

STUDY SESSION

- 8. LAFCo-Agricultural Policy Advisory Committee Joint Study Session

PUBLIC HEARING ITEMS

- 9. LAFCo Proposed Budget for FY 2010-11
Adopt the Proposed Budget for FY 2010-11

RECOMMENDED ACTION: Approval

ACTION ITEMS

- 10. Request for a Policy Waiver – Indemnity Agreement
A request from the Calleguas Municipal Water District for waiver of Commissioner’s Handbook Section 2.3.2.6(a) requiring a fully executed indemnity agreement in anticipation of filing a proposal for a sphere of influence amendment and annexation of the California Conservation Corps site near Camarillo.

RECOMMENDED ACTION: Approval

EXECUTIVE OFFICER’S REPORT

CALAFCO Workshop update
Special District Members Election
Next Regular LAFCo Meeting May 19, 2010

INFORMATION ONLY

Applications Received:
City of Camarillo Reorganization – Drown
City of Santa Paula Reorganization – Stewart
City of San Buenaventura – Out of Agency Service Agreement – RDK Land, LLC

COMMISSIONER COMMENTS

ADJOURNMENT

WEB ACCESS:

**LAFCo Agendas, Staff Reports
and Minutes can be found at:**

www.ventura.lafco.ca.gov

Written materials - Written materials relating to items on this Agenda that are distributed to the Ventura Local Agency Formation Commission within 72 hours before they are scheduled to be considered will be made available for public inspection at the LAFCo office, 800 S. Victoria Avenue, Administration Building, 4th Floor, Ventura, CA 93009-1850, during normal business hours. Such written materials will also be made available on the Ventura LAFCo website at www.ventura.lafco.ca.gov, subject to staff's ability to post the documents before the meeting.

Public Presentations - Except for applicants, public presentations may not exceed five (5) minutes unless otherwise increased or decreased by the Chair, with the concurrence of the Commission. Any comments in excess of this limit should be submitted in writing at least ten days in advance of the meeting date to allow for distribution to, and full consideration by, the Commission. Members of the public who wish to make audio-visual presentations must provide and set up their own hardware and software. Set up of equipment must be complete before the meeting is called to order. All audio-visual presentations must comply with the applicable time limit for oral presentations and thus should be planned with flexibility to adjust to any changes to the time limit established by the Chair. For more information about these policies, please contact the LAFCo office.

Americans with Disabilities Act - In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the LAFCo office (805) 654-2576. Notification 48 hours prior to the meeting will enable LAFCo to make reasonable arrangements to ensure accessibility to this meeting.

Disclosure of Campaign Contributions - LAFCo Commissioners are disqualified and are not able to participate in any proceeding involving an "entitlement for use" if, within the 12 months preceding the LAFCo decision, the Commissioner received more than \$250 in campaign contributions from the applicant, an agent of the applicant, or any financially interested person who actively supports or opposes the LAFCo decision on the matter. Applicants or agents of applicants who have made campaign contributions totaling more than \$250 to any LAFCo Commissioner in the past 12 months are required to disclose that fact for the official record of the proceeding.

Disclosures must include the amount of the contribution and the recipient Commissioner and may be made either in writing to the Clerk of the Commission prior to the hearing or by an oral declaration at the time of the hearing.

The foregoing requirements are set forth in the Political Reform Act of 1974, specifically Government Code, section 84308.



MINUTES

REGULAR MEETING

Wednesday, March 17, 2010, 9:00 A.M.

Hall of Administration, Board of supervisors' Hearing Room
800 S. Victoria Avenue, Ventura

1. Call to Order

Chair Long called the meeting to order at 9:02 A.M.

2. Pledge of Allegiance

Chair Long led the pledge of allegiance.

3. Roll Call

The Clerk called the roll. The following Commissioners and Alternates were present:

- Commissioner Cunningham
- Commissioner Lange
- Commissioner Long
- Commissioner Morehouse
- Commissioner Parks*
- Commissioner Parvin
- Alternate Commissioner Hess
- Alternate Commissioner Holden
- Alternate Commissioner Pringle*

*As a result of a vacancy created by the death of Commissioner Lotts, Alternate Commissioner Pringle sat as a voting special district member. Commissioner Parks arrived prior to any action taken on the Public Hearing Items.

4. Commission Presentations and Announcements

There were no presentations or announcements.

5. Public Comments

There were no public comments.

COMMISSIONERS AND STAFF

COUNTY:

Kathy Long, Chair
Linda Parks
Alternate:
Steve Bennett

CITY:

Carl Morehouse
Janice Parvin
Alternate:
Thomas Holden

SPECIAL DISTRICT:

George Lange
Vacant
Alternate:
Gail Pringle

PUBLIC:

Lou Cunningham, Vice Chair
Alternate:
Kenneth M. Hess

Executive Officer:

Kim Uhlich

Dep. Exec. Officer

Kai Luoma

Office Mgr/Clerk:

Debbie Schubert

Office Assistant

Martha Escandon

Legal Counsel:

Leroy Smith

CONSENT ITEMS

6. Minutes of the Ventura LAFCo February 17, 2010 Regular Meeting

7. Budget to Actual Report for January 2010

Commissioner Lange requested that Item 6 be removed from the consent calendar for discussion and correction. He noted that he was asked to chair the CALAFCO conference program committee rather than “volunteering”, as indicated in the draft minutes.

MOTION: Approval Item 6 with Commissioner Lange’s noted correction,
And Receive and File Item 7: Cunningham

SECOND: Parvin

FOR: Cunningham, Lange, Long, Morehouse, Parvin, Pringle

AGAINST: None

ABSTAIN: None

MOTION PASSED 6/0/0

PUBLIC HEARING ITEMS

8. LAFCo 09-09 Camarillo Sanitary District Annexation – Navy Housing

Kai Luoma presented the staff report. Chair Long opened the public hearing. Michael Bond Smith, representing the City of Camarillo, spoke in favor of the proposal. With no one else wishing to speak, Chair Long closed the public hearing.

MOTION: Approval as recommended: Cunningham

SECOND: Morehouse

FOR: Cunningham, Lange, Long, Morehouse, Parks, Parvin, Pringle

AGAINST: None

ABSTAIN: None

MOTION PASSED 7/0/0

9. Sphere of Influence Review: Ventura Regional Sanitation District

Kim Uhlich presented the staff report. Chair Long opened the public hearing. With no one wishing to speak, Chair Long closed the public hearing.

MOTION: Approval as recommended: Morehouse

SECOND: Cunningham

FOR: Cunningham, Lange, Long, Morehouse, Parks, Parvin, Pringle

AGAINST: None

ABSTAIN: None

MOTION PASSED 7/0/0

ACTION ITEMS

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10. LAFCo Commissioner's Handbook Amendments and Additions – Divisions 2 and 5
Kai Luoma presented the staff report.

