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No imminent crises in Lafayette financial condition, but ...

By Nick Marnell

The city of Lafayette projects a fairly solid financial picture for fiscal year 2019-20 as well as five years forward, but problem areas include high maintenance costs, mounting legal expenses and a shrinking general fund reserve.

General fund revenue for 2019-20 is forecast at \$16.59 million, and after a reclassification adjustment, comes in at \$428,000 more than the estimated final figure for 2018-19. With expenses forecast at \$16.55 million, the city projects a surplus of \$39,000 for the

next fiscal year, with a general fund reserve of \$9.85 million, equaling 63% of general fund expenditures.

Lafayette has no defined benefit retirement plan for its employees so it avoids any unfunded pension liability, the scourge of many California municipalities and special districts. The city's financial albatross is its expense for legal fees, which have risen from \$290,000 in 2012 to \$869,000 in 2018-19, primarily due to land use lawsuits. According to a city staff report, the city budgeted for \$665,000 in legal costs for next year but warned that the number

may be optimistic due to the "contentiousness of the current environment surrounding development projects."

The city also struggles with maintenance costs. In order to maintain a Pavement Condition Index of 76 - considered "good" by the Metropolitan Transportation Commission - the city projects a \$1.8 million annual expense, far more than the \$1 million that has been budgeted, due to rising construction costs. "Based on current market trends, \$1 million a year toward street maintenance will not keep Lafayette streets in their current condition; their con-

dition would become worse," said Tracy Robinson, administrative service director.

A similar problem exists with maintenance of the downtown core. Lafayette runs a \$265,000 annual deficit in core maintenance funding, as costs have increased over the last 23 years whereas the assessments have not. Any assessment increase must be approved by property owners, and since the city has been unsuccessful in increasing the assessments the general fund plugs the gap.

Though Lafayette forecasts a balanced budget not only for this coming year, but

for the next five, the pressure put on the general fund by rising expenses - like the ones listed above - will see the general fund reserve shrink from 64% of expenditures in 2019 to 54% in 2024, less than the 60% figure targeted by the city.

And while a \$9.85 million reserve is a reasonably healthy figure, the city remains concerned that an economic downturn or a major disaster, like the 2017 Northern California wildfires, could significantly eat into that figure.

Unincorporated Reliez Valley Road residents want influence in Lafayette

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Interim City Manager Niroop Srivatsa explained to the council in her presentation that an SOI change is the first step and that the next logical step is annexation. And in such a scenario she warned the costs could be high.

Altbam made the point before both the city council and LAFCO that they are simply asking for change in SOI, not annexation to the city. This was a point that Council Member Cam Burks took issue with. "It is clear to me that the SOI change is solely geared towards annexation," he said.

LAFCO Executive Officer Lou Ann Texeira explained that the agency can amend the SOI for each district and city. "Sphere of influence, by

definition, means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission," she said. "If there is no indication that an area will be annexed to a local agency (i.e., city, district), then LAFCO would typically have no reason to place that area in the SOI. The city of Lafayette does not currently include the Reliez Valley in its General Plan, which indicates they are not planning to serve this area in the future."

Referring to an email sent to council just hours before the meeting from Former Mayor Don Tatzin urging a "no" vote on the matter, Altbam told the LAFCO hearing, "Don still puppeteers our city." She went on to say that the letter was full of fear mongering and absent truths.

