California Association of Local Agency Formation Commissions (CALAFCO)

Incorporation Workshop

Thursday, February 22, 2007
&
Friday, February 23, 2007

Training Facilitator:
Sandor L. Winger
Executive Officer
Los Angeles LAFCO
CALAFCO University
Incorporation Workshop

Thursday, February 22, 2007
10:00 a.m. – 5:00 p.m.
&
Friday, February 23, 2007
8:00 a.m. – 2:30 p.m.

Sacramento, California
Welcome - Class Guidelines

- Be on time
- Please ask generic questions, not LAFCO specific
- Participate fully
- Silence cell phones and pagers
Introductions & Objectives

- **CALAFCO Hosts and Speakers**
  a. Sandor L. Winger, Los Angeles LAFCO, Facilitator
  b. Bill Chiat, CALAFCO Executive Director
  c. Paul Hood, San Luis Obispo LAFCO
  d. Bob Braitman, Santa Barbara LAFCO
  e. Walter Kieser, Economic & Planning Systems, Inc.
  f. Michael Coleman, League of California Cities
  g. Joyce Crosthwaite, Orange LAFCO
  h. Mike Ott, San Diego LAFCO

- **Participant Introduction**
Introductions & Objectives

- To provide a clear and concise picture of the incorporation process and requirements
  a. Working with and educating the affected LAFCO's
  b. Working with and educating the potential applicant(s)
  c. Review the major elements and process of an incorporation
  d. Discuss potential risks and problems
<table>
<thead>
<tr>
<th>Time</th>
<th>Topic</th>
<th>Presenter</th>
</tr>
</thead>
<tbody>
<tr>
<td>10:00 – 10:10</td>
<td>Welcome – Class Guidelines</td>
<td>Sandor L. Winger</td>
</tr>
<tr>
<td>10:10 – 10:30</td>
<td>Introductions &amp; Objectives</td>
<td>Sandor L. Winger</td>
</tr>
<tr>
<td>10:30 – 10:45</td>
<td>Agenda</td>
<td>Bill Chiat</td>
</tr>
<tr>
<td>10:45 – 11:30</td>
<td>Timeline &amp; Statutory Framework</td>
<td>Bob Braitman</td>
</tr>
<tr>
<td></td>
<td>(The sequence of what you will learn and how it applies)</td>
<td></td>
</tr>
<tr>
<td>11:30 – 12:15</td>
<td>LAFCO's Role &amp; Responsibilities</td>
<td>Mike Ott</td>
</tr>
<tr>
<td>12:15 – 1:00</td>
<td>LUNCH BREAK</td>
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<tr>
<td>1:00 – 1:45</td>
<td>Applicants Role &amp; Responsibilities</td>
<td>Sandor L. Winger</td>
</tr>
<tr>
<td>1:45 – 2:15</td>
<td>Various Costs - CFA, IFA, Engineering, CEQA</td>
<td>Mike Ott</td>
</tr>
<tr>
<td>2:15 – 2:30</td>
<td>BREAK</td>
<td></td>
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<tr>
<td>2:30 – 3:15</td>
<td>Basic Application Requirements</td>
<td>Bob Braitman</td>
</tr>
<tr>
<td>3:15 – 4:00</td>
<td>Perceptions &amp; Misperceptions</td>
<td>B. Braitman, M. Ott, S. Winger, J. Crosthwaite</td>
</tr>
<tr>
<td>4:00 – 5:00</td>
<td>Vehicle License Fees (VLF)</td>
<td>Michael Coleman</td>
</tr>
<tr>
<td>5:00 – 5:30</td>
<td>Questions &amp; Answers</td>
<td>All</td>
</tr>
<tr>
<td>Time</td>
<td>Topic</td>
<td>Presenter</td>
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<tr>
<td>8:00 – 11:30</td>
<td>Comprehensive Fiscal Analysis/ CFA Preparation</td>
<td>W. Kieser (EPS), B.Braitman, J.Crosthwaite</td>
</tr>
<tr>
<td>11:30 – 12:00</td>
<td>Commission Resolution</td>
<td>Joyce Crosthwaite</td>
</tr>
<tr>
<td>12:00 – 12:45</td>
<td>LUNCH BREAK</td>
<td></td>
</tr>
<tr>
<td>12:45 – 1:00</td>
<td>Commission Hearing(s) / Recommendations</td>
<td>Joyce Crosthwaite</td>
</tr>
<tr>
<td>1:30 – 2:30</td>
<td>Election - Requirements, Preparation &amp; Process</td>
<td>Joyce Crosthwaite</td>
</tr>
<tr>
<td>2:30 – 3:00</td>
<td>Questions &amp; Answers</td>
<td>Paul Hood, Sandor L. Winger</td>
</tr>
</tbody>
</table>
Timeline & Statutory Framework