MOTION: Approval with a revision to Section 5.1.6.2 to limit time period for obtaining a building permit to one year unless "exceptional circumstances exist", and require the Executive Officer to notify the Commission whenever he/she responds to a request to exceed the one year time limit due to exceptional circumstances:
Lange

SECOND: Morehouse

FOR: Cunningham, Lange, Long, Morehouse, Parks, Parvin, Pringle

AGAINST: None

ABSTAIN: None

MOTION PASSED 7/0/0

11. CEQA Initial Study Assessments

Kai Luoma presented the staff report. Chair Long expressed concern that staff's comments of November, 2009 appear to have been ignored and indicated that LAFCo deserves a response. She indicated that the agricultural resources section of the Initial Study Guidelines should be consistent with LAFCo policies concerning agricultural preservation. She also questioned the effectiveness of asking the LAFCo chair to send a letter "to herself", referring to her role as a County Supervisor. She instead suggested that the Commission conduct a workshop at the next LAFCo meeting. The purpose of the workshop would be to allow for a more public process and to exchange information between LAFCo, the members of the Agricultural Policy Advisory Committee, the Agricultural Commissioner's office and County Planning staff. Several Commissioners requested copies of the Power Point presentation and staff was asked to send a copy to each Commissioner.

MOTION: The Commission directed staff to schedule a workshop with the members of the County Agricultural Policy Advisory Committee to be held during the next regular LAFCo meeting on April 21, 2010: Cunningham

SECOND: Morehouse

FOR: Cunningham, Lange, Long, Morehouse, Parks, Parvin, Pringle

AGAINST: None

ABSTAIN: None

MOTION PASSED 7/0/0

12. Letter of Support for SB 1023

Kim Uhlich presented the staff report.

MOTION: Approval as recommended: Morehouse
SECOND: Lange
FOR: Cunningham, Lange, Long, Morehouse, Parks, Parvin, Pringle
AGAINST: None
ABSTAIN: None
MOTION PASSED 7/0/0

EXECUTIVE OFFICER’S REPORT

Kim Uhlich briefed the Commission on the City of Santa Paula’s pending application for a sphere of influence amendment and annexation of East Area 1. The process to amend the Santa-Paula Greenbelt boundary has been completed by the Cities of Santa Paula and Fillmore. The Board of Supervisors consideration the Greenbelt amendment is anticipated to occur at some point in the near future. LAFCo staff is also working with City staff to negotiate the timing of an annexation of portions of the City that would become islands upon the annexation of East Area 1. She also told the Commission of a meeting she attended in Simi Valley regarding the City’s wish to annex a single lot owned by the Simi Valley Advent Hospital. Because the lot is located within an unincorporated island, she informed the City that that any approval the Commission might consider could include a requirement to annex the remaining land within the island. Due to the Commission’s action directing staff to schedule a study session at their next regular LAFCo meeting, the venue for the April 21, 2010 meeting is to be announced.

COMMISSIONER COMMENTS

Commissioner Lange reported on the last CALAFCO conference committee meeting adding that Chris Tooker, last years conference committee Chair, volunteered to serve on the planning committee this year and that the 2010 Conference, who’s theme is “*Shaping California’s Future: Today’s Vision, Tomorrow’s Reality*” is going to be held October 6-8 at the Palm Springs Hilton. Commissioner Lange encouraged everyone to plan to attend.

ADJOURNMENT

Chair Long adjourned the meeting at 11:05 A.M.

These Minutes were approved on April 21, 2010

Motion:	Cunningham
Second:	Lange
Ayes:	Cunningham, Lange, Long, Morehouse, Parvin, Pringle
Nos:	None
Abstains:	None
Motion	Passed 6/0/0

Dated: _____ **Chair, Ventura Local Agency Formation Commission**

STAFF REPORT

Meeting Date: April 21, 2010
(Consent)

Agenda Item 7

TO: LAFCo Commissioners

FROM: Kim Uhlich, Executive Officer *KU*

SUBJECT: Budget to Actual Report FY 2009-10: February and March, 2010

RECOMMENDATION:

Receive and file the Budget to Actual reports for February and March, 2010

DISCUSSION:

The attached reports reflect revenue and expenditures for February and March, 2010. No adjustments or transfers between expenditure objects or from contingencies are necessary or recommended.

Actual miscellaneous revenue from application fees (account code 9772) continues to fall well short of the budgeted amount. As indicated in the previous Budget to Actual report presented at the February 17, 2010 LAFCo meeting, this is due to a fewer than anticipated applications being submitted. However, staff does not anticipate that this shortfall will require a transfer of revenue from the contingency account, but will be offset by actual expenditures falling below budgeted amounts. Staff will continue to keep the Commission updated regarding revenue and expenditure information through the remainder of the fiscal year.

COMMISSIONERS AND STAFF

COUNTY: Kathy Long, Chair Linda Parks <i>Alternate:</i> Steve Bennett	CITY: Carl Morehouse Janice Parvin <i>Alternate:</i> Thomas Holden	SPECIAL DISTRICT: George Lange Vacant <i>Alternate:</i> Gail Pringle	PUBLIC: Lou Cunningham, Vice Chair <i>Alternate:</i> Kenneth M. Hess	
Executive Officer: Kim Uhlich	Dep. Exec. Officer Kai Luoma	Office Mgr/Clerk: Debbie Schubert	Office Assistant Martha Escandon	Legal Counsel: Leroy Smith

BUDGET MESSAGE

Proposed Budget - Fiscal Year 2010-2011

Meeting Date April 21, 2010

Introduction

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56000 *et seq*) (CKH) requires each Local Agency Formation Commission (LAFCo) to adopt a Proposed Budget by May 1 of each year and a Final Budget by June 15 of each year. The Ventura LAFCo will have a hearing on April 21, 2010 to consider this Proposed Budget for Fiscal Year (FY) 2010-11. A public hearing to consider action on the Final Budget for FY 2010-11 will be scheduled for June 9, 2010. Once adopted, the Final Budget will be used by the County Auditor-Controller to collect revenues as necessary from the County, cities and independent special districts

The Ventura LAFCo Commissioner's Handbook, the compendium of the Ventura LAFCo's policies and procedures, contains budget policies in Section 2.3 1 *et seq*. The 2010-11 Proposed Budget was prepared in accordance with these policies. Major goals continue to be minimizing expenditures while fulfilling basic functions, and providing for effective and efficient compliance with mandates

LAFCo and the County of Ventura entered into a Memorandum of Agreement effective July 1, 2001. While LAFCo is an independent agency, the Memorandum of Agreement provides for the County to provide personnel, support services, offices and materials as requested by LAFCo. All of the personnel, support services, offices and materials to be requested of the County for FY 2010-11 are part of this Proposed Budget. Budget information is formatted using County of Ventura account descriptions and codes

This Budget Message highlights LAFCo's major responsibilities, reviews the major work accomplishments and budget information for the first three quarters of FY 2009-10, sets forth a basic work plan for FY 2010-11, and provides background and explanatory information about the anticipated expenditures and revenues in this Proposed FY 2010-11 Budget.