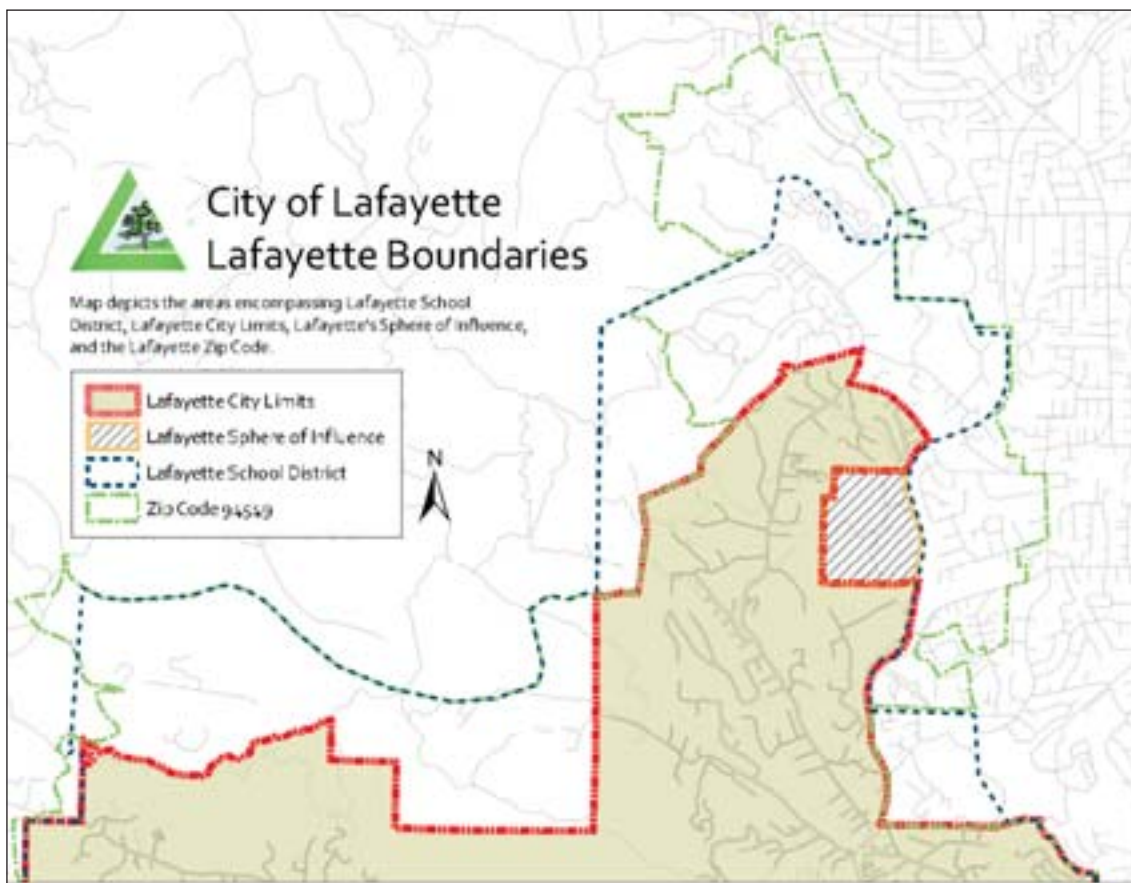


Image provided

From the city's staff report, showing the area in question.

"Costs associated with a potential annexation was the excuse he laid out, but if costs are so prohibitive, how then did 17 annexations to the city of Lafayette occur prior to 1983 in the span of just 11 years and how do boundary changes happen all the time, up and down the state of California?" asked Altbam.

It is not known when the LAFCO subcommittee will re-

port back to the commission with an update, but Altbam says that she appreciates the thoughtfulness of the LAFCO commissioners in forming the committee. "I'm cautiously optimistic that the ad-hoc committee can work with Lafayette and County to make us feel included in Lafayette's demographic and that costs to residents will be consistent with the past 17 Lafayette annexations."

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Lafayette Public Meetings

City Council

Monday, July 8, 7 p.m. Lafayette Library & Learning Center, Community Hall, 3491 Mt. Diablo Blvd.

School Board Meetings

Acalanes Union High School District Wednesday, June 26, 7 p.m. AUHSD Board Room 1212 Pleasant Hill Road, Lafayette www.acalanes.k12.ca.us

Planning Commission

Monday, July 1, 7 p.m. Lafayette Library & Learning Center, Community Hall, 3491 Mt. Diablo Blvd.

Design Review

Monday, July 8 7 p.m. Lafayette Library & Learning Center, Arts & Science Discovery Center, 3491 Mt. Diablo Blvd.

Lafayette School District

Wednesday, June 26, 7 p.m. Regular Board Meeting District Office Board Room 3477 School St., Lafayette www.lafsd.k12.ca.us



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