

**LOCAL AGENCY FORMATION COMMISSION
REGULAR MEETING AGENDA**

Wednesday, April 14, 2004
9:00 a.m.

Board of Supervisors Hearing Room, Room 381A
Kenneth Hahn Hall of Administration
500 West Temple Street, Los Angeles 90012

A person with a disability may contact the LAFCO office at (818) 254-2454 at least 72-hours before the scheduled meeting to request receipt of an agenda in an alternative format or to request disability-related accommodations, including auxiliary aids or services, in order to participate in the public meeting. Later requests will be accommodated to the extent feasible.

1. **CALL MEETING TO ORDER.**
2. **PLEDGE OF ALLEGIANCE WILL BE LED BY CHAIRMAN PELLISSIER.**
3. **HEARING**
 - a. Hearing on Fiscal Year 2004/2005 Preliminary Budget.
4. **SPECIAL ITEMS**
 - a. Award contract for LAFCO audit.
 - b. Technical change to City of Industry Annexation Nos. 99-108 and 00-109, to reflect a correction to the protest hearing date from April 14, 2004 to April 28, 2004.
 - c. Approve minutes of the meeting held March 24, 2004.
 - d. Municipal Service Reviews and Spheres of Influence Update.
 - e. Report on pending applications.
 - f. Approval of March 2004 Operating Account Check Register.

5. **PUBLIC COMMENT**

This is the opportunity for members of the public to address the Commission on items that are not on the posted agenda, provided that the subject matter is within the jurisdiction of the Commission. Speakers are reminded of the three-minute time limitation.

6. **FUTURE MEETINGS**

April 28, 2004

May 12, 2004

7. **NEW BUSINESS**

This is the opportunity for commissioners to discuss matters not on the Posted Agenda (to be discussed and upon Commission approval placed on the Agenda for action at a future meeting).

8. **ADJOURNMENT MOTION**

STAFF REPORT

APRIL 14, 2004

LAFCO PRELIMINARY BUDGET FY 2004/2005

AGENDA ITEM 3A

The LAFCO Proposed Budget for FY 2004/2005 is attached to this staff report. This budget reflects line item increases and decreases in operating expenses and revenue sources for the projected fiscal year. LAFCO continues to devote time and resources to staff and outside consultants in completing the State Legislature's directives regarding the preparation and completion of Municipal Service Reviews and Sphere of Influence Updates prior to January 1, 2006.

Expenses: Total expenses for FY 2004/2005 are estimated at \$1,157,488.50 compared to \$1,218,073.50 for FY 2003/2004. This proposed budget results in a reduction of \$60,585.00 in total operating costs from the prior year's budget. Salaries & Employee Benefits are only adjusted to reflect a basic cost of living increase. Office Expenses reflect an anticipated increase in Workman's Compensation Insurance. All other expenses have been reduced wherever possible in an attempt to offset the aforementioned increases.

Revenues: LAFCO has experienced a significant drop in application filings during the current fiscal year. While it is difficult to project future revenues from this source, there is no indication that the number of applications expected to be filed during FY 2004/2005 will increase. It is estimated that the total revenues to be received from this source will not exceed \$65,000.00. In the FY 2003/2004 Budget LAFCO allocated \$150,000.00 from its prior year reserve in order to hold down the total cost of funding to local agencies. LAFCO is unable to make such a transfer of funds in FY 2004/2005 as to do so would seriously deplete the reserve account balance.

Allocation Among Local Agencies: The allocation of LAFCO's projected \$1,092,488.50 net operating cost among the local agencies, as indicated on the attached LAFCO Proposed Budget for FY 2004/2005, is calculated pursuant to Government Code Section 56381.6.

March 22, 2004

Subject: Notice of Public Hearing Regarding LAFCO's Proposed Budget for Fiscal Year 2004/2005; Allocation of Net Operating Costs.

Reference: 1. LAFCO Proposed Budget for FY 2004/2005
2. Notice of Hearing—Consideration of the FY 2004/2005 Proposed Budget

Pursuant to Government Code section 56381, at 9:00 am on April 14, 2003 the Local Agency Formation Commission for Los Angeles County (LAFCO) will hold a public hearing to consider staff's submittal of the proposed budget for fiscal year 2004/2005. The Notice of Hearing is enclosed.

LAFCO's Proposed Budget for FY 2004/2005 is also enclosed. The proposed budget sets forth the anticipated operating expenses and revenue sources for FY 2004/2005.

Pursuant to the Cortese-Knox-Hertzberg Act, LAFCO's net annual operational expenses are now apportioned among all of the classes of public agencies that select members on the Commission in proportion to the number of members selected by each class. The public agencies that participate on the Commission are: the County of Los Angeles, the City of Los Angeles, the other 87 cities in the county, and the 54 independent special districts in the county. Page 2 of LAFCO's proposed budget sets forth the proposed allocation of net operating expense among these local agencies based upon the number of members they select to sit on the Commission.

Comments regarding the proposed budget and allocation of costs may be raised at the public hearing or may be mailed to LAFCO, but must be received no later than 5:00 P.M. on April 13, 2004.

If you have any questions regarding the proposed budget or the public hearing, please contact LAFCO staff at (818) 254-2454.

Very truly yours,

Larry J. Calemine
Executive Officer

STAFF REPORT

APRIL 14, 2004

LAFCO AUDIT OF FINANCIAL RECORDS FISCAL YEARS 2001/2002 AND 2002/2003

AGENDA ITEM NO. 4A

On February 23, 2003 LAFCO sent out a Request for Proposal (RFP) to eleven accounting firms to submit bids to audit LAFCO's financial records for the Fiscal Years (FY) 2001/2002 and 2002/2003. The accounting firms who were sent RFP's were ones that were Los Angeles County Auditor-Controller qualified, Certified Public Accounting (CPA) firms that had expressed interest in submitting a proposal for this effort or CPA firms recommended by other LAFCO's.

Of the eleven RFP's sent, three firms responded. The following summary costs are for both fiscal years:

<u>Company</u>	<u>Amount</u>	<u>Schedule</u>	<u>Comments</u>
1. Vasquez & Co. Los Angeles	\$6,693	4 weeks	Acceptance of all contract terms and conditions with the exception of section 6. (<u>Work Product</u>), A. (<u>Ownership</u>). Bidder stated that "All working papers and reports will be retained, at the firms expense,....as required by the California Accountancy Act"
2. Macias, Gini & Co. Los Angeles	\$13,094	6-8 weeks	1. Same position on section 6.A. as above 2. Highly recommended by Riverside LAFCO.
3. Conrad & Associates. Irvine, CA	\$73,500	500 Hours	

Both Vasquez and Macias have, for all intents and purposes, submitted competitive bids. Although the Macias proposal comes with a strong recommendation by the Riverside LAFCO Executive Officer, the Vasquez bid is the lower of the two by almost 50% to Macias' bid. Both Vasquez and Macias are Los Angeles County Auditor-Controller qualified bidders.

Recommended Action

Instruct the Executive Officer to award a contract with the firm of Vasquez and Company, LLC for the

audit of LAFCO's financial records for the fiscal years 2001/2002 and 2002/2003 in accordance with LAFCO's Request For Proposal, its attachments A. – Statement of Work and B. – Standard Form Professional Services Agreement and the bidder's proposal, subject to Legal Counsel's approval of alternative language for section 6 of the Agreement.