Major LAFCo Responsibilities

- Act on proposals for incorporation of cities; formation, dissolution, consolidation and merger of special districts; and annexation and detachment of territory to and from cities and special districts.
- Establish spheres of influence for cities and special districts.
- Review and, as necessary, update spheres of influence for cities and special districts every 5 years.
- Conduct municipal service reviews prior to or in conjunction with the establishment or update of spheres of influence
- Perform special studies relating to services and make recommendations about consolidation, mergers or other governmental changes to improve services and reduce operational costs.
- Serve as the conducting authority for the determination of protests relating to proposals for incorporation, formation, and subsequent boundary changes
- Act on requests for out-of-agency contracts for extensions of services.
- Function as either a responsible or lead agency pursuant to the California Environmental Quality Act
- Review and comment on draft changes/updates to city and county general plans.
- Review and comment on draft environmental documents prepared pursuant to the California Environmental Quality Act.
- Provide public information about LAFCo and public noticing of pending LAFCo actions
- Establish and maintain a web site.
- Adopt and update, as necessary, written policies and procedures.
- Adopt an annual budget.

FY 2009-2010 in Review

Fiscal Year 2009-10 was the ninth year that the Ventura LAFCo was required to adopt its own budget, independent of the County, and to address new mandates pursuant to the CKH. The experience of actual revenues and expenditures from prior years helped to better establish baselines for discretionary expenditures. Based on information through the end of March, 2010, total projected actual expenditures for FY 2009-10 should be approximately \$90,324 (11.5%) less than the Adopted/Adjusted Budget. Salaries and employee benefits are projected to be approximately \$1,300 (0.3%) less than the Adopted/Adjusted Budget. Due to on-going fiscal prudence, actual services and supplies expenditures are projected to be approximately \$17,833 (9.0%) less than the Adopted Budget. In addition, we anticipate not using the contingency appropriation of \$71,191. The anticipated savings in salaries/benefits and services/supplies and contingency will contribute to a projected available Fund Balance for FY 2009-10 of \$56,324, which is \$59,693 (51.5%) less than the Fund Balance adopted as a part of the FY 2009-10 budget (\$116,017).

Actual revenue for FY 2009-10 is now projected to be approximately \$34,000 (5.1%) less than that reflected in the Adopted Budget. The County, the cities and the independent special districts all paid their respective shares of the net operating expenditures as apportioned by the County Auditor-Controller pursuant to the CKH (account code 9372). Actual interest revenue (account code 8911) is projected to be \$16,000, which is approximately \$4,000 (20%) less than the Adopted Budget (\$20,000). Based on applications filed as of the end of March, projected actual revenues from charges for LAFCo services (account code 9772) are approximately \$30,000 (50%) less than the \$60,000 Adopted Budget. Although several more applications and associated fee revenue are anticipated to be received prior to the end of this fiscal year, the overall number of applications received has been significantly lower than anticipated.

The following work plan was adopted as a part of the FY 2009-10 budget:

- Complete municipal service reviews and sphere of influence reviews/updates consistent with the time table in the 2008 – 2013 Service Review and Sphere of Influence Update Work Plan approved by the Commission on May 21, 2008.
- Continue to review and comment on draft environmental documents and general plan updates as they may be prepared by the cities and the County.
- Maintain and enhance operations with a focus on: communication with the Commission, the County, cities, districts and the public; budget monitoring and information; staff training and development; and enhanced records management
- Update and revise the Commissioner's Handbook and consider policy additions consistent with the mission and purpose of LAFCo.
- Increase public awareness about the mission, purpose and function of LAFCo.
- Complete an audit of LAFCo's financial statements for FY 2007-08 and 2008-09.

Substantial progress has been made on each of these work plan items. In May, 2008 LAFCo approved a Work Plan for the 2008-2013 sphere of influence review/update and municipal service review cycle. Between July 1, 2009 and the present time, sphere of influence (SOI) reviews have been completed for the Fox Canyon Groundwater Management Agency, the Bell Canyon Community Services District and the Ventura Regional Sanitation District. Sphere of influence reviews and/or updates for the Ojai Valley Sanitary District, and Ventura County Service Area Numbers 3, 4, and 14, will be scheduled for Commission action prior to the end of this fiscal year. A sphere of influence for County Service Area Number 34 will also be established prior to the end of this fiscal year. In addition, Staff reviewed and commented on 17 environmental documents, draft general plans, and applications for development projects during the current fiscal year.

Positive communications have been maintained with all cities and districts. Staff continues to attend and participate in meetings with staff and consultants representing cities and special districts as well as individual members of the public and members of municipal advisory/neighborhood councils and other community groups. As time allows, staff continues to attend meetings of the Ventura Special Districts Association, the Association of Water Agencies, the City & County Planning Association, Southern California Association of Governments (SCAG) and other local and regional associations.

Opportunities for ongoing training and professional development, including CALAFCO University courses and annual CALAFCO staff workshops, are pursued as time and budget permit. The process to convert LAFCo's paper case file records to digital format is almost complete. All case files since 1986 have been archived and indexed and the transfer of LAFCo's pre-1986 microfiche records to digital files will be completed prior to the end of this fiscal year.

In the third quarter of this fiscal year staff recommended, and the Commission adopted, a number of substantive and non-substantive revisions to the Commissioner's Handbook. Staff is continuing to work on recommended policy provisions for Commission consideration with the intention of presenting additional potential policies for action before the end of this fiscal year. In addition, an external audit of LAFCo's financial statements for the years ended 2008 and 2009 was completed by an independent certified public accounting firm and an unqualified letter of opinion was issued

Work Plan

The Ventura LAFCo Commissioner's Handbook provides that LAFCo will annually review and adopt a work plan as a part of the budget development process. For FY 2010-11, the recommended work plan maintains the focus on municipal service reviews and sphere of influence updates, carries forward the update and possible revisions to the Commissioner's Handbook and is otherwise similar to the work plan for this year

FY 2010- 11 Work Plan

- Complete municipal service reviews and sphere of influence reviews/updates consistent with the time table in the 2008 – 2013 Service Review and Sphere of Influence Update Work Plan approved by the Commission on May 21, 2008
- Continue to review and comment on draft environmental documents and general plan updates as they may be prepared by the cities and the County.
- Maintain and enhance operations with a focus on: communication with the Commission, the County, cities, districts and the public; budget monitoring and information, staff training and development; and enhanced records management.
- Update and revise the Commissioner's Handbook and consider policy additions consistent with the mission and purpose of LAFCo.
- Increase public awareness about the mission, purpose and function of LAFCo.

Staff believes that the items listed above are realistic provided the number and/or complexity of proposals filed do not increase significantly

Proposed Budget Expenditures

The expense portion of the budget is divided into three main sections, the Salary and Employee Benefits section (1000 series account codes), the Services and Supplies section (2000 series account codes), and Contingencies (account code 6101). Including a 10%

Ventura LAFCo

Proposed Budget FY 2010-11

Hearing Date: April 21, 2010

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contingency, the Proposed Budget reflects an overall expenditure increase of approximately 0.5% in comparison with the FY 2009-10 Adopted/Adjusted Budget. This is primarily due to a slight increase in the Salary/Employee Benefits portion of the budget.

