

# **EAST LOS ANGELES RESIDENTS ASSOCIATION**

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October 27, 2011

Mr. Paul Novak, Executive Officer  
Local Agency Formation Commission  
For the County of Los Angeles  
700 N. Central Ave. Suite 445  
Glendale, CA 91203

Re: State Controller Review of CFA

Dear Mr. Novak:

Given the State Controller's estimated costs, ELARA wishes to reduce the scope of the review we had requested on October 14. We wish to limit our Controller review request to the following priority matters which we believe will bring the cost of the audit into line with available funding:

1. Request #1 — the CFA's comparison city estimating methodology, data, and findings related to the proposed city's law enforcement costs;
2. Request #4 — the CFA franchise fee estimates;
3. Request #6 — the exclusion of formula grants from the new city's revenue sources. ELARA now amends this request, and asks that the State Controller simply comment on the appropriateness of excluding formula grants from the new city's revenues, and no longer expects the Controller to calculate the excluded amounts.
4. Request #7 — the utility user's tax estimates. ELARA now amends this request, and asks that the Controller comment on the exclusion of non-residential landlines from the CFA utility users tax revenue estimates.

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In addition to the \$25,000 deposit already provided to LAFCO, we are providing additional funds of \$16,500 at this time. As you know, ELARA indemnified LAFCO for any additional costs that the Controller may incur for this review. ELARA fully intends to honor that commitment if the cost should exceed \$41,500.

Thank you as always for your professional handling of this issue.

Sincerely,

  
Benjamin Cardenas  
President

CC: John Chiang, State Auditor Controller