

April 20, 2006

To: Local Agency Formation Commission

Re: Preliminary LAFCO Budget for Fiscal Year 2006-2007

Staff's Recommended Action

Review the attached materials and approve a preliminary budget for fiscal year 2006-'07 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 2006-'07. The amount of money that will be required to be paid by independent districts, cities and County

will be \$27,500 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 2006-'07 is \$97,500 (Attachment B, second column from the right). This is a decrease over the current fiscal year by 59 percent and is a result of the Commission not having to budget for contract services to complete municipal service reviews and sphere of influence updates.

The proposed budget estimates expenditures for professional/specialized services of \$60,000. This is an increase over the \$37,000 budgeted this fiscal year due to increased staffing costs and more complex projects requiring additional legal analysis.

Staff is again proposing to budget appropriations for contingency (\$10,000). 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.

Revenues for fiscal year 2005-'06 were greater than anticipated. To date, \$17,174 has been received and only \$3,000 was anticipated. The increase in revenue is due to an increase 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 2005-'06 totaled \$99,750. All agencies have paid their share of the LAFCO budget.

Sincerely,

Larry T. Combs
Executive Officer

Doug Libby, AICP
Senior Planner

DL:dh

Attachments: A – Government Code Section 56381
B – Past budget data and Proposed FY 2006-2007 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 2006-2007 Budget

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