- Timeline
  - a. Be realistic-
    - PAY CLOSE ATTENTION TO COUNTY FISCAL YEAR-END REPORTING DATE
  - b. Keep to timeline

- Statutory Framework
  - a. State Constitution
  - b. Cortese Knox Hertzberg Act (Government Code Section 56000)
  - c. Revenue & Tax Code
  - d. California Environment Quality Act
<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>JAN</strong></td>
<td><strong>FEB</strong></td>
</tr>
<tr>
<td>LAFCO adopts policies about revenue neutrality and feasibility</td>
<td>Applicant petition drive begins with map and legal description contained therein</td>
</tr>
<tr>
<td>Applicants begin community discussions about community goals and options. Incorporation committee is formed. Fundraising begins.</td>
<td>Applicants establish types of services; level of service, and boundaries for new city</td>
</tr>
<tr>
<td>Applicants begin discussions with LAFCO Executive Officer; application content; use of consultants; revenue neutrality and CFA relationship</td>
<td>County releases year-end fiscal data</td>
</tr>
<tr>
<td>Incorporation timeline is drafted with applicants</td>
<td></td>
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<td></td>
<td>LAFCO issues Request for Proposal</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LAFCO prepares environmental review with proper notice CEQA</td>
</tr>
</tbody>
</table>

**KEY**
- Applicant Actions
- LAFCO Actions
- County Actions
- Consultant Actions
- All Negotiations

**Step #1 - Application**

**Step #2 - CFA**
Year 3

April  May  June  July  Aug  Sept  Oct  Nov  Dec  Jan  Feb  March  April  May  June  July  Aug  Sept  Oct  Nov

- LAFCO releases CFA, COF issued public hearing set
- Election Held - special or general at least 88 days from county resolution
- Set "effective date" of Incorporation

- Preliminary CFA released to applicants, and county staff for discussion
- LAFCO public hearing is held

- Feasibility without revenue neutrality is determined - Consultant determines the one year revenue neutrality payment
- 30 day request for reconsideration or continuance

- Revenue neutrality negotiations occur - payment amounts included in CFA - effective date determined
- LAFCO public hearing continued

- Release final CFA

- LAFCO staff report and recommendations prepared - incorporate county comments
- LAFCO holds conducting authority hearing

- Executive Officer and legal counsel prepares staff report with resolution and terms and conditions
- Executive Officer prepares Impartial Analysis for ballot

- County calls for election

- Step # 3 - Revenue Neutrality

- Step # 4 - Hearing/Election
LAFCO's Role & Responsibilities

- **Executive Officer (E.O.) Role**
  
a. Meet with potential applicants and identify Chief Applicants  
b. Determine real needs and/or purpose for incorporation  
c. Identify and consider possible alternatives  
d. Determine community interest  
e. Identify risks and pitfalls  
f. Educate the prospective applicant of responsibilities:  
   (i.) Identify all related boundary changes that can complement the incorporation  
   (ii.) Identify map boundaries and legal description  
   (iii.) Draft Petition/LAFCO technical review of petition with applicant  
   (iv.) Gathering of signatures  
   (v.) County Registrar Recorder review and certify petition  
   (vi.) Gather additional signatures if insufficiency is determined  
   (vii.) Provide a completed application, fees for processing, the CFA and other fees

- **Base Background of LAFCO**
Lunch Break
Applicant Role & Responsibilities

- Creation of formal organization
- Community outreach, information & organizing
- Consideration of governance options
- Articulation of incorporation proposal "details"
- Conducting initial fiscal analysis
- Building liaison with existing agencies and LAFCO
- Drafting and circulating petition
- Raising funds for LAFCO process (CFA, etc.)
- Negotiations with affected agencies (e.g. County)
- Review and comment of LAFCO-generated documents
- Participating in public hearing
- Campaigning for a successful incorporation vote