Salary and Employee Benefits

Salaries and employee benefits continue to be the major expense, comprising 66.0% of the total expenditures (substantially more if contingencies are not included). Expenditures for salaries and benefits are proposed to increase by approximately 0.1% from \$514,300 in the current fiscal year to \$519,400. Due to adjustments that were made to the Salaries and Employee Benefits expenditure object budget during the current fiscal year, this percentage does not reflect the proposed increase in expenditures for salaries and benefits based on the Adopted Budget, which is approximately 2.5%. This increase is primarily due to prospective merit increases within existing salary ranges, a previously awarded general salary increase and related increases in the various benefits accounts (e.g., account code 1121, Retirement Contribution, and account code 1171, 401k Plan). Based on information provided by County Executive Office, it is unlikely that the Board of Supervisors will grant any general salary increases or cost of living adjustments for County employees during FY 2010-11. Therefore, no such increases are included in the proposed budget amount.

No change in the number of authorized positions is proposed. The currently authorized classifications are reflected in the following table:

Title	FY 2009 - 10	FY 2010 - 11
Executive Officer	1	1
Analyst/Deputy Executive Officer	1	1
Office Manager/Clerk of the Commission	1	1
Office Assistant II	.5	.5
Total Authorized Positions	3.5	3.5

Services and Supplies

The Proposed Budget for supplies and services is approximately 0.6% less than the Adopted/Adjusted Budget for the current fiscal year. Many of the service and supplies account codes are based on County charges and are either unchanged or increasing slightly overall due to basic increases in costs. For those service and supplies account codes that reflect discretionary expenditures, most of the proposed budget amounts have been decreased in an effort to maximize fiscal efficiency. The major Services and Supplies expenditures are proposed to change as follows.

- An increase in the amount budgeted for Facilities/Materials Allocation (account code 2125) from \$16,000 in the current year to \$17,000 for FY 2010-11. This cost represents the County's determination of LAFCo's allocated cost for office space.
- A decrease in the amount budgeted for Education Allowance (account code 2154) from \$3,333 in the current year to \$2,500 for FY 2010-11. The current year amount reflects education allowance costs for both the Executive Officer and the Deputy Executive Officer. As of the current fiscal year, the balance of the total education

allowance cost for the Executive Officer has been paid. The proposed budget amount thus reflects the maximum annual education allowance cost (\$2,000) for only the Deputy Executive Officer. In addition, the proposed budget amount includes \$500 toward educational costs for the LAFCo Office Manager/Clerk and the Office Assistant should they elect to enroll in any qualified educational courses.

- An increase in Indirect Cost Recovery charges (account code 2158) These cost recovery charges are for County services provided primarily by the General Services Agency, Auditor-Controller and Chief Executive Officer, including Human Resources. The current fiscal year charge is \$24,250 For FY 2010-11 the charge will be \$31,000.
- A decrease in Office Supplies (account code 2173) from \$3,500 in the current year to zero and an increase in Misc Office Expense (account code 2179) from \$5,037 in the current year to \$7,000. In an effort to simplify LAFCo's accounting codes, all expenditures for office expenses and supplies will be combined under the Misc Office Expense account Considering both account codes cumulatively, proposed expenditures for miscellaneous office expenses and supplies are proposed to decrease from \$8,537 in the current year to \$7,000 for FY 2010-11.
- An increase in Mail Center charges (account code 2174) from \$3,000 in the current year to \$7,500 and a decrease in Stores charges (account code 2181) from \$4,356 to zero for FY 2010-11. These account codes are being combined in accordance with County requirements Considering both account codes cumulatively, overall expenditures for Mail Center and Stores charges is proposed to increase from \$7,356 in the current year to \$7,500 for FY 2010-11 Although the amount budgeted exceeds the estimated costs reflected in the County Budget Manual, the actual amount charged by the County for the current year exceeded the amount recommended by the Budget Manual. Therefore, the proposed budget amount is slightly higher to allow for expenditures that might exceed the County's cost estimate
- A decrease in the amount budgeted for professional services (account code 2199) from \$16,000 in the current year to \$13,000 for FY 2010-11. The current amount reflects expenses associated with a biennial audit of financial statements for FY 2007-08 and 2008-09 In accordance with the Commissioner's Handbook policies, single year audits will be now be conducted beginning with fiscal year 2009-10. The proposed amount is therefore lower to reflect the cost of a single year audit.
- A decrease in the amount for Public and Legal Notices (account code 2261) from \$6,000 in the current year to \$5,000 for FY 2010-11 to more closely reflect the actual current year cost, which is currently projected to be \$3,000.
- A decrease of \$5,000 for legal counsel services (account code 2304) to be equivalent to the projected actual current year cost
- A decrease in the amount budgeted for conference and seminar expenses (account code 2523) from \$19,000 in the current year to \$13,000. In prior years, the amount budgeted allowed for all staff members who were interested to attend all CALAFCO training opportunities, including staff workshops, CALAFCO University courses and the annual CALAFCO Conference. In recognition of the current fiscal climate, the proposed amount reflects a limitation on staff attendance at the CALAFCO conference and CALAFCO University courses. In addition, the Ventura LAFCo will

host the 2011 CALAFCO staff workshop and therefore, unlike other years, will not incur travel or hotel costs.

Contingencies

The Commission's budget policies indicate that the budget should provide for contingencies equaling 10% of total expenditures, unless the Commission deems that a different amount is appropriate. Thus, as the overall expenditures change, the amount to be budgeted for contingencies changes. The Proposed Budget contains \$71,580 for contingencies, an increase of approximately 0.5% compared to FY 2009-10.

The contingency amount could be reduced or eliminated as a part of the Commission's action on the budget as a means to reduce the amount of revenue necessary from other governmental agencies. However, this option is not being recommended and is therefore not included in the FY 2010-11 Proposed Budget.

Proposed Budget Financing Sources

Potential financing sources consist of Fund Balance (account code 5040), Designation for Subsequent Year Financing (account code 5070), Miscellaneous Revenues, including interest earnings and charges for services (e.g. account codes 8911 and 9772), and Other Governmental Agencies, the revenue to be collected from the County, cities and independent special districts (account code 9372).

Fund Balance

Section 56381(c) of the CKH provides, "If, at the end of the fiscal year, the commission has funds in excess of what it needs, the commission may retain those funds and calculate them into the following fiscal year's budget." Approximately \$56,324 is now projected to be available at the end of the current fiscal year as Fund Balance. This amount is significantly less than the Fund Balance available for the current year (\$116,017). This is partly because actual Other Miscellaneous Revenue (revenue from application fees; account code 9772) is projected to be approximately \$30,000 less than the Adopted Budget. Another contributing factor to the reduced projected fund balance is the unanticipated costs for retroactive salary and employee benefits associated with a three percent general salary increase granted to management employees in 2006 by the Ventura County Board of Supervisors but never received by LAFCo employees.

Designation for Subsequent Year Financing

On May 17, 2006, the Commission approved an amendment to the Commissioner's Handbook, Section 2.3.1.4 "Contingency and Designation Accounts", which states that, after the end of each fiscal year, any monies in excess of the projected fund balance amount in the budget shall be deposited in an account designated for subsequent year financing (account code 5070). This account is intended to function as the Commission's "reserve" account for unanticipated, extraordinary expenses over and above the annual amount budgeted for contingencies. The Commissioners' Handbook also provides that the

5070 account should be augmented until the balance is equal to at least 25 percent of the current year budget. In accordance with this policy, the Commission has approved the transfer of revenues in excess of the projected fund balance to the 5070 account following the close of each fiscal year since 2005-06. In November 2009, after the close of FY 2008-09, \$34,287 was available in addition to what had been budgeted as Fund Balance for FY 2009-10 and was designated for subsequent year financing. The current total in this account is \$201,967, which represents approximately 25.8% of the current year budget and 25.7% of the Proposed Budget.

