LAFCO

Santa Barbara Local Agency Formation Commission

105 East Anapamu Street ◆ Santa Barbara CA 93101 805/568-3391 ◆ FAX 805/568-2249 www.sblafco.org ◆ lafco@sblafco.org

December 8, 2022 (Agenda)

Local Agency Formation Commission 105 East AnapamuStreet SantaBarbara CA 93101

Consider Policy Regarding Annual Contribution to Commission Net Operating Expenses Policy

Dear Members of the Commission

RECOMMENDATION

Consider giving direction to add a policy amendment to the Commissioner Handbook Section 9, Budget and Financial, Sub-Section M "Annual Contribution to Commission Net Operating Expenses" that would delegate authority to the Executive Officer to make requests to County Auditor pursuant to Government Code section 56381(c) regarding late payment of annual contribution by the County, Cities and Special Districts.

DISCUSSION

On June 2, the Local Agency Formation Commission adopted its Final FY 22/23 Budget that implements the adopted work program. The Cortese-Knox-Hertzberg Act contains mandatory provisions for annual contributions from the County, cities, and special districts. The final budget is transmitted to the County Auditor for distribution and allocation for each entity per State law methodology. The LAFCO billing is due 60-days from the invoice date.

Mandatory Payment of Annual Contributions

Assuming the Audtor makes the request for payment no later than statutory deadline of July 1st, then if the annual contribution is not forthcoming by August 29th. The Commission may request that the County Auditor to collect and pay to LAFCO an equivalent amount of property tax, fees or other eligible revenue owed by any contributing agency. A December deadline is not explicit in State law but coincides with an opportune time for the County Auditor to forward revenue to the Commission. This type of policy provisions may be adopted at the discretion of the Commission. If required payments are not forthcoming,

the policy would authorize the Executive Officer to request the County Auditor to make the transfer payment for the unpaid balance of the annual contribution.

The primary purpose of establishing a policy would be to set the specific deadline for any contributing entity, with an unpaid balance for Annual Contributions, of December 7 of each fiscal year. The Executive Officer would then be authorized to request that the County Auditor collect an equivalent amount from the property tax, or any fee or eligible revenue owed by the County, City, or Special District. Pursuant to Government Code Section 56381(c), the Auditor shall provide written notice to the County, City, or District prior to appropriating a share of the property tax or other revenue to the Commission for the payment due pursuant to this Section. Any expenses incurred by the Commission or the Auditor in collecting late payments or successfully challenging nonpayment shall be added to the payment owed to the Commission.

BACKGROUND

After evaluating the past ten-years of adopted LAFCO Budgets and agency funding payments, a handful of agencies have either not made their payment or have been allowed to roll over the accrual to the next years allocation. This has made it difficult to establish a steady budget and predict a reliable contiguency reserve. LAFCOs budget has had highs and lows ranging from minus -\$46K to + \$129K over the ten years. Over the last year it has taken over 20-hours to follow-up with as many as 24 agencies to encourage timely payments by staff. LAFCOs budget is largely funded by revenues, with over 95% coming from member agencies. As of November 2022, we have received 30 payments and have 12 payments outstanding. Totaling over \$118,175 in revenue past due.

A draft policy could create consistency with State law regarding the mandatory payment of annual contributions. It would establish a process ensuring that LAFCO will continue to receive sufficient funds to undertake its statutorily mandated duties.

Attachments

Attachment A – FY 22-23 LAFCO Payment Status

Please contact the LAFCO office if you have any questions.

Sincerely,

Mike Prater

Executive Officer

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Note the part of	1 1 1 1 1 1 1 1 1 1	Entity	Amount	D518305	D518306	D518307	D470165	D470166	D518308	D518309	D470167	D470169	D470171	OVER	JE Amount	JE Number	PAID	DUE
1,12,129 1,12,129	1,112, 1	Cachuma Resource Conservation District	198					198									198	
1,10,11 1,10,12 1,10	1	Carpinteria Cemetery District	269														-	269
1,15,04 1,15	1,20,00 1,20	Carpinteria Sanitary District	7,172								7,172						7,172	
1,14,10 1,14	1,1,2,1,2,1,3,3,4,4,4,4,4,4,4,4,4,4,4,4,4,4,4,4,4	Carpinteria Valley Water District	15,904				15,904										15,904	
1,10 1,10	1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,	Carpinteria-Summerland Fire Protection District	12,430												12,43		12,430	
1,124	1,100	Casmalia Community Services District	85		8	35											85	
1.11 1.11 1.11 1.11 1.11 1.11 1.11 1.1	1.10	Cuyama Community Services District	531							531							531	
11.5 1.5	1.10	Cuyama Valley Recreation Park District	214														-	214
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1,242 1,24	1,372, 1	Goleta Cemetery District	1,105															1,105
1875 1975	3,1218 3	Goleta Sanitary District	14,943															14,943
1,1024	1,1026 1	Goleta Water District	37,218							37,218							37,218	
1,1064	1,084 1,08	Goleta West Sanitary District	9,460															9,460
1,102	1,102	Guadalupe Cemetery District	246															246
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Color Colo	Color Colo	Oak Hill Cemetery District	522						522								522	
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