Sandor L. Winger
Applicant Role & Responsibilities

- **Registered Voters or Property Owner Petition (make copies of all applicable codes)**
  a. Notice of intent to circulate petition (56700.4)
  b. Petition requirements and content (56700)
  c. 25% of Registered Voters or Property Owner (56764)
  d. Petition time limits-length is no longer than 6 months from the date of the first signature and then must be submitted to the E.O. within 60 days after the last signature (56507)

- **Initial Feasible Analysis (IFA) (Also called a Draft CFA)**
  a. Required as directed by individual LAFCO
  b. Identify all related changes of organization
  c. Plan for providing services
  d. Justification for boundary selection
  e. Propose an SOI/MSR for one year review (56425.5)
  f. Fatal Flaws
Applicant Role & Responsibilities

- **Map and Legal Description**
  a. Required with petition (56700)
  b. Costs to be borne by applicant for engineering support
  c. What line should be followed? - APN, tract, etc.

- **Resolution Application**
  a. County and/or any affected local agency
    (56564)
Various Applicant Costs – CFA, IFA, Engineering, CEQA

a. Each LAFCO has its own policies
b. CFA, may require deposit to LAFCO
c. Petition Collection
d. Petition verification by County Registrar Recorder requirement
e. CEQA, actual cost. Deposit may be required from applicant
f. Election Costs
g. State loan (56383) *Who’s kidding who*
Break
Basic Application Requirements

A. Transmittal letter listing materials being submitted
B. Resolution or signed petition
C. Completed proposal questionnaire
D. Preliminary Fiscal Analysis (some LAFCOs require)
E. Map and legal description of boundaries
F. Processing Fee or Deposit & Agreement to pay
G. Deposit for Surveyor to verify map and legal
Application Requirements – Part 2

Petition or Resolution of Application
(Signature Requirements – 25% voters or landowners)

- Must refer to CHK Act
- List all related changes of organization
- Propose terms and conditions – see Sec. 56886
  - May propose name of new city or town
  - May call for appointment of City Manager, et al
- Append map of the proposed city boundaries
- State reasons for the proposal
- State whether proposal is consistent with SOIs
Perceptions & Misperceptions

Bob Braitman
M. Ott, S. Winger, J. Crosthwaite

a. **Applicants**
   (i.) LAFCO wants to stop us
   (ii.) Do it now
   (iii.) Why do I have to pay?
   (iv.) This is too complex, it should be simple
   (v.) Why can’t you use my Fiscal Analysis

b. **Local Government – Agencies including the County**
   (i.) I don’t have the budget to support you
   (ii.) The new city will take away my funds
   (iii.) My staff is over burdened

c. **Timing**
   (i.) Petition timing
   (ii.) County end of year fiscal data
   (iii.) How long should the CFA take to prepare?
Vehicle Licensing Fees (VLF)

- History
- Legislature Intent
- Application of VLF-Year 2006
Vehicle Lic. Fee (VLF) Revenues & Allocations

**After 2004**

- **VLF Backfill**: $2
- **VLF Revenue at 0.65 rate**: $6
- **Special Allocations**
  - Counties Per Capita
  - Cities Per Capita
  - Admin Charges
  - H&W Realignment

*Property Tax in-lieu of VLF*

*Source: CaliforniaCityFinance.com*
VLF-Property Tax Swap

- **State General Fund**
  - $4.4B
  - State repeals VLF backfill and permanently reduces VLF rate to 0.65%
  - Revenue to make up for reduced property tax (ERAF) to schools

- **K-14 Local Schools**
  - $4.4B
  - Property tax shifted from countywide ERAF

- **City/County M.VehLicFee**
  - **VLF Backfill**
    - $4.4B

- **City/County Property Tax**
  - **VLF Fee Revenue**

- **Additional property tax in-lieu of VLF**
  - Property tax
VLF to Cities Under the Swap

Property Tax in-lieu of VLF

Grows with change in the city's Assessed Valuation

VLF

Grows with population & Statewide VLF $
VLF – Property Tax Swap
Problems for Incorporations after August 2004

- Under the 2004 VLF for Property Tax Swap as originally written a city incorporating after 2004 would get ...
- No added Property Tax In-Lieu of VLF
- No 7 year 3x registered voters “boost” on lost amounts (only on small remaining VLF)
AB 1602 (Laird 2006):
A Remedy to VLF – PropTax Swap Problems