As indicated in the Fund Balance Section above, the current year Projected Fund Balance is \$59,693 less than the Adopted Fund Balance for the current fiscal year (\$116,017 for the current year versus \$56,324 projected to be available for FY 2010-11). Without some other source of additional revenue, there would be a need to increase revenues from Other Governmental Agencies (account code 9372). This would result in a significant increase in the total apportionment collected from other agencies as compared to the current year apportionment. In light of the uniquely challenging financial climate and the widespread revenue shortfalls being experienced by many cities and special districts, the Proposed Budget includes a designation of \$65,000 of Designation for Subsequent Year Financing (5070 account) to Unreserved Fund Balance (account code 5040). The total amount in the Designation for Subsequent Year Financing account would decrease from \$201,967 to \$136,967 and thereby reduce the balance to less than 25% of the current year budget (17.4%). This designation amount will decrease the amount of Total Other Government Agencies Revenue from \$655,056 to \$590,056, which represents approximately the same amount of Total Other Government Agencies Revenue received for the current fiscal year. This would therefore result in no net change in the total apportionment collected from other agencies from last year.

Miscellaneous Revenue

Miscellaneous revenue includes interest earnings and charges for service, primarily application fees. Overall, Proposed Miscellaneous Revenue for FY 2010-11 is anticipated to be \$4,000 (5.0%) less than the amount in the Adopted FY 2009-10 Budget.

For FY 2010-11, revenue from application fees (account code 9772) is proposed to be the same as that for the Adopted FY 2009-10 Budget (\$60,000). Although information as of the end of March, 2010 indicates that actual fee revenue for the current year is projected to be significantly less than the budgeted amount, actual application fee revenue for next year is expected to be higher based on indications that the economy is undergoing a positive, albeit slow, recovery. Interest revenue (account code 8911) is anticipated to be \$16,000 for FY 2010-11, which is equivalent to the projected actual interest earnings for the current year.

The Commission has a policy to annually review the LAFCo fee schedule as a part of the budget process. It is recommended that the Commission review the fee schedule in June in conjunction with action on the Final Budget, particularly for the staff billing rates. While fee adjustments could result in slight increases to projected revenues, it is unlikely that sufficient fee increases can be justified to significantly offset the projected revenue required from other governmental agencies.

Revenues from Other Governmental Agencies (the County, Cities and Independent Special Districts)

Pursuant to the CKH, costs for LAFCo operations, net of charges for service, are apportioned one-third to the County, one-third to the cities, and one-third to the independent special districts. The CKH describes how the County Auditor-Controller is to make this apportionment and collect revenues once LAFCo adopts a Final Budget.

Based on the proposed designation of \$65,000 from the Designation for Subsequent Year Financing to the Unreserved Fund Balance amount, the revenue projected to be collected from the County, cities and independent special districts will increase approximately 0.5% over the current year which is equivalent to the increase in overall expenditures for the Proposed Budget. As a share of the total budget, it is within the range reflected in the budgets for the last several years as shown in the table below. This table shows how the amount of revenue from Other Governmental Agencies (the County, cities and independent special districts) has fluctuated since LAFCo first adopted an independent budget in June, 2001:

Year	Adopted Budget – Total Finance Sources & Revenue	Amount of Revenue from Other Governmental Agencies	Percent of Total Revenue from Other Governmental Agencies
FY 2001-02	\$548,737	\$468,737	85%
FY 2002-03	\$719,131	\$568,503	79%
FY 2003-04	\$641,215	\$390,699	61%
FY 2004-05	\$702,503	\$472,997	67%
FY 2005-06	\$723,226	\$361,874	50%
FY 2006-07	\$830,154	\$621,617	75%
FY 2007-08	\$949,269	\$715,957	75%
FY 2008-09	\$735,422	\$488,684	66%
FY 2009-10	\$783,101	\$587,084	75%
FY 2010-11 ¹	\$787,380	\$590,056	75%

Not formally a part of the budget, but included for general information are the percentage shares of the Other Governmental Agencies revenue for each of the cities and the independent special districts based on the FY 2007-08 State Controller Reports for cities and special districts. These are the latest available Reports, which will be used by the County Auditor-Controller as the basis for collecting revenue from cities and independent special districts for FY 2010-11.

The CKH continues to provide the ability for the cities and independent special districts in each County to determine an alternate apportionment method. To date, however, neither the cities nor the special districts have agreed on any alternate apportionment methodology. This means that the City of Oxnard, as the city with the largest gross

¹ Based on FY 2010-11 Proposed Budget

revenue, and Calleguas Municipal Water District, the largest special district in terms of gross revenue, will continue to pay the largest respective shares of the city and special district portion of LAFCo revenue.

Conclusion

The Ventura LAFCo is continuing to exercise fiscal prudence. The Commission and its staff understand the economic realities of the time and the constraints on local government revenues. The Commission's budgeting process has come a long way in the last nine years. Systems and policies are now in place to ensure best practices and proper oversight. Mandates are being met and basic services provided with a highly trained staff that seeks to limit discretionary expenditures. The Proposed Budget for FY 2010-11 was prepared and is being recommended consistent with the Commission's policies and the knowledge and experience gained from prior years.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kim Uhlich". The signature is fluid and cursive, with a large initial "K" and "U".

Kim Uhlich
Executive Officer

Appendix Glossary of Terms

ANNUAL (OPERATING) BUDGET: A financial plan that outlines proposed expenditures for the coming fiscal year and estimated revenues which will be used to finance them.

ASSET: Anything owned, including money, investments and property

AUDIT: A systematic collection of the sufficient, competent evidential matter needed to attest to the fairness of management's assertions in its financial statements or to evaluate whether management has efficiently and effectively carried out its responsibilities

BALANCE SHEET: A basic financial statement, and presentation of an entity's net assets and liabilities on a specified date. A balance sheet is usually accompanied by appropriate disclosures that describe the basis of accounting used in its preparation. Also known as a statement of financial condition.

BUDGET: A plan of financial operation including an estimate of proposed expenditures for a given period and the proposed means of financing them.

BUDGET MESSAGE: A written overview of the budget from the LAFCO Executive Officer that discusses the major budget items and LAFCO's present and future financial condition.

CONTINGENCY: A budgetary expenditure allowance (appropriation) to cover unanticipated expenditures or revenue shortfalls during the fiscal year (LAFCO Budget Account Code 6101). The Ventura LAFCO Commissioner's policies provide that the annual budget include an allocation of 10% of total operating expenses for contingencies, unless the Commission deems a different amount appropriate. Transfers from the contingency account require prior approval of the Commission.

