

December 7 2000 (Agenda)

Local Agency Formation Commission
105 East Anapamu Street
Santa Barbara CA 93101

Apportioning the LAFCO Budget – Fiscal Year 2001-2002

Dear Members of the Commission

RECOMMENDATION

It is recommended that the Commission

1. Receive this report regarding changes in funding LAFCO operating expenses,
2. Direct the staff to prepare a proposed budget for Fiscal Year 2001-2002 for consideration at the March 1 LAFCO meeting, and
3. Authorize the Chair to appoint an ad hoc committee to review staff performance, objectives and compensation for the coming fiscal year.

DISCUSSION

LAFCO Budget for Fiscal Year 2001-2002

This report discusses LAFCO budgeting changes that will result from AB 2838 (Hertzberg). This legislation was signed by the Governor and will become effective on January 1, 2001.

Beginning in Fiscal Year 2001-2002 LAFCO's net operating costs will be borne in equal thirds by the County, cities and special districts. Enclosed for reference are Government Code Sections 56380, 56381 and 56383, which mandate these changes.

The process to adopt LAFCO's budget and allocate these costs is explained below:

A. Adoption and Distribution of the LAFCO budget

Following a public hearing LAFCO will adopt a “proposed budget” by May 1 and “final budget” by June 15. Approval of the budget requires a majority vote of the Commission.

The proposed and final budgets will be sent to the County, each city, the city selection committee, each independent special district and the special district selection committee.

B. Apportionment of LAFCO Budget Expenses

After LAFCO adopts a final budget the County Auditor will apportion the “net operating expenses” among the County, cities and independent special districts as follows:

- The County, cities and independent special districts will each provide a one-third share of the Commission’s operational costs.
- The cities’ share can be apportioned (1) in proportion to each city’s total revenue, (2) as a percentage of combined city revenues within a county or (3) by any alternative method approved by a majority of cities with a majority of the total city population.
- The district’s one third shall be apportioned according to each district’s revenues for general-purpose transactions. The Legislature intends that no single special district or type of special district bear a disproportionate share of LAFCO costs.

C. Alternative Apportionment of LAFCO Budget

An alternative method of apportioning costs may be used if approved by the County, a majority of the cities with a majority of the city population and a majority of independent special districts with a majority of the total special district population.

D. Requests for Payment

After the costs are apportioned, the County Auditor will request payment not later than July 1 from each city and district for the amount the agency owes and administrative costs incurred of the Auditor in apportioning cost and requesting payment.

E. Collection of Late Payments

If payment is not made in sixty days LAFCO may determine the method of collecting the payment, including requesting the Auditor to collect an equivalent amount from property taxes or other fees or revenues that are owed to the local agency. Expenses to collect late payments will be added to the amount owed for LAFCO expenses.

F. County Advance to Start the Year

To begin the year the County will advance funds sufficient to cover LAFCO's first two months of operating expenses. When city and district payments are received the County's portion of the expenses will be credited with funds already received from the County.

G. LAFCO Retains Excess Funds

If at the end of the fiscal year LAFCO has excess funds, it may retain those funds and use them in financing the following year's budget.

H. Mid-Year Loans from the County

If LAFCO is without adequate funds to operate during the fiscal year the County may loan funds and recover those in LAFCO's budget for the following year.

It appears that next year's LAFCO budget will not exceed \$375,000, or approximately \$125,000 to be funded, respectively, by the County, cities and special districts. The Auditor Controller will determine each city or district obligation following adoption of the budget.

Appointment of ad hoc Personnel Committee

It is recommended the Chair appoint an ad hoc committee to review staff performance, objectives and compensation, prior to the preparation of next year's budget.

If you have any questions please contact the LAFCO office.

Sincerely,

BOB BRAITMAN

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Executive Officer

LAFCO

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November 29, 2000

TO: County Administrator, City Managers and
Special District Managers in Santa Barbara County

SUBJECT: **Apportioning LAFCO Budget Expenses
for FY 2001-2002 and Beyond**

AB 2838 (Hertzberg) was signed by the Governor and will become effective on January 1, 2001. This bill makes a number of changes regarding LAFCOs, including the way they are funded.

Beginning in Fiscal Year 2001-2002 LAFCO net operating costs will be borne in equal thirds by cities, special districts and the County. The purpose of this letter is to inform you of this change and explain the process that will be used to adopt and allocate LAFCO's budget.

Enclosed for your reference are adopted Government Code Sections 56381 and 56383, which mandate the following budgetary process:

- I. Following public hearings LAFCO will adopt a "proposed budget" by May 1 and a "final budget" by June 15. The budget requires a majority vote of the Commissioners.
- J. The proposed and final budgets will be sent to the County, each city, the city selection committee, each independent special district and the special district selection committee.
- K. After LAFCO adopts a final budget the County Auditor will apportion the "net operating expenses" as follows:
 - The County, cities and independent special districts shall each provide a one-third share of the Commission's operational costs.

- The cities' share can be apportioned (1) in proportion to each city's total revenue, (2) as a percentage of combined city revenues within a county or (3) by any alternative method approved by a majority of cities with a majority of the total city population.
 - The district's one third shall be apportioned according to each district's revenues for general-purpose transactions. The Legislature intends that no single special district or type of special district bear a disproportionate share of LAFCO costs.
- L. An alternative method of apportioning LAFCO costs may be used if approved by the County, a majority of the cities with a majority of the city population and a majority of independent special districts with a majority of the total special district population.
- M. After the costs are apportioned, the County Auditor will request payment to be made not later than July 1 from each city and special district for the amount the agency owes and administrative costs incurred of the Auditor in apportioning cost and requesting payment.
- N. If the requested payment is not made within sixty days LAFCO may determine the method of collecting the payment, including a request to the Auditor to collect an equivalent amount from property taxes or other fees or revenues that are owed to the local agency. Expenses related to collecting late payments will be added to the amount owed for LAFCO expenses.
- O. To begin the year the County will advance funds sufficient to cover LAFCO's first two months of operating expenses. When city and district payments are received the County's portion of the expenses will be credited with funds already received from the County.
- P. If at the end of the fiscal year LAFCO has excess funds, it may retain those funds and use them in financing the following year's budget.
- Q. If LAFCO is without adequate funds to operate during the fiscal year the County may loan funds and recover those in LAFCO's budget for the following year.

This letter is to inform you of the changes required for next year's LAFCO budget process. We will work to make the transition as smooth and problem free as possible.

The Commission will conduct a workshop, we think in December, to review all of the legislative changes that are included in AB-2838. We will notify you when this workshop is scheduled.

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In the meantime, if you have any questions please contact the LAFCO office.

Sincerely,

BOB BRAITMAN
Executive Officer