- Incorportations after August 2004
  - New VLF allocation $50+ per capita ... including population growth over time. [Rev&Tax §11005(c)]
    Compensation for lack of PropTax in Lieu of VLF
  - New VLF “bump” [Rev&Tax § 11005.3(c)]
    - 150% of actual population in the first year of incorporation,
    - 140% in the second year,
    - 130% in the third year,
    - 120% in the fourth year, and
    - 110% in the fifth year.
    - Also applies to allocations of Highway User Tax (Gasoline Excise Tax)
- Sunsets July 1, 2009. That is, under current law only incorporations prior to July 1, ‘09 will qualify.
Example: Calculating Special VLF for an Incorporation After 2004

- City incorporates July 1, 2007. Population is 30,000.
- Statewide VLF collection was
  $2.13B in FY04-05 and $2.33B in FY06-07
- Population in cities was
  29.776m in FY04-05 and 30.575m in FY06-07
- VLF allocations for first fiscal year (FY07-08):
  - $50 \times \frac{2.33}{2.13} \times \frac{30.575}{29.776} = $53.16
  times 150% x 30,000 = $2,392,414 [R&T§11005(c)]
  - $6.70 times 150% x 30,000 = $301,500
    [R&T§11005(e)]
  - Total FY07-08 first year $2,693,914
Example: Calculating Special VLF for an Incorporation After 2004

<table>
<thead>
<tr>
<th></th>
<th>FY04-05</th>
<th>FY07-08</th>
<th>FY08-09</th>
<th>FY09-10</th>
<th>FY10-11</th>
<th>FY11-12</th>
<th>FY12-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>a City Population</td>
<td>n/a</td>
<td>30,000</td>
<td>30,300</td>
<td>30,603</td>
<td>30,909</td>
<td>31,218</td>
<td>31,530</td>
</tr>
<tr>
<td>b R&amp;T11005.3(c) bump%</td>
<td></td>
<td>150%</td>
<td>140%</td>
<td>130%</td>
<td>120%</td>
<td>110%</td>
<td>100%</td>
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<tr>
<td>c Population in Cities</td>
<td>29,776,075</td>
<td>30,574,950</td>
<td>30,941,849</td>
<td>31,313,152</td>
<td>31,688,909</td>
<td>32,069,176</td>
<td>32,454,006</td>
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<tr>
<td>d Statewide VLF</td>
<td>$ 2.134</td>
<td>$ 2.330</td>
<td>$ 2.446</td>
<td>$ 2.569</td>
<td>$ 2.697</td>
<td>$ 2.832</td>
<td>$ 2.974</td>
</tr>
<tr>
<td>e R&amp;T11005(e) all city per capita</td>
<td>$ 53.16</td>
<td>$ 55.16</td>
<td>$ 57.23</td>
<td>$ 59.38</td>
<td>$ 61.61</td>
<td>$ 63.92</td>
<td></td>
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<tr>
<td>f R&amp;T11005(c) special per capita</td>
<td>$ 6.70</td>
<td>$ 7.01</td>
<td>$ 7.29</td>
<td>$ 7.77</td>
<td>$ 8.23</td>
<td>$ 8.71</td>
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<tr>
<td>R&amp;T11005(c) allocation</td>
<td>$ 2,392,414</td>
<td>$ 2,339,933</td>
<td>$ 2,276,925</td>
<td>$ 2,202,503</td>
<td>$ 2,115,713</td>
<td>$ 2,015,542</td>
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<tr>
<td>R&amp;T11005(e) allocation</td>
<td>$ 301,500</td>
<td>$ 297,447</td>
<td>$ 290,128</td>
<td>$ 288,124</td>
<td>$ 282,482</td>
<td>$ 274,563</td>
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</tr>
<tr>
<td>Total VLF allocation</td>
<td>$ 2,693,914</td>
<td>$ 2,637,380</td>
<td>$ 2,567,053</td>
<td>$ 2,490,627</td>
<td>$ 2,398,196</td>
<td>$ 2,290,105</td>
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</table>
Questions & Answers

Responses by Panel of Presenters
Comprehensive Fiscal Analysis / CFA Preparation

W. Kieser (EPS), B. Braitman, J. Crosthwaite

- Statutory requirements and guidelines
- Fiscal factors influencing feasibility
- Initial Fiscal Analysis
- Understanding the proposal: boundaries, services provided, district consolidation, etc.
- Timing of incorporation “effective date”
- Municipal revenue sources
- Revenue negotiations with County
- CFA iterations and revisions
- LAFCO reliance on CFA: terms and findings
- Uses of CFA following election
Comprehensive Fiscal Analysis / CFA Preparation