DEFICIT An excess of expenditures or expenses over revenues

DESIGNATION FOR SUBSEQUENT YEAR FINANCING: An account into which any difference between projected fund balance and actual fund balance at the close of each fiscal year is transferred (LAFCO Budget Account Code 5070). Pursuant to Ventura LAFCO Commissioner's policies, this account is considered as a reserve account to cover extraordinary expenses and that monies in this account shall not be used for any current year expenses or considered as a financing source for on-going operations without the prior approval of the Commission. The policies further provide that this account should be augmented, as funds may be available, until it contains an amount equal to at least 25% of the current year budget. Once the account equals at least 25% of the current year budget any remaining funds in excess of the projected fund balance amount in the budget may be appropriated for any allowed expense at the Commission's discretion.

EXPENDITURE: Disbursements of cash for the cost of a service, supply or asset.

FINANCIAL STATEMENT: Presentation of financial data including balance sheets, income statements and statements of cash flow, or any supporting statement that is intended to communicate an entity's financial position at a point in time and its results of operations for a period then ended.

FISCAL YEAR: The 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations.

FUND BALANCE: The difference between a fund's current assets and its current liabilities. With regard to a LAFCO budget, Government Code Section 56381(c) provides, "If, at the end of the fiscal year, the commission has funds in excess of what it needs, the commission may retain those funds and calculate them into the following fiscal year's budget."

FUND: A complete accounting entity reflecting financial transactions, both receipts and expenditures, of money that is set up to carry out a special function or attain objectives in accordance with established laws, policies, and regulations. The fund concept also applies to budget activities.

GIS: Geographic Information System

INCOME STATEMENT: Summary of the effect of revenues and expenses over a period of time.

INTEREST: Interest income earned as idle funds are invested with a goal of protecting each investment while achieving the highest rate of return.

INTERNAL CONTROL: Process designed to provide reasonable assurance regarding achievement of various management objectives such as the reliability of financial reports.

INTERNAL SERVICE FUND: A fund that accounts for the provision of services by various County departments on a cost reimbursement basis.

LIABILITIES: Amounts owed for items received, services rendered, expenses incurred, assets acquired, and amounts received but as yet unearned.

LINE-ITEM BUDGET: A budget that lists each expenditure category (salary, materials, telephone service, travel, etc.) separately, along with the dollar amount budgeted for each.

OBJECT: An individual expenditure account.

RESERVE: The portion of a governmental fund's net assets that is not available for appropriation.

REVENUES: Total amounts available during the fiscal year for appropriation including estimated revenues, fund transfers and beginning fund balances.

Ventura LAFCo

Proposed Budget FY 2010-11

Hearing Date. April 21, 2010

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VENTURA LOCAL AGENCY FORMATION COMMISSION
EXPENDITURES AND REVENUE DETAIL
PROPOSED BUDGET
FY 2010 - 2011

Account Code	Adopted/ Adjusted Budget FY 08-09	Adopted/ Adjusted Budget FY 09-10	Projected Actual FY 09-10	Proposed Budget FY 10-11 Proposed 4/21/10	Final Budget FY 10-11
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EXPENDITURES

Salaries and Employee Benefits

Regular Salaries	1101	306,000	320,000	313,000	325,000
Supplemental Payments	1106	12,330	12,000	12,000	13,000
Term/Buydown	1107	20,000	45,000	35,000	47,000
Retirement Contribution	1121	55,000	57,000	55,000	60,000
OASDI Contribution	1122	19,000	20,000	18,300	20,000
FICA-Medicare	1123	5,100	5,000	5,000	5,800
Safe Harbor	1124	0	800	800	1,300
Mgmt Retirement HC	1128	3,200	0	0	0
Group Insurance	1141	25,780	28,000	28,000	28,000
Life Ins/Dept Heads & Mgt	1142	400	400	400	400
Management Disability Ins	1144	2,300	2,300	2,200	2,300
Workers Compensation	1165	8,000	3,000	2,500	2,600
401k Plan	1171	11,850	13,000	13,000	14,000
S & EB Current Year Adj Increase	1991		7,800	27,800	0
Total Salaries and Emp Benefits		468,960	514,300	513,000	519,400

VENTURA LOCAL AGENCY FORMATION COMMISSION
EXPENDITURES AND REVENUE DETAIL
PROPOSED BUDGET
FY 2010 - 2011

Account Code	Adopted/ Adjusted Budget FY 08-09	Adopted/ Adjusted Budget FY 09-10	Projected Actual FY 09-10	Proposed Budget FY 10-11 Proposed 4/21/10	Final Budget FY 10-11
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EXPENDITURES

Services and Supplies

Voice/Data -ISF	2033	5,000	5,000	5,000	5,000	
General Insur Allocation	2071	1,305	2,410	2,410	2,500	
Facil/Matls Sq Ft Alloc-ISF	2125	15,600	16,000	16,000	17,000	
Maintenance	2128	700	700	200	700	
Memberships & Dues	2141	6,500	5,831	5,831	6,600	
Education Allowance	2154	5,000	3,333	3,200	2,500	
Indirect Cost Recovery (Co Cost Allocation Plan Chgs)	2158	27,500	24,250	24,250	31,000	
Books & Publications	2172	700	993	1,050	700	
Office Supplies	2173	3,500	3,500	3,500	0	
Mail Center-ISF	2174	3,000	3,000	3,000	7,500	
Purchasing Charges-ISF	2176	400	1,400	600	1,000	
Graphics Charges-ISF	2177	7,400	5,500	3,500	5,500	
Copy Machine Chgs-ISF	2178	400	400	100	400	
Misc Office Expense	2179	6,000	5,037	4,000	7,000	
Stores-ISF	2181	4,500	4,356	4,370	0	
Board Member Fees	2191	4,500	4,500	3,500	4,500	
Information Technology- ISD Data Ctr/Svs Contracts	2192	5,500	5,500	5,500	5,500	
Specialized Services/Software	2195	0	2,000	1,066	2,500	
Public Works Charges	2197	10,000	12,000	7,000	12,000	
Other Prof & Spec Service	2199	10,000	16,000	14,000	13,000	
GSA Special Services	2205	600	500	200	500	
County GIS Expense	2214	19,500	20,000	20,000	20,000	
Public And Legal Notices	2261	5,000	6,000	3,000	5,000	
Records Storage Charges	2283	500	1,200	1,000	1,500	
Computer Equip <\$5000	2293	11,000	4,000	3,500	3,500	
Spec Dept xo4 (Legal Counsel)	2304	20,000	25,000	20,000	20,000	
Trans Ch ISF-Transport	2521	0	1,000	1,000	1,000	
Private Vehicle Mileage	2522	6,500	6,500	6,500	6,500	
Conference & Seminars Exp	2523	19,000	19,000	16,000	13,000	
Conference & Seminars ISF	2526	0	500	500	500	
S & S Current Year Adj Decrease	2992		(7,800)	0	0	
Total Services and Supplies		199,605	197,610	179,777	196,400	0
Contingencies	6101	66,857	71,191	0	71,580	
Total Contingencies		66,857	71,191	0	71,580	
TOTAL EXPENDITURES		735,422	783,101	692,777	787,380	

VENTURA LOCAL AGENCY FORMATION COMMISSION
EXPENDITURES AND REVENUE DETAIL
PROPOSED BUDGET
FY 2010 - 2011

Account Code	Adopted/ Adjusted Budget FY 08-09	Adopted/ Adjusted Budget FY 09-10	Projected Actual FY 09-10	Proposed Budget FY 10-11 Proposed 4/21/10	Final Budget FY 10-11
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FINANCING SOURCES

