

Nevada County
Local
Agency
Formation
Commission

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City of Nevada City

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Executive Officer

P. Scott Browne
Legal Counsel

Katherine E. Hudson
Clerk to the Commission

Kate Duroux
Assistant Clerk

TO: Cities, Independent Special Districts, and County of Nevada

RE: Nevada LAFCo Funding

When the Commission circulated its adopted budget last May, we included the following statement:

Because the supporting agencies are the Commission's only source of funding aside from project fees (which only partially cover project costs), an unexpected demand upon its reserves (e.g., increased workload, litigation) could have serious, unacceptable consequences: inability to fulfill its statutory responsibilities and/or a need to increase its funding requirement on the supporting agencies in the following year.

We profoundly regret having to inform you now that one of those unforeseen and unacceptable events has occurred; Nevada LAFCo has been sued by one of its funding agencies, Truckee Donner Public Utility District, with regard to preparation of environmental documentation for the update of the Truckee Sanitary District Sphere of Influence.

Because we had no reason to anticipate such an event last spring—and wanted to minimize as much as possible the impact of the Commission's budget on its funding agencies, as we have done the past several years—the 2011-2012 budget did not include any funding provision for litigation. We therefore requested the County of Nevada in October to lend Nevada LAFCo \$50,000 to fund response to the suit. The Board of Supervisors agreed to do so, and the Commission has entered into a loan agreement with the County.

As the applicable law (Government Code Section 56381 (c)) provides, the Commission is obligated to repay the loan out of funds budgeted for the following year. That means that the 2012-2013 LAFCo budget must include funding to repay whatever County-provided monies are expended in response to the lawsuit.

The \$50,000 loan amount is approximately 23% of the support contributed to LAFCo by the funding agencies for this fiscal year. Therefore, the impact upon the resources of each funding agency can be estimated by computing 23% of their apportionment for the current fiscal year. The apportionment factors for next year will, of course, be different. You may find it of interest to note that

more than a third of the LAFCo expense will fall upon Truckee area agencies, with the Plaintiff, Truckee Donner Public Utility District, paying approximately 10% of the total.

I cannot over-emphasize how sorry Nevada LAFCo Commissioners and staff are about being compelled to increase the funding difficulties that all agencies are struggling with at present. Fortunately, the parties to the litigation have now entered into a settlement agreement, which will minimize LAFCo's legal costs, although a substantial expense has already been incurred. Also, because the settlement will require an expanded environmental analysis of the impacts of the Commission's adoption of the Truckee Sanitary District Sphere Plan, there will be additional costs associated with that effort. I assure you, however, we will continue doing our best to manage the funds at our disposal wisely

As always, we plan on to working in cooperation with all the agencies in Nevada County to serve the best interests of its citizens. Your questions and comments are always welcome.

Sincerely,

A handwritten signature in cursive script that reads "Hank Weston".

Hank Weston, Chairman

cc: Paul Norsell, Budget Committee Chair
Board of Supervisors
Marcia Salter, County Auditor/Controller
Clerk & Chair of City Selection Committee

I just wanted to thank you so much for the removal of the tree limbs at my house. It was done in such a timely manner, I already feel much safer especially after the strong winds last week. Thank you once again.

Jan Abough-Highem

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