W. Kieser (EPS), B. Braitman, J. Crosthwaite

- **Executive Officer Responsibility**
  a. Independence is a must
  b. G.C. 56800 “For any purpose that includes an incorporation, the executive shall prepare, or cause to be prepared by contract, a comprehensive fiscal analysis”

- **The CFA shall contain the following:**
  a. Data from the County’s most recent fiscal year
  b. Project proposed city costs for at least the first three years
  c. Project proposed city revenues for at least the first three years
  d. Must reflect the costs and revenues of any affected local agency the first three years
Comprehensive Fiscal Analysis / CFA Preparation

W. Kieser (EPS), B. Braitman, J. Crosthwaite

- **Major Components**
  a. Property Tax Transfer
     (i.) Auditors Ratio
         Calculation—Property tax revenue as a percentage of all revenues for general purposes
     (ii.) Property Tax Base
         Calculation—Multiply net expenditures subject to transfer by the Auditor’s ratio
     (iii.) Tax Allocation Factor
         **Calculation**—Property tax base as a percentage of the estimated one percent of the total assessed value in the first year the city is eligible to receive property tax
         Purpose—What the city receives above the base year property tax amount or Tax Increment
         **AOB** — (MAKE AN EXAMPLE SHEET OF A PROPERTY TAX TRANSFER)
b. All other sources of revenue

c. All potential expenditures

d. Revenue Neutrality
   (i.) Definition
       Revenues currently received by and expenditures currently made by the local agency transferring the territory must be equal

   (ii.) County Protection
       The county must be kept fiscally whole
       AOB – (MAKE AN EXAMPLE SHEET OF REVENUE NEUTRALITY)

   (iii.) Appropriations Limit
       (1) Calculation- The estimated amount of tax revenue received by the city in its full year of operation adjusted to reflect the change in cost of living and population in the next fiscal year
       AOB- (MAKE AN EXAMPLE SHEET OF APPROPRIATIONS LIMIT)
Comprehensive Fiscal Analysis / CFA Preparation

W. Kieser (EPS), B. Braitman, J. Crosthwaite

(iv.) Bradley Bill
   (1) A new city will not assume service responsibility
during the transition period between the effective date
and the beginning of the full first fiscal year
   (2) The County may request reimbursement for the net
cost of services provided during the transition period.
The new city would have up to five years to reimburse
the county for transition year services.
AOB- (MAKE AN EXAMPLE SHEET OF THE
BRADLEY BILL CALCULATIONS)

(v.) Legal Requirements
   (1) Negotiations
   (2) Findings
   (3) Terms and Conditions

(vi.) Executive Officer Responsibilities
   (1) Agreements
   (2) What is negotiable?
   (3) LAFCO Role (active/passive)
   (4) Incorporating Revenue Neutrality back into the CFA
Property Tax Transfer Example

W. Kieser (EPS), B. Braitman, J. Crosthwaite

CALCULATION OF PROPERTY TAX TRANSFER

A. 1998-99 County Cost Estimates

<table>
<thead>
<tr>
<th>Department/Function</th>
<th>Net County Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheriff Department</td>
<td>2,929,347</td>
</tr>
<tr>
<td>Animal Control</td>
<td>74,480</td>
</tr>
<tr>
<td>Code Enforcement</td>
<td>53,829</td>
</tr>
<tr>
<td>Street Lighting</td>
<td>116,878</td>
</tr>
<tr>
<td><strong>Total Expenditures-General Fund</strong></td>
<td><strong>3,174,534</strong></td>
</tr>
</tbody>
</table>

B. Transfer of Tax Base

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Expenditures Subject to Transfer</td>
<td>3,174,534</td>
</tr>
<tr>
<td>County Auditor's Ratio 1998-1999</td>
<td>28.84%</td>
</tr>
<tr>
<td>Property Tax Base Transferred from County:</td>
<td>915,560</td>
</tr>
</tbody>
</table>

C. Calculations of Tax Allocation Factor (TAF)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessed Value (FY 2002/2003):</td>
<td>4,051,833,786</td>
</tr>
<tr>
<td>Total Property Tax Collected @ 1% AV):</td>
<td>40,518,338</td>
</tr>
<tr>
<td>Property Tax Base Transferred from County:</td>
<td>915,560</td>
</tr>
<tr>
<td><strong>Tax Allocation Factor:</strong></td>
<td><strong>2.26%</strong></td>
</tr>
</tbody>
</table>
**Revenue Neutrality Example**