Unreserved Fund Balance	5040	180,738	116,017	116,017	121,325
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Interest Earnings	8911	16,000	20,000	16,000	16,000
Other Revenue - Misc (charges for LAFCO services)	9772	50,000	60,000	30,000	60,000
Indirect Cost Recovery (County cost Allocaton Plan Reimbursmnt)	9411	0	0	0	
Total Miscellaneous Revenue		66,000	80,000	46,000	76,000

Other Governmental Agencies

Other Gov't Agencies (County of Ventura)	9372	162,895	195,695	195,695	196,685
Other Gov't Agencies (Cities)	9372	162,895	195,695	195,695	196,685
Other Gov't Agencies (Indep Special Districts)	9372	162,895	195,695	195,695	196,685
Total Other Government Agencies Revenue		488,684	587,084	587,085	590,055
Total Revenue		554,684	667,084	633,085	666,055
TOTAL FINANCING SOURCES & REVENUE		735,422	783,101	749,102	787,380

Projected Fund Balance				56,325	
Add Transfer from Designation for Subsequent Year Financing/Reserves				65,000	
PROJECTED UNRESERVED FUND BALANCE, Available for FY 2010-11				121,325	

RESERVES (LAFCO Handbok Policy Section 2 3 1 4 "Contingency and Designation Accounts")

Designation for Subsequent Year Financing /Reserves	5070	124,746*	167,680*	201,967	136,967
Less Transfer to Unreserved Fund Balance				(65,000)	
TOTAL Designation for Subsequent Year Financing/Reserves		124,746*	167,680*	136,967	136,967

*Please note per the Commissioner's Handbook Policy 2 3 1 4, the adjusted adopted budget for Designation for Subsequent Year Financing/Reserves was \$167,680 for FY 08-09 and \$201,967 for FY 09-10

**LAFCO NET OPERATING EXPENSES
GOV'T CODE 56381 (b) (1) (A) & (B)¹**

draft

PROPOSED BUDGET FOR FISCAL YEAR 2010 - 2011

ALLOCATION - CITIES

SOURCE: STATE OF CALIFORNIA, CITIES ANNUAL REPORT, FY 07/08

CITY	TOTAL REVENUE		PERCENTAGE	ALLOCATION	
	PER REPORT			\$	196,685
1 Camarillo	\$ 62,943,468		6 81%	\$	13,394
2 Fillmore	25,851,459		2 80%	\$	5,507
3 Moorpark	31,623,606		3 42%	\$	6,727
4 Ojai	10,551,836		1 14%	\$	2,242
5 Oxnard	316,962,586		34 28%	\$	67,424
6 Port Hueneme	31,366,300		3 39%	\$	6,668
7 San Buenaventura	159,595,958		17 26%	\$	33,948
8 Santa Paula	34,811,352		3 77%	\$	7,415
9 Simi Valley	92,566,692		10 01%	\$	19,688
10 Thousand Oaks	158,302,581		17 12%	\$	33,672
TOTAL	\$ 924,575,838		100 00%	\$	196,685

(1) In counties in which there is city and independent special district representation on the commission, the county, cities, and independent special districts shall each provide a one-third share of the commission's operational costs. The cities share shall be apportioned in proportion to each city's total revenues, as reported in the most recent edition of the Cities Annual Report published by the Controller, as a percentage of the combined city revenues within a county, or by an alternative method approved by a majority of cities representing the majority of the combined cities' populations.

LAFCO NET OPERATING EXPENSES
GOV'T CODE 56381 (b) (1) (A) & (B)¹, (F)²

draft

PROPOSED BUDGET FOR FY 2010- 2011

ALLOCATION - SPECIAL DISTRICTS

SOURCE STATE OF CALIFORNIA, SPECIAL DISTRICTS ANNUAL REPORT, FY 07/08*

	NAME	TOTAL		ALLOCATION
		REVENUE PER REPORT	PERCENTAGE (See Note 2)	
1	Bardsdale Public Cemetery	\$ 169,583	0 067%	\$ 132
2	Bell Canyon Comm Services District	498,603	0 197%	387
3	Calleguas Municipal Water District	116,176,129	45 964%	90,404
4	Camarillo Health Care District	3,854,666	1 525%	2,999
5	Camrosa Water District	13,907,976	5 503%	10,824
6	Casitas Municipal Water District	17,213,382	6 810%	13,394
7	Channel Island Beach CSD	3,720,900	1 472%	2,895
8	Conejo Recreation & Park District	18,329,638	7 252%	14,264
9	El Rancho Simi Public Cemetery District*	166,373	0 066%	130
10	Fillmore-Piru Memorial District	169,425	0 067%	132
11	Fox Canyon Groundwater Mgmt Agency	771,386	0 305%	600
12	Hidden Valley Municipal Water District	44,807	0 018%	35
13	Meiners Oaks Water District	765,357	0 303%	596
14	Montalvo Municipal Impv District	771,201	0 305%	600
15	Ojai Valley Sanitary District	8,656,853	3 425%	6,736
16	Ojai Water Conservation District	7,166	0 003%	6
17	Oxnard Drainage District No 1	55,492	0 022%	43
18	Oxnard Drainage District No 2	180,797	0 072%	142
19	Oxnard Harbor District	12,949,963	5 124%	10,078
20	Piru Public Cemetery District	23,628	0 009%	18
21	Pleasant Valley Co Water District	2,838,914	1 123%	2,209
22	Pleasant Valley Rec & Parks District	7,523,302	2 977%	5,855
23	Rancho Simi Rec & Park District	18,409,265	7 284%	14,327
24	Saticoy Sanitary District	303,512	0 120%	236
25	United Water Conservation District	15,215,754	6 020%	11,840
26	Ventura Co Resource Conserv District	119,130	0 047%	92
27	Ventura Port District	8,348,054	3 303%	6,497
28	Ventura River County Water District	1,560,456	0 617%	1,214
	TOTAL	\$ 252,751,712	100 000%	\$ 196,685

(1) In counties in which there is city and independent special district representation on the commission, the county, cities, and independent special districts shall each provide a one-third share of the commission's operational costs. The independent special districts share shall be apportioned in proportion to each district's total revenues as a percentage of the combined total district revenues within a county. An independent special district's total revenue shall be calculated for nonenterprise activities as total revenues for general purpose transactions less aid from other governmental agencies and for enterprise activities as total operating and nonoperating revenues less revenue category other governmental agencies, as reported in the most recent edition of the "Special Districts Annual Report" published by the Controller, or by an alternative method approved by a majority of the agencies, representing a majority of their combined populations.

(2) No independent special district shall be apportioned a share of more than 50 percent of the total independent special district's share of the commission's operational costs, without the consent of the district. The share of the remaining districts shall be increased on a proportional basis so that the total amount for all districts equal the share apportioned by the auditor to independent special districts.

