

**SACRAMENTO LOCAL AGENCY FORMATION COMMISSION**  
**1112 I Street #100**  
**Sacramento, California 95814**  
**(916) 874-6458**

June 2, 2004

TO: Sacramento Local Agency Formation Commission  
FROM: Peter Brundage, Executive Officer  
RE: FY 2004-05 Final Budget

**RECOMMENDATION**

Adopt the FY 2004-05 Final Budget in the amount of \$681,000.

**DISCUSSION**

On May 5, 2004, the Commission adopted the proposed budget. Year end estimates have not changed and remain on track. A draft and proposed budget has been transmitted to affected parties. No official or formal comments have been received at this time.

The City of Sacramento has requested that all joint funded programs implement a five percent budget cut. The City of Sacramento budget hearings for joint funded programs are scheduled for June 15, 2004.

I met with Deputy City Manager, Ken Nishimoto, to discuss the FY 04-05 LAFCo proposed budget and anticipated work load. Based on our preliminary discussions, Ken Nishimoto will discuss our proposed increase with the City Manager based on the following information.

- LAFCo is a mandated State program that is not funded by the State.
- The level of service that LAFCo performs is not specifically mandated, however, LAFCo's are required by law to perform analyses of annexations, detachments, reorganizations, consolidations and incorporations, as well as conduct hearings and determine Spheres of Influence and Municipal Service Reviews.

- LAFCo has also agreed to facilitate discussions between cities, the county and special districts to develop principles and processes related to property tax sharing agreements. The City believes that the cost of this service performed by LAFCo may provide justification for the City's increased share of cost since they will not need to hire a consultant or use City staff to facilitate this process. This results in a cost shift from the City of Sacramento to LAFCo.
- Government Code Section 56381(a) provides the following:  
  
...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.

**RECOMMENDATION**

The Commission is required to adopt a final budget by June. I recommend that the Commission adopt the budget, as proposed. If the City of Sacramento does not approve funding to cover their share of the increase, staff will report back to the Commission on August 4, 2004.

Respectfully submitted,

***SACRAMENTO LOCAL AGENCY FORMATION COMMISSION***

Peter Brundage  
Executive Officer

PB:Maf

(Final Budget)