W. Kieser (EPS), B. Braitman, J. Crosthwaite

**CALCULATION OF REVENUE NEUTRALITY PAYMENT**

<table>
<thead>
<tr>
<th>Revenues Transferred</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>915,560</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>2,916,300</td>
</tr>
<tr>
<td>Real Property Transfer Tax</td>
<td>111,425</td>
</tr>
<tr>
<td>Franchise Fees</td>
<td>582,339</td>
</tr>
<tr>
<td><strong>Total Revenues Transferred</strong></td>
<td><strong>4,525,624</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses (Net of Rev. Offsets)</th>
<th></th>
</tr>
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<tbody>
<tr>
<td>Sheriff Department</td>
<td>2,929,347</td>
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<td><strong>Total Expenses Transferred</strong></td>
<td><strong>3,174,534</strong></td>
</tr>
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</table>

**County Surplus or (Deficit)** (1,348,800)
Appropriations Limit Example

W. Kieser (EPS), B. Braitman, J. Crosthwaite

DETERMINATION OF PROVISIONAL APPROPRIATIONS LIMIT

Proceeds of Taxes
  Property Tax  1,087,018
  Sales Tax    3,094,801
  Motor Vehicle In Lieu  2,550,481
  Property Transfer Tax  337,118
  Section 2105      405,810
  Section 2106      291,336
  Section 2107      545,469
  Section 2107.5    6,000
  Measure M        381,810
Subtotal          8,699,843
Interest Earnings 521,991

Total Proceeds of Taxes  9,221,834
Cost of Living Factor  3.00%
Population Growth  1.90%
Provisional Limit      9,673,703
# Bradley Bill or "County Repayment" Example

W. Kieser (EPS), B. Braitman, J. Crosthwaite

## CALCULATION OF COUNTY REPAYMENT

<table>
<thead>
<tr>
<th>A. Expenditures</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheriff Department</td>
<td>3,200,977</td>
</tr>
<tr>
<td>Animal Control</td>
<td>90,269</td>
</tr>
<tr>
<td>Code Enforcement</td>
<td>58,821</td>
</tr>
<tr>
<td>Street Lighting</td>
<td>123,996</td>
</tr>
<tr>
<td><strong>Gross Cost of Transition Year Services</strong></td>
<td><strong>3,474,062</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B. Revenues</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax</td>
<td>915,560</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>758,530</td>
</tr>
<tr>
<td>Franchise Fees</td>
<td>51,483</td>
</tr>
<tr>
<td>Fines and Forfeitures</td>
<td>11,300</td>
</tr>
<tr>
<td><strong>Less Transition Year Revenues Received by County</strong></td>
<td><strong>1,736,872</strong></td>
</tr>
</tbody>
</table>

| C. County Repayment | (1,737,190) |

| D. Five-year payment @ 6% | 412,403 |
Commission Resolution

- **Know the Contents**
  a. LAFCO wants to stop us
  b. Find under 56375.1
  c. Terms and Conditions; i.e. effective date, etc.
  d. Transfer of property to new city
  e. Incorporation boundaries
  f. CFA acceptance or revision
  g. Number of registered voters
  h. CEQA action
  i. Property Tax distribution
  j. Interim appropriations limit
  k. Statement of SOI Determinations
  l. Findings
Lunch Break
Commission Hearing(s)/
Recommendation

- **Noticing**
  a. 21 Day notice-publish, posted and mailed
  b. Encourage applicant(s) to notice
  c. Use community centers

- **Preliminary Hearing**
  a. Prepare, prepare, prepare and do have a preliminary hearing
  b. Identify all possible issues

- **Conducting Authority Hearing**
  a. Prepare, prepare, prepare
  b. Identify all possible issues
  c. Brief Commission on CFA, CEQA and all contentious issues

- **Protest Hearing 30 Days after Conducting Authority Hearing**

- **Reconsideration**
Election – Requirements, Preparation & Process

• Requirements
  a. County conducts the election
  b. To be held within 88 days from the date called
  c. E.O. drafts an impartial analysis of 500 words or less within five days of Board action to call an election
  d. When to hold the City Council election
• The Vote

• Questions & Answers
  Responses by Panel of Presenters

• Summary
Thank You