* Source State of California, Special Districts Annual Report, FY 06/07

STAFF REPORT

Meeting Date: April 21, 2010

Agenda Item 10

TO: LAFCo Commissioners

FROM: Kim Uhlich, Executive Officer

SUBJECT: Request by the Calleguas Municipal Water District to Waive Commissioner's Handbook Section 2.3.2.6(a)

RECOMMENDATION:

- A. Approve a request by the Calleguas Municipal Water District to waive Commissioner's Handbook Section 2.3.2.6(a) in anticipation of a pending request for approval of a sphere of influence amendment and annexation of the California Conservation Corps site.
- B. Authorize the LAFCo Executive Officer to sign a waiver of indemnity agreement.

BACKGROUND:

As the Commission is aware, staff from LAFCo, the California Department of General Services and the City of Camarillo have been working for several years to address the pending need for domestic water and sewer services for a newly constructed California Conservation Corps (CCC) facility located at the northwest corner of Wright and Beardsley Roads in the unincorporated area between the Cities of Camarillo and Oxnard and adjacent to the existing CYA Youth Correctional Facility. Based on the location of the closest existing water and sewer trunk lines, water would need to be provided by the City of Camarillo and wastewater collection and treatment would need to be provided by the City of Oxnard.

It has been determined that the service connections would not be considered "new or extended services" subject to Government Code Section 56133 and therefore would not require the approval of out of agency service agreements by LAFCo. However, as part of the City of Camarillo's agreement with the Calleguas Municipal Water District (CMWD) to receive imported water from the Metropolitan Water District (MWD), all territory that receives water from the City must also be within the boundaries of both CMWD and MWD. The parcel on which the CCC is located is currently outside of the boundary of the MWD and outside of the boundary and sphere of influence of the CMWD. Although

COMMISSIONERS AND STAFF

<p>COUNTY: Kathy Long, Chair Linda Parks <i>Alternate:</i> Steve Bennett</p>	<p>CITY: Carl Morehouse Janice Parvin <i>Alternate:</i> Thomas Holden</p>	<p>SPECIAL DISTRICT: George Lange Vacant <i>Alternate:</i> Gail Pringle</p>	<p>PUBLIC: Lou Cunningham, Vice Chair <i>Alternate:</i> Kenneth M. Hess</p>	
<p>Executive Officer: Kim Uhlich</p>	<p>Dep. Exec. Officer Kai Luoma</p>	<p>Office Mgr/Clerk: Debbie Schubert</p>	<p>Office Assistant Martha Escandon</p>	<p>Legal Counsel: Leroy Smith</p>

LAFCo has no authority over the boundaries of the MWD, any changes to CMWD boundary and sphere of influence must be approved by LAFCo.

The CMWD is currently in the process of preparing an application to request LAFCo approval of a sphere of influence amendment and annexation of the CCC parcel.

Pursuant to Commissioner's Handbook Section 2.3.2.6(a), a fully executed indemnity agreement is required for any application to be deemed complete and before a Certificate of Filing is issued (Attachment 1). As most LAFCo applicants are public agencies acting on behalf of property owners, they typically agree to indemnify LAFCo only on the condition that the property owner/s indemnify them. Recently, staff from the CMWD contacted LAFCo staff to inform them that the owner of the parcel, the California Department of General Services (DGS), does not sign indemnity agreements as a matter of policy. The CMWD is therefore unwilling to execute the LAFCo indemnity agreement on behalf of the DGS and is requesting a waiver of the Commissioner's Handbook policy in order to move forward with their request for a sphere of influence amendment and annexation of the California Conservation Corps site.

DISCUSSION:

Generally speaking, the purpose of LAFCo's indemnification policy is to provide for applicant reimbursement of LAFCo's costs in the event of a legal claim against LAFCo's decision regarding an applicant's proposal. Clearly, this policy is an acknowledgement of LAFCo's fundamental fiduciary duty and should not be waived under any circumstance unless a legally suitable alternative is available.

In this case, the land owner is a public agency and annexation is necessary to obtain the services necessary to operate a youth employment and training facility that is generally considered to be an important public asset. Given the important public purpose underlying the sphere of influence amendment and annexation proposal associated with this particular policy waiver request, staff determined that it would be appropriate to work with LAFCo Legal Counsel to identify potential alternatives to the LAFCo's indemnification requirement. In response, LAFCo Counsel has drafted a waiver of indemnity agreement (Attachment 2).

The waiver of indemnity agreement would allow for LAFCo to accept an application from the CMWD for the CCC sphere amendment/annexation without the requirement for indemnification. In the event that LAFCo were to approve the application and a legal claim challenging the approval were to be filed, the waiver agreement gives the CMWD an option to indemnify LAFCo at that time. As is currently the case, CMWD would not likely exercise this option unless the State agrees to follow suit. Should the indemnification not occur at that point, the waiver of indemnity agreement provides LAFCo with the sole discretion to either decline to participate in any legal defense or resolve the claim in whatever manner it deems appropriate.

Attachments: (1) Commissioner's Handbook Section 2.3.2.6 – Legal Defense Fees
 (2) Waiver of Indemnity Agreement

ATTACHMENT 1

VENTURA LAFCo LEGAL DEFENSE FEES

Excerpt from Ventura LAFCo Commission's Handbook

DIVISION 2 – OPERATIONAL POLICIES CHAPTER 3 – FINANCIAL POLICIES

SECTION 2.3.2.6 LEGAL DEFENSE FEES

(a) All costs for legal defense of a LAFCo action are considered application processing costs. A fully executed indemnity agreement, as approved by LAFCo legal counsel, shall be required for any application to be deemed complete and before a Certificate of Filing is issued.

(b) LAFCo retains the right to control its defense. The applicant may provide his or her own legal counsel in the defense of the action taken, under the supervision of LAFCo legal counsel, or, if LAFCo consents, the applicant may elect to use the services of LAFCo legal counsel in that defense. In any case, the Executive Officer may require a deposit of funds by the applicant sufficient to cover LAFCo's estimated expenses of the litigation.

WAIVER OF INDEMNITY AGREEMENT

Ventura County Local Agency Formation Commission (LAFCo) policies generally provide that no application shall be deemed complete unless the applicant executes an indemnity agreement that fully protects LAFCo from claims, including costs of defense and liability, related to LAFCo’s processing or approval of the applicant’s proposal. LAFCo hereby waives this requirement with respect to Calleguas Municipal Water District’s (CMWD) application for a sphere of influence amendment and annexation of property owned by the California Department of General Services, which is known by the following Proposal Title: Calleguas Municipal Water District Annexation – California Conservation Corps (Calleguas Annexation No. 94).

If a claim, including lawsuits seeking injunctive relief, is asserted against LAFCo challenging the processing or approval of CMWD’s proposal, LAFCo will promptly notify CMWD of the claim and request that CMWD fully indemnify LAFCo. If within seven (7) days of the notification and request, or by the first court hearing, whichever is sooner, CMWD has not agreed in writing to defend and indemnify LAFCo against the claim, LAFCo may, in its sole discretion, stipulate to the relief sought by the challenging party, decline to defend against the claim, or otherwise resolve the claim as it deems fit.

Nothing herein shall affect LAFCo’s authority to consider and approve, disapprove or conditionally approve the proposal.

Date: _____

Signature: _____

(Print Name)

Title: _____

Agency: _____

Address: _____

VENTURA LOCAL AGENCY
FORMATION COMMISSION

Date: _____