed this fiscal year on an at-cost basis. Revenues received from independent districts, cities, and the County for fiscal year 2007-08 totaled \$59,400. All agencies have paid their share of the LAFCO budget.

Recommended Finding

Government Code section 56381, subdivision (a) provides as follows:

"At a minimum, the proposed and final budget shall be equal to the budget adopted for the previous fiscal year unless the commission finds that reduced staffing or program costs will nevertheless allow the commission to fulfill the purposes and programs of this chapter."

Because the proposed budget is less than the current fiscal year, the Commission must comply with this provision and make an appropriate finding. The reduction in the budget is due to a decrease in the number of applications, resulting in lower fees for publication of legal notice and staff processing time, and the availability of staff to perform services previously budgeted to be performed by independent contractors. Staff therefore recommends that the Commission adopt the following finding:

“The Commission finds that reduced program costs as a result of fewer applications and increased availability of staff to perform services previously performed by independent contractors will nevertheless allow the Commission to fulfill the purposes and programs of the Cortese-Knox-Hertzberg Act of 2000.”

Sincerely,
LARRY T. COMBS
EXECUTIVE OFFICER

Sydney Vergis
Senior Planner

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Attachments: A – Government Code Section 56381
B – Past Budget Data and Proposed FY 2008-09 Budget
C – Estimated Cost Breakdown for the County, Cities and Districts

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Attachment A
Government Code Section 56381

Attachment B
Past Budget Data and Proposed
FY 2008-2009 Budget

Attachment C
Estimated Cost Breakdown for the
County, Cities and Districts